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HOUSE BILL NO. 809

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Labor and Commerce
on _____)

(Patron Prior to Substitute—Delegate Sullivan)

A BILL to amend and reenact § 56-594.4 of the Code of Virginia, relating to electric utilities; shared solar programs; Phase I Utility.

Be it enacted by the General Assembly of Virginia:**1. That § 56-594.4 of the Code of Virginia is amended and reenacted as follows:****§ 56-594.4. Shared solar programs; Phase I Utility.**

A. As used in this section:

"Administrative cost" means the reasonable incremental cost to the investor-owned utility to process subscribers' bills for the program.

"Applicable bill credit rate" means the dollar-per-kilowatt-hour rate used to calculate the subscriber's bill credit.

"Bill credit" means the monetary value of the electricity, in kilowatt-hours, generated by the shared solar facility allocated to a subscriber to offset that subscriber's electricity bill.

"Dual-use agricultural facility" means agricultural production and electricity production from solar photovoltaic panels occurring simultaneously on the same property.

"Gross bill" means the amount that a customer would pay to the utility based on the customer's monthly energy consumption before any bill credits are applied.

"Incremental cost" means any cost directly caused by the implementation of the shared solar program that would not have occurred absent the implementation of the shared solar program.

"Minimum bill" means an amount determined by the Commission under subsection D that a subscriber is required to, at a minimum, pay on the subscriber's utility bill each month after accounting for any bill credits.

"Net bill" means the resulting amount a customer must pay the utility after deducting the bill credit from the customer's monthly gross bill.

"Phase I Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

"Shared solar facility" means a facility that:

1. Generates electricity by means of a solar photovoltaic device with a nameplate capacity rating that does not exceed 5,000 kilowatts of alternating current;

2. Is interconnected with the distribution system of an investor-owned electric utility within the Commonwealth;

3. Has at least three subscribers;

4. Has at least 40 percent of its capacity subscribed by customers with subscriptions of 25 kilowatts or less; and

5. Is located on a single parcel of land.

"Shared solar program" or "program" means the program created through the adoption of rules to allow for the development of shared solar facilities.

"Subscriber" means a retail customer of a utility that (i) owns one or more subscriptions of a shared solar facility that is interconnected with the utility and (ii) receives service in the service territory of the same utility in whose service territory the shared solar facility is interconnected.

"Subscriber organization" means any for-profit or nonprofit entity that owns or operates one or more shared solar facilities. A subscriber organization shall not be considered a utility solely as a result of its ownership or operation of a shared solar facility. A subscriber organization licensed with the Commission shall be eligible to own or operate shared solar facilities in more than one investor-owned utility service territory.

"Subscription" means a contract or other agreement between a subscriber and the owner of a shared solar facility. A subscription shall be sized such that the estimated bill credits do not exceed the subscriber's average annual bill for the customer account to which the subscription is attributed.

"Utility" means a Phase I Utility.

B. The Commission shall establish by regulation a program that affords customers of a Phase I Utility the opportunity to participate in shared solar projects. Under its shared solar program, ~~a~~ the utility shall provide a bill credit for the proportional output of a shared solar facility attributable to that subscriber. The shared solar program shall be administered as follows:

1. The value of the bill credit for the subscriber shall be calculated by multiplying the subscriber's portion of the kilowatt-hour electricity production from the shared solar facility by the applicable bill credit rate for the subscriber. Any amount of the bill credit that exceeds the subscriber's monthly bill, minus the minimum bill, shall be carried over and applied to the next month's bill.

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2. The utility shall provide bill credits to a shared solar facility's subscribers for not less than 25 years from the date the shared solar facility becomes commercially operational.

3. The subscriber organization shall, on a monthly basis and in a standardized electronic format, and pursuant to guidelines established by the Commission, provide to the utility a subscriber list indicating the percentage of ~~shared solar~~ *shared solar generation* capacity attributable to each of the subscribers participating in a shared solar facility in accordance with the subscriber's portion of the output of the shared solar facility.

4. Subscriber lists may be updated monthly to reflect canceling subscribers and to add new subscribers. The utility shall apply bill credits to subscriber bills within two billing cycles following the cycle during which the energy was generated by the shared solar facility.

5. Each utility shall, on a monthly basis and in a standardized electronic format, provide to the subscriber organization a report indicating the total value of bill credits generated by the shared solar facility in the prior month, as well as the amount of the bill credit applied to each subscriber.

6. A subscriber organization may accumulate bill credits in the event that all of the electricity generated by a shared solar facility is not allocated to subscribers in a given month. ~~On an annual basis and pursuant~~ Pursuant to guidelines established by the Commission, the subscriber organization shall furnish to the utility allocation instructions for distributing excess bill credits to subscribers. *A subscriber organization may elect to distribute excess bill credits more frequently than once per year.*

7. Any renewable energy certificates associated with a shared solar facility shall be distributed to a ~~Phase I Utility~~ *the utility* to be retired for compliance with such ~~Phase I Utility's~~ *utility's* renewable portfolio standard obligations pursuant to subsection C of § 56-585.5.

8. Projects shall be entitled to receive incentives when they are located on rooftops, brownfields, or landfills, are dual-use agricultural facilities, or meet the definition of another category established by the Department of Energy pursuant to this section.

