

26107436D

SENATE BILL NO. 515**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Rules
on February 6, 2026)

(Patron Prior to Substitute—Senator Deeds)

A BILL to amend and reenact §§ 30-201, 30-202, 30-205, 45.2-1711, 45.2-1712, 45.2-1713, 56-579, 56-585.1:1, 56-585.1:5, 56-592, 56-592.1, 56-596, 56-596.1, 56-596.3, and 56-599 of the Code of Virginia and to repeal Chapter 25 (§§ 30-188 and 30-189) of Title 30 of the Code of Virginia, relating to Commission on Electric Utility Regulation; scope and name change.

Be it enacted by the General Assembly of Virginia:

1. That §§ 30-201, 30-202, 30-205, 45.2-1711, 45.2-1712, 45.2-1713, 56-579, 56-585.1:1, 56-585.1:5, 56-592, 56-592.1, 56-596, 56-596.1, 56-596.3, and 56-599 of the Code of Virginia are amended and reenacted as follows:

CHAPTER 31.***ENERGY COMMISSION ON ELECTRIC UTILITY REGULATION OF VIRGINIA.*****§ 30-201. (Expires July 1, 2029) Energy Commission of Virginia; purpose.**

The Commission on Electric Utility Restructuring established pursuant to Chapter 885 of the Acts of Assembly of 2003, is continued, effective July 1, 2008, as the Commission on Electric Utility Regulation established pursuant to Chapter 883 of the Acts of Assembly of 2008 as a continuation of the Commission on Electric Utility Restructuring is continued as the Energy Commission of Virginia (the Commission) within the legislative branch of state government. The purpose of the Commission is to monitor the State Corporation Commission's implementation of the Virginia Electric Utility Regulation Act (§ 56-576 et seq.) regulation of electric utilities and natural gas utilities and examine issues related to the production, transmission, distribution, storage, and use of energy in the Commonwealth.

§ 30-202. (Expires July 1, 2029) Membership; terms.

The Commission shall have a total membership of 14 16 members that shall consist of 10 12 legislative members, three nonlegislative citizen members, and one ex officio member. Members shall be appointed as follows: ~~four~~ six members of the Senate to be appointed by the Senate Committee on Rules that consist of ~~three~~ four members from the majority party and ~~one member~~ two members from the minority party or an equal number from each in the event the chamber is evenly divided; six members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; one nonlegislative citizen member with expertise in economic development and ratepayer advocacy to be appointed by the Senate Committee on Rules; one nonlegislative citizen member with expertise in energy affordability and ratepayer advocacy to be appointed by the Speaker of the House of Delegates; and one nonlegislative citizen member with expertise in public utility regulation and ratepayer advocacy to be appointed by the Governor. The Attorney General or his designee shall serve ex officio. Any such designee shall be an attorney employed within the Department of Law's Division of Consumer Counsel. Nonlegislative citizen members of the Commission shall be citizens of the Commonwealth. Each member of the Commission shall annually complete an orientation on electric utility regulation provided by the State Corporation Commission.

Legislative members of the Commission and the ex officio member shall serve terms coincident with their terms of office. Nonlegislative citizen members shall be appointed for a term of two years. All members may be reappointed. Appointments to fill vacancies, other than by expiration of a term, shall be made for the unexpired terms. Vacancies shall be filled in the same manner as the original appointments.

The Commission shall annually elect a ~~chairman~~ chair and ~~vice-chairman~~ vice-chair from among its membership, who shall be members of the General Assembly. The ~~chairman~~ chair of the Commission shall be authorized to designate one or more members of the Commission to observe and participate in the discussions of any work group convened by the State Corporation Commission in furtherance of its duties under the Virginia Electric Utility Regulation Act (§ 56-576 et seq.) and this chapter. Members participating in such discussions shall be entitled to compensation and reimbursement provided in § 30-204, if approved by the Joint Rules Committee or its Budget Oversight Subcommittee.

§ 30-205. (Expires July 1, 2029) Powers and duties of the Commission.

The Commission shall have the following powers and duties:

1. Examine the production, transmission, distribution, storage, and use of energy in the Commonwealth, including energy efficiency and conservation, as part of monitoring the development and implementation of the Energy Policy of the Commonwealth (§ 45.2-1705 et seq.) and the Virginia Energy Plan (§ 45.2-1710 et seq.);

2. Monitor the work of the State Corporation Commission in its regulation of electric utilities and natural gas utilities, including its work implementing Chapter 10 (§ 56-232 et seq.), Chapter 10.1 (§ 56-265.1 et

seq.), and Chapters 23 through 30 (§ 56-576 et seq.) of Title 56. The Commission shall receive an annual report from the State Corporation Commission by November 1 regarding such implementation and shall receive such other reports as the Commission may be required to make, including reviews, analyses, and impact on consumers of electric utility regulation in other states;

3. Act in an advisory capacity to the General Assembly upon energy-related matters;

2. 4. Examine generation, transmission, and distribution systems reliability concerns;

