

26108403D

HOUSE BILL NO. 1102

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Commerce and Labor  
on February 23, 2026)

(Patron Prior to Substitute—Delegate Singh)

A BILL to amend and reenact §§ 56-576 and 56-585.5 of the Code of Virginia, relating to renewable energy portfolio standard program; geothermal heating and cooling systems; report.

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-576 and 56-585.5 of the Code of Virginia are amended and reenacted as follows:

§ 56-576. Definitions.

As used in this chapter:

"Affiliate" means any person that controls, is controlled by, or is under common control with an electric utility.

"Aggregator" means a person that, as an agent or intermediary, (i) offers to purchase, or purchases, electric energy or (ii) offers to arrange for, or arranges for, the purchase of electric energy, for sale to, or on behalf of, two or more retail customers not controlled by or under common control with such person. The following activities shall not, in and of themselves, make a person an aggregator under this chapter: (i) furnishing legal services to two or more retail customers, suppliers or aggregators; (ii) furnishing educational, informational, or analytical services to two or more retail customers, unless direct or indirect compensation for such services is paid by an aggregator or supplier of electric energy; (iii) furnishing educational, informational, or analytical services to two or more suppliers or aggregators; (iv) providing default service under § 56-585; (v) engaging in activities of a retail electric energy supplier, licensed pursuant to § 56-587, which are authorized by such supplier's license; and (vi) engaging in actions of a retail customer, in common with one or more other such retail customers, to issue a request for proposal or to negotiate a purchase of electric energy for consumption by such retail customers.

"Business park" means a land development containing a minimum of 100 contiguous acres classified as a Tier 4 site under the Virginia Economic Development Partnership's Business Ready Sites Program that is developed and constructed by a locality, an industrial development authority, or a similar political subdivision of the Commonwealth created pursuant to § 15.2-4903 or other act of the General Assembly, in order to promote business development.

"Combined heat and power" means a method of using waste heat from electrical generation to offset traditional processes, space heating, air conditioning, or refrigeration.

"Commission" means the State Corporation Commission.

"Community in which a majority of the population are people of color" means a U.S. Census tract where more than 50 percent of the population comprises individuals who identify as belonging to one or more of the following groups: Black, African American, Asian, Pacific Islander, Native American, other non-white race, mixed race, Hispanic, Latino, or linguistically isolated.

"Cooperative" means a utility formed under or subject to Chapter 9.1 (§ 56-231.15 et seq.).

"Covered entity" means a provider in the Commonwealth of an electric service not subject to competition but does not include default service providers.

"Covered transaction" means an acquisition, merger, or consolidation of, or other transaction involving stock, securities, voting interests or assets by which one or more persons obtains control of a covered entity.

"Curtailement" means inducing retail customers to reduce load during times of peak demand so as to ease the burden on the electrical grid.

"Customer choice" means the opportunity for a retail customer in the Commonwealth to purchase electric energy from any supplier licensed and seeking to sell electric energy to that customer.

"Demand response" means measures aimed at shifting time of use of electricity from peak-use periods to times of lower demand by inducing retail customers to curtail electricity usage during periods of congestion and higher prices in the electrical grid.

"Distribute," "distributing," or "distribution of" electric energy means the transfer of electric energy through a retail distribution system to a retail customer.

"Distributor" means a person owning, controlling, or operating a retail distribution system to provide electric energy directly to retail customers.

"Electric distribution grid transformation project" means a project associated with electric distribution infrastructure, including related data analytics equipment, that is designed to accommodate or facilitate the integration of utility-owned or customer-owned renewable electric generation resources with the utility's electric distribution grid or to otherwise enhance electric distribution grid reliability, electric distribution grid security, customer service, or energy efficiency and conservation, including advanced metering infrastructure; intelligent grid devices for real time system and asset information; automated control systems for electric

SENATE SUBSTITUTE

HB1102S1

2/24/26 09:01

60 distribution circuits and substations; communications networks for service meters; intelligent grid devices  
 61 and other distribution equipment; distribution system hardening projects for circuits, other than the  
 62 conversion of overhead tap lines to underground service, and substations designed to reduce service outages  
 63 or service restoration times; physical security measures at key distribution substations; cyber security  
 64 measures; energy storage systems and microgrids that support circuit-level grid stability, power quality,  
 65 reliability, or resiliency or provide temporary backup energy supply; electrical facilities and infrastructure  
 66 necessary to support electric vehicle charging systems; LED street light conversions; and new customer  
 67 information platforms designed to provide improved customer access, greater service options, and expanded  
 68 access to energy usage information.

69 "Electric utility" means any person that generates, transmits, or distributes electric energy for use by retail  
 70 customers in the Commonwealth, including any investor-owned electric utility, cooperative electric utility, or  
 71 electric utility owned or operated by a municipality.

72 "Electrification" means measures that (i) electrify space heating, water heating, cooling, drying, cooking,  
 73 industrial processes, and other building and industrial end uses that would otherwise be served by onsite,  
 74 nonelectric fuels, provided that the electrification measures reduce site energy consumption; (ii) to the  
 75 maximum extent practical, seek to combine with federally authorized customer rebates for heat pump  
 76 technology; and (iii) for those measures that provide measurable and verifiable energy savings to low-income  
 77 customers or elderly customers, to the maximum extent practical, seek to combine with either  
 78 contemporaneously installed measures or previously installed measures that are or were provided under  
 79 federally funded weatherization programs or state-provided, locality-provided, or utility-provided energy  
 80 efficiency programs.