C. Each subscriber shall pay a minimum bill, established pursuant to subsection D, and shall receive an applicable bill credit based on the subscriber's customer class of residential, commercial, or industrial. Each class's applicable credit rate shall be calculated by the Commission annually by dividing revenues to the class by sales, measured in kilowatt-hours, to that class to yield a bill credit rate for the class (\$/kWh).

D. The Commission shall establish a minimum bill, which shall include the costs of all utility infrastructure and services used to provide electric service and administrative costs of the shared solar program. The Commission may modify the minimum bill over time. In establishing the minimum bill, the Commission shall (i) consider further costs the Commission deems relevant to ensure subscribing customers pay a fair share of the costs of providing electric services, (ii) minimize the costs shifted to customers not in a shared solar program, and (iii) calculate the benefits of shared solar to the electric grid and to the Commonwealth and deduct such benefits from other costs. The Commission shall explicitly set forth its findings as to each cost and benefit, or other value used to determine such minimum bill.

E. The Commission shall approve *part one of* a shared solar program of 50 megawatts or six percent of peak load, whichever is less. *The utility shall release an additional 50 megawatts as part two of the shared solar program on July 1, 2026. By January 1, 2028, the utility shall release an additional 50 megawatts as part three of the shared solar program. By May 1, 2029, the utility shall petition the Commission to initiate a shared solar expansion proceeding to determine the capacity for part four of the utility's shared solar program. The Commission shall use the results of such proceeding to inform and determine future design changes to the shared solar program.*

F. The Commission shall establish by regulation a shared solar program that complies with the provisions of subsections B, C, D, and E by January 1, 2025, and shall require each utility to file any tariffs, agreements, or forms necessary for implementation of the program by July 1, 2025. Any rule or utility implementation filings approved by the Commission shall:

1. Reasonably allow for the creation of shared solar facilities;
2. Allow all customer classes to participate in the program;
3. Encourage public-private partnerships to further the Commonwealth's clean energy and equity goals, such as state agency and affordable housing provider participation as subscribers of a shared solar program;
4. Not remove a customer from its otherwise applicable customer class in order to participate in a shared solar facility;

5. Reasonably allow for the transferability and portability of subscriptions, including allowing a subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same utility's service territory;

6. Establish standards, fees, and processes for the interconnection of shared solar facilities that allow the utility to recover reasonable interconnection costs for each shared solar facility;

7. Adopt standardized consumer disclosure forms;

8. Allow the utility the opportunity to recover reasonable costs of administering the program;

9. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting projects;

10. Allow for the co-location of two or more shared solar facilities on a single parcel of land and provide guidelines for determining when two or more such facilities are co-located;

11. Include a program implementation schedule;
12. Prohibit credit checks as a means of establishing eligibility for residential customers to become subscribers;
13. Require a customer's affirmative consent by written or electronic signature before providing access to customer billing and usage data to a subscriber organization;
14. Establish customer engagement rules and minimum rules for education, contract reviews, and continued engagement;
15. *Require net crediting functionality. Under net crediting, the utility shall include the shared solar subscription fee on the customer's utility bill and provide the customer with a net credit equivalent to the total bill credit value for that generation period minus the shared solar subscription fee as set by the subscriber organization. The net crediting fee shall not exceed one percent of the bill credit value. Net crediting shall be optional for subscriber organizations, and any shared solar subscription fees charged via the net crediting model shall be set to ensure that subscribers do not pay more in subscription fees than the amount received in bill credits for any billing period;*
16. Require net financial savings for low-income customers, as that term is defined in § 56-594.3, of at least 10 percent, relative to the subscription fee throughout the life of the subscription; and
- ~~16.~~ 17. Allow the utility to recover as the cost of purchased power pursuant to § 56-249.6 any difference between the bill credit provided to the subscriber and the cost of energy injected into the grid by the subscriber organization.
- ~~G. Within 180 days of finalization of the Commission's adoption of regulations for the shared solar program, a utility shall begin crediting subscriber accounts of each shared solar facility interconnected in its service territory, subject to the requirements of this section and regulations adopted thereto.~~
- 2. That the State Corporation Commission shall update its regulations on shared solar programs to comply with the provisions of § 56-594.4 of the Code of Virginia, as amended by this act, by December 31, 2026, and shall require each participating utility to file any tariffs, agreements, or forms necessary for the implementation of such shared solar programs by March 1, 2027, with the exception of subdivision F 15 of § 56-594.4 of the Code of Virginia, as amended by this act, which shall become effective on July 1, 2027 pursuant to the fourth enactment of this act.**
- 3. That, in conducting the shared solar expansion proceeding to determine the capacity for part four of a utility's shared solar program pursuant to subsection E of § 56-594.4 of the Code of Virginia, as amended by this act, the State Corporation Commission (the Commission) shall evaluate (i) the costs and benefits of the shared solar program on a participating utility's long-run marginal costs for generation, transmission, and distribution; (ii) the impact of the shared solar program on compliance with the renewable energy portfolio standard set forth in § 56-585.5 of the Code of Virginia; (iii) direct and indirect economic impacts to the Commonwealth from the shared solar program; and (iv) any additional information the Commission deems relevant, including environmental, resilience, fuel price risk, and other risk minimization benefits from the program.**
- 4. That the provisions of subdivision F 15 of § 56-594.4 of the Code of Virginia, as amended by this act, shall become effective on July 1, 2027.**