3. 5. Establish one or more subcommittees, composed of its membership, persons with expertise in the matters under consideration by the Commission, or both, to meet at the direction of the ~~chairman~~ chair of the Commission, for any purpose within the scope of the purposes and duties prescribed to the Commission by § 30-201 and this section, provided that such persons who are not members of the Commission shall serve without compensation but shall be entitled to be reimbursed from funds appropriated or otherwise available to the Commission for reasonable and necessary expenses incurred in the performance of their duties;

4. 6. Monitor applications by the Commonwealth for grants and awards for energy projects from the federal government;

5. 7. Consider legislation referred to it during any session of the General Assembly or other requests by members of the General Assembly;

6. 8. Conduct studies and gather information and data in order to accomplish its purposes set forth in § 30-201 and in connection with the faithful execution of the laws of the Commonwealth;

7. 9. Issue ratepayer impact statements pursuant to § 30-205.1; and

10. Consult with applicable state agencies on all matters regarding energy efficiency and conservation, including the promotion and implementation of initiatives for the public at large to conserve energy;

11. Coordinate its efforts with those of the Virginia Center for Coal and Energy Research (§ 23.1-2623 et seq.), Virginia Coastal Energy Research Consortium (§ 45.2-1714 et seq.), Southwest Virginia Energy Research and Development Authority (§ 45.2-1717 et seq.), Virginia Offshore Wind Development Authority (§ 45.2-1803 et seq.), Virginia Solar Energy Center (§ 45.2-1900), Clean Energy Advisory Board (§ 45.2-1912 et seq.), and Virginia Nuclear Energy Consortium Authority (§ 45.2-2102 et seq.) when such coordination is practicable and furthers the purposes of the Commission; and

8. 12. Report annually to the General Assembly and the Governor with such recommendations as may be appropriate for legislative and administrative consideration in order to maintain reliable service in the Commonwealth while preserving the Commonwealth's position as a low-cost ~~electricity~~ electric and natural gas energy market.

§ 45.2-1711. Schedule for the Plan.

A. The Division shall complete the Plan.

B. Prior to the completion of the Plan and each update thereof, the Division shall present drafts to, and consult with, the Virginia Coal and Energy Commission established pursuant to Chapter 25 (§ 30-188 et seq.) of Title 30 and the Energy Commission on Electric Utility Regulation of Virginia established pursuant to Chapter 31 (§ 30-201 et seq.) of Title 30.

C. The Plan shall be updated by the Division and submitted as provided in § 45.2-1713 by October 1, 2014, and every fourth October 1 thereafter. In addition, the Division shall provide interim updates on the Plan by October 1 of the third year of each Governor's administration. Updated reports shall specify any progress attained toward each proposed action of the Plan, as well as reassess goals for energy conservation on the basis of progress to date in meeting the goals in the previous Plan and lessons learned from attempts to meet such goals.

D. Beginning with the Plan update in 2014, the Division shall include a section setting forth energy policy positions relevant to any potential regulations proposed or promulgated by the State Air Pollution Control Board to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under § 111(d) of the federal Clean Air Act, 42 U.S.C. § 7411(d). In such section of the Plan, the Division shall address policy options for establishing separate standards of performance pursuant to § 111(d) of the federal Clean Air Act, 42 U.S.C. § 7411(d), for carbon dioxide emissions from existing fossil fuel-fired electric generating units to promote the Plan's overall goal of fuel diversity as follows:

1. The Plan shall address policy options for establishing the standards of performance for existing coal-fired electric generating units, including the following factors:

a. The most suitable system of emission reduction that (i) takes into consideration (a) the cost and benefit of achieving such reduction, (b) any non-air quality health and environmental impacts, and (c) the energy requirements of the Commonwealth and (ii) has been adequately demonstrated for coal-fired electric generating units that are subject to the standard of performance;

b. Reductions in emissions of carbon dioxide that can be achieved through measures reasonably undertaken at each coal-fired electric generating unit; and

c. Increased efficiencies and other measures that can be implemented at each coal-fired electric generating unit to reduce carbon dioxide emissions from the unit without converting from coal to other fuels, co-firing other fuels with coal, or limiting the utilization of the unit.

2. The Plan shall also address policy options for establishing the standards of performance for existing

gas-fired electric generating units, including the following factors:

a. The application of the criteria specified in subdivisions 1 a and b to natural gas-fired electric generating units instead of to coal-fired electric generating units; and

b. Increased efficiencies and other measures that can be reasonably implemented at the unit to reduce carbon dioxide emissions from the unit without switching from natural gas to other lower-carbon fuels or limiting the utilization of the unit.

3. The Plan shall examine policy options for state regulatory action to adopt less stringent standards or longer compliance schedules than those provided for in applicable federal rules or guidelines based on analysis of the following:

a. Consumer impacts, including any disproportionate impacts of energy price increases on lower-income populations;

b. Unreasonable cost of reducing emissions resulting from plant age, location, or basic process design;

c. Physical difficulties with or impossibility of implementing emission reduction measures;

d. The absolute cost of applying the performance standard to the unit;

e. The expected remaining useful life of the unit;

f. The economic impacts of closing the unit, including expected job losses, if the unit is unable to comply with the performance standard; and

g. Any other factors specific to the unit that make application of a less stringent standard or longer compliance schedule more reasonable.

4. The Plan shall identify options, to the maximum extent permissible, for any federally required regulation of carbon dioxide emissions from existing fossil fuel-fired electric generating units and regulatory mechanisms that provide flexibility in complying with such standards, including the averaging of emissions, emissions trading, or other alternative implementation measures that are determined to further the interests of the Commonwealth and its citizens.

§ 45.2-1712. Annual reporting by investor-owned public utilities.

Each investor-owned public utility providing electric service in the Commonwealth shall prepare an annual report disclosing its efforts to conserve energy, including (i) its implementation of customer demand-side management programs and (ii) efforts by the utility to improve efficiency and conserve energy in its internal operations pursuant to § 56-235.1. The utility shall submit each annual report to the Division and the *Energy Commission on Electric Utility Regulation of Virginia* by November 1 of each year, and the Division shall compile the reports of the utilities and submit the compilation to the Governor and the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

§ 45.2-1713. Submission of the Plan.

Upon completion, the Division shall submit the Plan, including periodic updates thereto, to the Governor, the Commissioners of the State Corporation Commission, and the General Assembly and shall present the Plan to the *Energy Commission on Electric Utility Regulation of Virginia* at a public meeting. The Plan shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents. The Plan's executive summary shall be posted on the General Assembly's website.

§ 56-579. Regional transmission entities.

A. As set forth in § 56-577, each incumbent electric utility owning, operating, controlling, or having an entitlement to transmission capacity shall join or establish a regional transmission entity, which hereafter may be referred to as "RTE," to which such utility shall transfer the management and control of its transmission assets, subject to the following:

1. No such incumbent electric utility shall transfer to any person any ownership or control of, or any responsibility to operate, any portion of any transmission system located in the Commonwealth prior to July 1, 2004, and without obtaining, following notice and hearing, the prior approval of the Commission, as hereinafter provided. However, each incumbent electric utility shall file an application for approval pursuant to this section by July 1, 2003, and shall transfer management and control of its transmission assets to a regional transmission entity by January 1, 2005, subject to Commission approval as provided in this section.

2. The Commission shall develop rules and regulations under which any such incumbent electric utility owning, operating, controlling, or having an entitlement to transmission capacity within the Commonwealth, may transfer all or part of such control, ownership or responsibility to an RTE, upon such terms and conditions that the Commission determines will:

a. Promote:

(1) Practices for the reliable planning, operating, maintaining, and upgrading of the transmission systems and any necessary additions thereto; and

(2) Policies for the pricing and access for service over such systems that are safe, reliable, efficient, not unduly discriminatory and consistent with the orderly development of competition in the Commonwealth;

b. Be consistent with lawful requirements of the Federal Energy Regulatory Commission;

c. Be effectuated on terms that fairly compensate the transferor;

184 d. Generally promote the public interest, and are consistent with (i) ensuring that consumers' needs for
185 economic and reliable transmission are met and (ii) meeting the transmission needs of electric generation
186 suppliers both within and without this Commonwealth, including those that do not own, operate, control or
187 have an entitlement to transmission capacity.

188 B. The Commission shall also adopt rules and regulations, with appropriate public input, establishing
189 elements of regional transmission entity structures essential to the public interest, which elements shall be
190 applied by the Commission in determining whether to authorize transfer of ownership or control from an
191 incumbent electric utility to a regional transmission entity.

192 C. The Commission shall, to the fullest extent permitted under federal law, participate in any and all
193 proceedings concerning regional transmission entities furnishing transmission services within the
194 Commonwealth, before the Federal Energy Regulatory Commission. Such participation may include such
195 intervention as is permitted state utility regulators under Federal Energy Regulatory Commission rules and
196 procedures.

197 D. Nothing in this section shall be deemed to abrogate or modify:

198 1. The Commission's authority over transmission line or facility construction, enlargement or acquisition
199 within this Commonwealth, as set forth in Chapter 10.1 (§ 56-265.1 et seq.) ~~of this title~~;

200 2. The laws of this Commonwealth concerning the exercise of the right of eminent domain by a public
201 service corporation pursuant to the provisions of Article 5 (§ 56-257 et seq.) of Chapter 10 ~~of this title~~; or

202 3. The Commission's authority over retail electric energy sold to retail customers within the
203 Commonwealth by licensed suppliers of electric service, including necessary reserve requirements, all as
204 specified in § 56-587.

205 E. For purposes of this section, transmission capacity shall not include capacity that is primarily operated
206 in a distribution function, as determined by the Commission, taking into consideration any binding federal
207 precedents.

208 F. Any request to the Commission for approval of such transfer of ownership or control of or
209 responsibility for transmission facilities shall include a study of the comparative costs and benefits thereof,
210 which study shall analyze the economic effects of the transfer on consumers, including the effects of
211 transmission congestion costs. The Commission may approve such a transfer if it finds, after notice and
212 hearing, that the transfer satisfies the conditions contained in this section.

213 G. The Commission shall report annually to the *Energy Commission on Electric Utility Regulation of*
214 *Virginia* its assessment of the practices and policies of the RTE. Such report shall set forth actions taken by
215 the Commission regarding requests for the approval of any transfer of ownership or control of transmission
216 facilities to an RTE, including a description of the economic effects of such proposed transfers on consumers.

217 **§ 56-585.1:1. Transitional Rate Period: review of rates, terms, and conditions for utility generation**
218 **facilities.**

219 A. No biennial reviews of the rates, terms, and conditions for any service of a Phase I Utility, as defined in
220 § 56-585.1, shall be conducted at any time by the Commission for the three successive 12-month test periods
221 beginning January 1, 2014, and ending December 31, 2016. No biennial reviews of the rates, terms, and
222 conditions for any service of a Phase II Utility, as defined in § 56-585.1, shall be conducted at any time by
223 the Commission for the two successive 12-month test periods beginning January 1, 2015, and ending
224 December 31, 2016. Such test periods beginning January 1, 2014, and ending December 31, 2017, for a Phase
225 I Utility, and beginning January 1, 2015, and ending December 31, 2016, for a Phase II Utility, are
226 collectively referred to herein as the "Transitional Rate Period." Review of recovery of fuel and purchase
227 power costs shall continue during the Transitional Rate Period in accordance with § 56-249.6. Any biennial
228 review of the rates, terms, and conditions for any service of a Phase II Utility occurring in 2015 during the
229 Transitional Rate Period shall be solely a review of the utility's earnings on its rates for generation and
230 distribution services for the two 12-month test periods ending December 31, 2014, and a determination of
231 whether any credits to customers are due for such test periods pursuant to subdivision A 8 b of § 56-585.1.
232 After the conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and
233 distribution services shall resume for a Phase I Utility in 2020, with the first such proceeding utilizing the
234 three successive 12-month test periods beginning January 1, 2017, and ending December 31, 2019. After the
235 conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and distribution
236 services shall resume for a Phase II Utility in 2021, with the first such proceeding utilizing the four
237 successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020. Consistent with
238 this provision, (i) no biennial review filings shall be made by an investor-owned incumbent electric utility in
239 the years 2016 through 2019, inclusive, and (ii) no adjustment to an investor-owned incumbent electric
240 utility's existing tariff rates, including any rates adopted pursuant to § 56-235.2, shall be made between the
241 beginning of the Transitional Rate Period and the conclusion of the first review after the conclusion of the
242 Transitional Rate Period, except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5,
243 or 6 of § 56-585.1.

244 B. During the Transitional Rate Period, pursuant to § 56-36, the Commission shall have the right at all
245 times to inspect the books, papers and documents of any investor-owned incumbent electric utility and to

require from such companies, from time to time, special reports and statements, under oath, concerning their business.

C. 1. Commencing in 2016 and concluding in 2018, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase I Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase I Utility's filing in such proceedings shall be made on or before March 31 of 2016, and 2018.

2. Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and opportunity for a hearing, shall conduct a proceeding every two years to determine the fair rate of return on common equity to be used by a Phase II Utility as the general rate of return applicable to rate adjustment clauses under subdivisions A 5 or A 6 of § 56-585.1. A Phase II utility's filing in such proceedings shall be made on or before March 31 of 2017 and 2019.

3. Such fair rate of return shall be calculated pursuant to the methodology set forth in subdivisions A 2 a and b of § 56-585.1 and shall utilize the utility's actual end-of-test-period capital structure and cost of capital, as well as a 12-month test period ending December 31 immediately preceding the year in which the proceeding is conducted. The Commission's final order in such a proceeding shall be entered no later than eight months after the date of filing, with any adjustment to the fair rate of return for applicable rate adjustment clauses under subdivisions A 5 and 6 of § 56-585.1 taking effect on the date of the Commission's final order in the proceeding, utilizing rate adjustment clause true-up protocols as the Commission may in its discretion determine. Such proceeding shall concern only the issue of the determination of such fair rate of return to be used for rate adjustment clauses under subdivisions A 5 and 6 of § 56-585.1, and such determination shall have no effect on rates other than those applicable to such rate adjustment clauses; however, after the final such proceeding for a utility has been concluded, the fair combined rate of return on common equity so determined therein shall also be deemed equal to the fair combined rate of return on common equity to be used in such utility's first review proceeding conducted after the end of the utility's Transitional Rate Period to review such utility's earnings on its rates for generation and distribution services for the historic test periods.

D. In furtherance of rate stability during the Transitional Rate Period, any Phase II Utility carrying a prior period deferred fuel expense recovery balance on its books and records as of December 31, 2014, shall not recover from customers 50 percent of any such balance outstanding as of December 31, 2014, and the State Corporation Commission shall implement as soon as practicable reductions in the fuel factor rate of any such Phase II Utility to reflect the nonrecovery of any such fuel expense as well as any reduction in the fuel factor associated with the Phase II Utility's current period forecasted fuel expense over recovery for the 2014-2015 fuel year and projected fuel expense for the 2015-2016 fuel year.

E. Except for early retirement plans identified by the utility in an integrated resource plan filed with the State Corporation Commission by September 1, 2014, for utility generation plants, an investor-owned incumbent electric utility shall not permanently retire an electric power generation facility from service during the Transitional Rate Period without first obtaining the approval of the State Corporation Commission, upon petition from such investor-owned incumbent electric utility, and a finding by the State Corporation Commission that the retirement determination is reasonable and prudent. During the Transitional Rate Period, an investor-owned incumbent electric utility shall recover the following costs, as recorded per books by the utility for financial reporting purposes and accrued against income, only through its existing tariff rates for generation or distribution services, except such costs as may be recovered pursuant to § 56-245, § 56-249.6 or subdivisions A 4, A 5, or A 6 of § 56-585.1: (i) costs associated with asset impairments related to early retirement determinations for utility generation facilities resulting from the implementation of carbon emission guidelines for existing electric power generation facilities that the U.S. Environmental Protection Agency has issued pursuant to § 111(d) of the Clean Air Act; (ii) costs associated with severe weather events; and (iii) costs associated with natural disasters.

F. During the Transitional Rate Period:

1. The State Corporation Commission shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year assessing the updated integrated resource plan of any investor-owned incumbent electric utility. The report shall include an analysis of, among other matters, the amount, reliability, and type of generation facilities needed to serve Virginia native load compared to what is then available to serve such load and what may be available to serve such load in the future in view of market conditions and current and pending state and federal environmental regulations. As a part of such report, the State Corporation Commission shall update its estimate of the impact upon electric rates in Virginia of the implementation of carbon emission guidelines for existing electric power generation facilities that the U.S. Environmental Protection Agency has issued pursuant to § 111(d) of the federal Clean Air Act. The State Corporation Commission shall submit copies of such annual reports to the ~~Chairman~~ Chairs of the House Committee on Labor and Commerce; the ~~Chairman of~~ and the Senate Committee on Commerce and Labor and the ~~Chairman chair~~ of the Energy Commission on Electric Utility Regulation of Virginia; and

2. The Department of Environmental Quality shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year concerning the implementation of carbon emission guidelines for existing electric power generation facilities that the U.S. Environmental Protection Agency has issued pursuant to § 111(d) of the federal Clean Air Act. The report shall include an analysis of, among other matters, the impact of such federal regulations on the operation of any investor-owned incumbent electric utility's electric power generation facilities and any changes, interdiction, or suspension of such regulations. The Department of Environmental Quality shall submit copies of such annual reports to the ~~Chairman~~ *Chairs* of the House Committee on Labor and Commerce, the ~~Chairman of~~ and the Senate Committee on Commerce and Labor and the ~~Chairman~~ *chair* of the *Energy Commission on Electric Utility Regulation of Virginia*.

G. The construction or purchase by an investor-owned incumbent utility of one or more generation facilities with at least one megawatt of generating capacity, and with an aggregate rated capacity that does not exceed 5,000 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 50 megawatts, that use energy derived from sunlight or from wind and are located in the Commonwealth or off the Commonwealth's Atlantic shoreline, regardless of whether any of such facilities are located within or without such utility's service territory, is in the public interest, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this section. Such utility shall utilize goods or services sourced, in whole or in part, from one or more Virginia businesses. The utility may propose a rate adjustment clause based on a market index in lieu of a cost of service model for such facility. An investor-owned incumbent utility may enter into short-term or long-term power purchase contracts for the power derived from sunlight generated by such generation facility prior to purchasing the generation facility.

H. To the extent that the provisions of this section are inconsistent with the provisions of §§ 56-249.6 and 56-585.1, the provisions of this section shall control.

§ 56-585.1:5. Pilot program for underground transmission lines.

A. There is hereby established a pilot program to further the understanding of underground electric transmission lines in regard to electric reliability, construction methods and related cost and timeline estimating, the probability of meeting such projections, and the benefits of undergrounding existing electric transmission lines to promote economic development within the Commonwealth. The pilot program shall consist of the approval to construct qualifying electrical transmission lines of 230 kilovolts or less (but greater than 69 kilovolts) in whole or in part underground. Such pilot program shall consist of a total of two qualifying electrical transmission line projects, constructed in whole or in part underground, as specified and set forth in this section.

B. Notwithstanding any other law to the contrary, as a part of the pilot program established pursuant to this section, the Commission shall approve as a qualifying project a transmission line of 230 kilovolts or less that is pending final approval of a certificate of public convenience and necessity from the Commission as of December 31, 2017, for the construction of an electrical transmission line approximately 5.3 miles in length utilizing both overhead and underground transmission facilities, of which the underground portion shall be approximately 3.1 miles in length, which has been previously proposed for construction within or immediately adjacent to the right-of-way of an interstate highway. Once the Commission has affirmed the project need through an order, the project shall be constructed in part underground, and the underground portion shall consist of a double circuit.

The Commission shall approve such underground construction within 30 days of receipt of the written request of the public utility to participate in the pilot program pursuant to this section. The Commission shall not require the submission of additional technical and cost analyses as a condition of its approval but may request such analyses for its review. The Commission shall approve the underground construction of one contiguous segment of the transmission line that is approximately 3.1 miles in length that was previously proposed for construction within or immediately adjacent to the right-of-way of the interstate highway, for which, by resolution, the locality has indicated general community support. The remainder of the construction for the transmission line shall be aboveground. The Commission shall not be required to perform any further analysis as to the impacts of this route, including environmental impacts or impacts upon historical resources.

The electric utility may proceed to acquire right-of-way and take such other actions as it deems appropriate in furtherance of the construction of the approved transmission line, including acquiring the cables necessary for the underground installation.

C. In reviewing applications submitted by public utilities for certificates of public convenience and necessity for the construction of electrical transmission lines of 230 kilovolts or less filed between July 1, 2018, and October 1, 2020, the Commission shall approve, consistent with the requirements of subsection D, one additional application as a qualifying project to be constructed in whole or in part underground, as a part of this pilot program. The one qualifying project shall be in addition to the qualifying project described in subsection B and shall be the relocation or conversion of an existing 230-kilovolt overhead line to an underground line.

D. For purposes of subsection C, a project shall be qualified to be placed underground, in whole or in part,

if it meets all of the following criteria: (i) an engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground; (ii) the governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the project and that it supports the transmission line to be placed underground; (iii) a project has been filed with the Commission or is pending issuance of a certificate of public convenience and necessity by October 1, 2020; (iv) the estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed \$40 million or, if greater than \$40 million, the cost does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability; if the public utility, the affected localities, and the Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be accepted into the pilot program; (v) the public utility requests that the project be considered as a qualifying project under this section; and (vi) the primary need of the project shall be for purposes of grid reliability, grid resiliency, or to support economic development priorities of the Commonwealth, including the economic development priorities and the comprehensive plan of the governing body of the locality in which at least a portion of line will be placed, and shall not be to address aging assets that would have otherwise been replaced in due course.

E. A transmission line project that is found to meet the criteria of subsection D shall be deemed to satisfy the requirements of subsection B of § 56-46.1 with respect to a finding of the Commission that the line is needed.

F. Approval of a transmission line pursuant to this section for inclusion in the pilot program shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line and any associated facilities, such as stations, substations, transition stations and locations, and switchyards or stations, that may be required.

G. The Commission shall report annually to the *Energy Commission on Electric Utility Restructuring of Virginia*, the Joint Commission on Technology and Science, and the Governor on the progress of the pilot program by no later than December 1 of each year that this section is in effect. The Commission shall submit a final report to the *Energy Commission on Electric Utility Restructuring of Virginia*, the Joint Commission on Technology and Science, and the Governor no later than December 1, 2024, analyzing the entire program and making recommendations about the continued placement of transmission lines underground in the Commonwealth. The Commission's final report shall include analysis and findings of the costs of underground construction and historical and future consumer rate effects of such costs, effect of underground transmission lines on grid reliability, operability (including operating voltage), probability of meeting cost and construction timeline estimates of such underground transmission lines, and economic development, aesthetic or other benefits attendant to the placement of transmission lines underground.

H. For the qualifying projects chosen pursuant to this section and not fully recoverable as charges for new transmission facilities pursuant to subdivision A 4 of § 56-585.1, the Commission shall approve a rate adjustment clause. The rate adjustment clause shall provide for the full and timely recovery of any portion of the cost of such project not recoverable under applicable rates, terms, and conditions approved by the Federal Energy Regulatory Commission and shall include the use of the fair return on common equity most recently approved in a State Corporation Commission proceeding for such utility. Such costs shall be entirely assigned to the utility's Virginia jurisdictional customers. The Commission's final order regarding any petition filed pursuant to this subsection shall be entered not more than three months after the filing of such petition.

I. The provisions of this section shall not be construed to limit the ability of the Commission to approve additional applications for placement of transmission lines underground. Approval by the Commission of a transmission line for inclusion in the program pursuant to subsection B shall preclude the placement of future overhead electrical transmission lines of at least 69 kilovolts in the same right-of-way as described in subsection B for a period of 10 years from July 1, 2018, but shall not preclude the placement of (i) any underground transmission lines in such right-of-way or (ii) any electrical distribution lines in such right-of-way.

J. If two applications are not submitted to the Commission that meet the requirements of this section, the Commission shall document the failure of the projects to qualify for the pilot program in order to justify approving fewer than two projects to be placed underground, in whole or in part.

K. Insofar as the provisions of this section are inconsistent with the provisions of any other law or local ordinance, the provisions of this section shall be controlling.

§ 56-592. Consumer education and marketing practices.

A. The Commission shall develop an electric energy consumer education program designed to provide the following information to retail customers:

1. Information regarding energy conservation, energy efficiency, demand-side management, demand response, and renewable energy;

2. Information concerning demand-side management and demand response programs offered in the Commonwealth to retail customers;

3. Information regarding the matters described in subdivisions 1 and 2 that are specifically designed for

the industrial, commercial, residential, and government sectors; and

4. Such other information as the Commission may deem necessary and appropriate in the public interest.

B. The Commission shall complete the development of the consumer education program described in subsection A, and report its findings and recommendations to the *Energy Commission on Electric Utility Regulation of Virginia* as frequently as may be required by such Commission concerning:

1. The scope of such recommended program consistent with the requirements of subsection A;
2. Materials and media required to effectuate any such program;
3. State agency and nongovernmental entity participation;
4. Program duration;
5. Funding requirements and mechanisms for any such program; and
6. Such other findings and recommendations the Commission deems appropriate in the public interest.

C. The Commission shall develop regulations governing marketing practices by public service companies, licensed suppliers, aggregators or any other providers of services made competitive by this chapter, including regulations to prevent unauthorized switching of suppliers, unauthorized charges, and improper solicitation activities. The Commission shall also establish standards for marketing information to be furnished by licensed suppliers, aggregators or any other providers of services made competitive by this chapter, which information shall include standards concerning:

1. Pricing and other key contract terms and conditions;
2. To the extent feasible, fuel mix and emissions data on at least an annualized basis;
3. Customer's rights of cancellation following execution of any contract;
4. Toll-free telephone number for customer assistance; and
5. Such other and further marketing information as the Commission may deem necessary and appropriate

in the public interest.

D. The Commission shall also establish standards for billing information to be furnished by public service companies, suppliers, aggregators or any other providers of services made competitive by this chapter. Such billing information standards shall require that billing formation:

1. Distinguishes between charges for regulated services and unregulated services;
2. Is presented in a format that complies with standards to be established by the Commission;
3. Discloses, to the extent feasible, fuel mix and emissions data on at least an annualized basis; and
4. Includes such other billing information as the Commission deems necessary and appropriate in the public interest.

E. The Commission shall establish or maintain a complaint bureau for the purpose of receiving, reviewing and investigating complaints by retail customers against public service companies, licensed suppliers, aggregators and other providers of any services made competitive under this chapter. Upon the request of any interested person or the Attorney General, or upon its own motion, the Commission shall be authorized to inquire into possible violations of this chapter and to enjoin or punish any violations thereof pursuant to its authority under this chapter, this title, and under Title 12.1. The Attorney General shall have a right to participate in such proceedings consistent with the Commission's Rules of Practice and Procedure.

F. The Commission shall establish reasonable limits on customer security deposits required by public service companies, suppliers, aggregators or any other persons providing competitive services pursuant to this chapter.

§ 56-592.1. Consumer education program; scope and funding.

A. The Commission shall establish and implement the consumer education program developed pursuant to subsection A of § 56-592. In establishing such a program, the Commission shall take into account the findings and recommendations of the subgroup on Information/Consumer Education that was established in conjunction with the Commission's proceeding in Case PUE-2007-00049, that implemented the third enactment of Chapters 888 and 933 of the Acts of Assembly of 2007.

B. The program shall be designed to (i) enable consumers to make rational and informed choices about the matters described in subsection A of § 56-592, including but not limited to demand side management, energy conservation, and energy efficiency, (ii) help consumers reduce transaction costs in making decisions regarding such matters, and (iii) foster compliance with the consumer protection provisions of this chapter.

C. The Commission shall regularly consult with representatives of consumer organizations, community-based groups, state agencies, incumbent utilities, and other interested parties throughout the program's implementation and operation.

D. Pursuant to the provisions of § 30-205, the Commission shall provide periodic updates to the *Energy Commission on Electric Utility Regulation of Virginia* concerning the program's implementation and operation.

E. The Commission shall fund the establishment and operation of such consumer education program through the special regulatory revenue tax currently authorized by § 58.1-2660 and the special regulatory tax authorized by Chapter 29 (§ 58.1-2900 et seq.) of Title 58.1.

§ 56-596. Consideration of economic development; report.

A. In all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among

other things, the goal of economic development in the Commonwealth.

B. By September 1 of each year, the Commission shall report to the *Energy Commission on Electric Utility Regulation of Virginia* and the Governor on the status of the implementation of this chapter and its recommendations regarding the implementation of the provisions of this chapter. This report shall include the Commission's recommendations for any actions by the General Assembly, the Commission, electric utilities, or any other entity that the Commission considers to be in the public interest.

§ 56-596.1. New generating facilities utilizing energy derived from sunlight and from wind; report.

It is the objective of the General Assembly that the construction and development of new utility-owned and utility-operated generating facilities utilizing energy derived from sunlight and from wind with an aggregate capacity of 5,000 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 50 megawatts, be placed in service on or before July 1, 2028. It is also the objective of the General Assembly that 2,700 megawatts of aggregate energy storage capacity be placed into service on or before July 1, 2030. The Commission shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year through December 1, 2028, assessing (i) the aggregate annual new construction and development of new utility-owned and utility-operated generating facilities utilizing energy derived from sunlight, (ii) the integration of utility-owned renewable electric generation resources with the utility's electric distribution grid, (iii) the aggregate additional utility-owned and utility-operated generating facilities utilizing energy derived from sunlight placed in operation since July 1, 2018, (iv) the need for additional generation of electricity utilizing energy derived from sunlight in order to meet the objective of the General Assembly on or before July 1, 2028, and (v) the aggregate annual new construction or purchase of energy storage facilities. The Commission shall submit copies of such annual reports to the ~~Chairman~~ *Chairs* of the House Committee on Labor and Commerce, ~~the Chairman of~~ and the Senate Committee on Commerce and Labor, and the ~~Chairman~~ *chair* of the *Energy Commission on Electric Utility Regulation of Virginia*.

§ 56-596.3. Electric generation, transmission, and distribution; report.

The Commission shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year assessing (i) the reliability of electrical transmission or distribution systems; (ii) the integration of utility or customer owned renewable electric generation resources with the utility's electric distribution grid; (iii) the level of investment in generation, transmission, or distribution of electricity; (iv) the need for additional generation of electricity during times of peak demand; and (v) distribution system hardening projects and enhanced physical security measures. The Commission shall submit copies of such annual reports to the ~~Chairman~~ *Chairs* of the House Committee on Labor and Commerce, ~~the Chairman of~~ and the Senate Committee on Commerce and Labor and the ~~Chairman~~ *chair* of the *Energy Commission on Electric Utility Regulation of Virginia*.

§ 56-599. Integrated resource plan required.

A. Each electric utility shall file an updated integrated resource plan by October 15, in each year immediately preceding the year the utility is subject to a biennial review of rates for generation and distribution services filing. A copy of each integrated resource plan shall be provided to the ~~Chairman~~ *Chairs* of the House Committee on Labor and Commerce, ~~the Chairman of~~ and the Senate Committee on Commerce and Labor, and the ~~Chairman~~ *chair* of the *Energy Commission on Electric Utility Regulation of Virginia*. After January 1, 2024, each electric utility not subject to an annual review shall file an annual update to the integrated resource plan by October 15, in each year that the utility is subject to review of rates for generation and distribution services filing. All updated integrated resource plans shall comply with the provisions of any relevant order of the Commission establishing guidelines for the format and contents of updated and revised integrated resource plans. Each integrated resource plan shall consider options for maintaining and enhancing rate stability, energy independence, economic development including retention and expansion of energy-intensive industries, and service reliability.

B. In preparing an integrated resource plan, each electric utility shall systematically evaluate and may propose:

1. Entering into short-term and long-term electric power purchase contracts;
2. Owning and operating electric power generation facilities;
3. Building new generation facilities;
4. Relying on purchases from the short term or spot markets;
5. Making investments in demand-side resources, including energy efficiency and demand-side management services;
6. Taking such other actions, as the Commission may approve, to diversify its generation supply portfolio and ensure that the electric utility is able to implement an approved plan;
7. The methods by which the electric utility proposes to acquire the supply and demand resources identified in its proposed integrated resource plan;
8. The effect of current and pending state and federal environmental regulations upon the continued operation of existing electric generation facilities or options for construction of new electric generation facilities;

9. The most cost effective means of complying with current and pending state and federal environmental regulations, including compliance options to minimize effects on customer rates of such regulations;

10. Long-term electric distribution grid planning and proposed electric distribution grid transformation projects, including a comprehensive assessment of the potential application of grid-enhancing technologies and advanced conductors in a manner that ensures grid reliability and safeguards the cybersecurity and physical security of the electric distribution grid. An electric utility that does not include grid-enhancing technologies or advanced conductors in an integrated resource plan shall include a detailed explanation of why such technologies or conductors are not included in such plan;

11. Developing a long-term plan for energy efficiency measures to accomplish policy goals of reduction in customer bills, particularly for low-income, elderly, and disabled customers; reduction in emissions; and reduction in carbon intensity; and

12. Developing a long-term plan to integrate new energy storage facilities into existing generation and distribution assets to assist with grid transformation.

C. As part of preparing any integrated resource plan pursuant to this section, each utility shall conduct a facility retirement study for owned facilities located in the Commonwealth that emit carbon dioxide as a byproduct of combusting fuel and shall include the study results in its integrated resource plan. Upon filing the integrated resource plan with the Commission, the utility shall contemporaneously disclose the study results to each planning district commission, county board of supervisors, and city and town council where such electric generation unit is located, the Department of Energy, the Department of Housing and Community Development, the Virginia Employment Commission, and the Virginia Council on Environmental Justice. The disclosure shall include (i) the driving factors of the decision to retire and (ii) the anticipated retirement year of any electric generation unit included in the plan. Any electric generating facility with an anticipated retirement date that meets the criteria of § 45.2-1701.1 shall comply with the public disclosure requirements therein.

D. As part of preparing any integrated resource plan pursuant to this section, each utility shall conduct outreach to engage the public in a stakeholder review process and provide opportunities for the public to contribute information, input, and ideas on the utility's integrated resource plan, including the plan's development methodology, modeling inputs, and assumptions, as well as the ability for the public to make relevant inquiries, to the utility when formulating its integrated resource plan. Each utility shall report its public outreach efforts to the Commission. The stakeholder review process shall include representatives from multiple interest groups, including residential and industrial classes of ratepayers. Each utility shall, at the time of the filing of its integrated resource plan, report on any stakeholder meetings that have occurred prior to the filing date.

E. The Commission shall analyze and review an integrated resource plan and, after giving notice and opportunity to be heard, the Commission shall make a determination within nine months after the date of filing as to whether such an integrated resource plan is reasonable and is in the public interest.

2. That Chapter 25 (§§ 30-188 and 30-189) of Title 30 of the Code of Virginia is repealed.