81 "Energy efficiency program" means a program that reduces the total amount of energy that is required for  
 82 the same process or activity implemented after the expiration of capped rates but does not include  
 83 electrification of any process or activity primarily fueled by natural gas. Energy efficiency programs include  
 84 equipment, physical, or program change designed to produce measured and verified reductions in the amount  
 85 of site energy required to perform the same function and produce the same or a similar outcome. Energy  
 86 efficiency programs may include (i) electrification; (ii) programs that result in improvements in lighting  
 87 design, heating, ventilation, and air conditioning systems, appliances, building envelopes, and industrial and  
 88 commercial processes; (iii) measures, such as the installation of advanced meters, implemented or installed  
 89 by utilities, that reduce fuel use or losses of electricity and otherwise improve internal operating efficiency in  
 90 generation, transmission, and distribution systems; and (iv) customer engagement programs that result in  
 91 measurable and verifiable energy savings that lead to efficient use patterns and practices. Energy efficiency  
 92 programs include demand response, combined heat and power and waste heat recovery, curtailment, or other  
 93 programs that are designed to reduce site energy consumption so long as they reduce the total amount of site  
 94 energy that is required for the same process or activity. Utilities shall be authorized to install and operate such  
 95 advanced metering technology and equipment on a customer's premises; however, nothing in this chapter  
 96 establishes a requirement that an energy efficiency program be implemented on a customer's premises and be  
 97 connected to a customer's wiring on the customer's side of the inter-connection without the customer's  
 98 expressed consent. Electricity consumption increases that result from Commission-approved electrification  
 99 measures shall not be considered as a reduction in energy savings under the energy savings requirements set  
 100 forth in subsection B of § 56-596.2. Utilities may apply verified total site energy reductions that are  
 101 attributable to Commission-approved electrification measures to the energy savings requirements set forth in  
 102 subsection B of § 56-596.2, subject to a conversion of British thermal unit-based energy savings to an  
 103 equivalent kilowatt-hour-based energy savings, which conversion shall be subject to Commission approval.

104 "Generate," "generating," or "generation of" electric energy means the production of electric energy.

105 "Generator" means a person owning, controlling, or operating a facility that produces electric energy for  
 106 sale.

107 "Geothermal electric generating resource" means an electric generating unit that is powered by geothermal  
 108 energy as defined in § 45.2-2000.

109 "Geothermal heating and cooling system" means a system that:

110 1. Exchanges thermal energy from groundwater or a shallow ground source to generate thermal energy  
 111 through an electric geothermal heat pump or a system of electric geothermal heat pumps interconnected with  
 112 any geothermal extraction facility that is (i) a closed loop or a series of closed loop systems in which fluid is  
 113 permanently confined within a pipe or tubing and does not come in contact with the outside environment or  
 114 (ii) an open loop system in which ground or surface water is circulated in an environmentally safe manner  
 115 directly into the facility and returned to the same aquifer or surface water source;

116 2. Meets or exceeds the current federal Energy Star product specification standards;

117 3. Replaces or displaces less efficient space or water heating systems, regardless of fuel type;

118 4. Replaces or displaces less efficient space cooling systems ~~that do not meet federal Energy Star product~~  
 119 ~~specification standards~~; and

120 5. Does not feed electricity back to the grid, *as defined at the level of the geothermal heat pump.*

121 "Historically economically disadvantaged community" means (i) a community in which a majority of the

122 population are people of color or (ii) a low-income geographic area.  
 123 "Incremental annual savings" means the total combined kilowatt-hour savings achieved by electric utility  
 124 energy efficiency and demand response programs and measures in the program year in which they are  
 125 installed.  
 126 "Incumbent electric utility" means each electric utility in the Commonwealth that, prior to July 1, 1999,  
 127 supplied electric energy to retail customers located in an exclusive service territory established by the  
 128 Commission.  
 129 "Independent system operator" means a person that may receive or has received, by transfer pursuant to  
 130 this chapter, any ownership or control of, or any responsibility to operate, all or part of the transmission  
 131 systems in the Commonwealth.  
 132 "In the public interest," for purposes of assessing energy efficiency programs prior to the 2029 program  
 133 year, describes an energy efficiency program if the Commission determines that the net present value of the  
 134 benefits exceeds the net present value of the costs as determined by not less than any three of the following  
 135 four tests: (i) the Total Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program  
 136 Administrator Test); (iii) the Participant Test; and (iv) the Ratepayer Impact Measure Test. Such  
 137 determination shall include an analysis of all four tests, and a program or portfolio of programs shall be  
 138 approved if the net present value of the benefits exceeds the net present value of the costs as determined by  
 139 not less than any three of the four tests. For programs proposed for the 2029 program year and all subsequent  
 140 years, the Commission shall establish targets pursuant to subdivision B 4 of § 56-596.2, and a program shall  
 141 be approved if the Commission determines it is cost-effective pursuant to applicable Commission regulations  
 142 and that the net present value of the benefits exceeds the net present value of the costs as determined by the  
 143 Total Resource Cost Test. If the Commission determines that an energy efficiency program or portfolio of  
 144 programs is not in the public interest, its final order shall include all work product and analysis conducted by  
 145 the Commission's staff in relation to that program, including testimony relied upon by the Commission's staff,  
 146 that has bearing upon the Commission's decision. If the Commission reduces the proposed budget for a  
 147 program or portfolio of programs, its final order shall include an analysis of the impact such budget reduction  
 148 has upon the cost-effectiveness of such program or portfolio of programs. An order by the Commission (a)  
 149 finding that a program or portfolio of programs is not in the public interest or (b) reducing the proposed  
 150 budget for any program or portfolio of programs shall adhere to existing protocols for extraordinarily  
 151 sensitive information. In addition, an energy efficiency program may be deemed to be "in the public interest"  
 152 if the program (1) provides measurable and verifiable energy savings to low-income customers or elderly  
 153 customers or (2) is a pilot program of limited scope, cost, and duration, that is intended to determine whether  
 154 a new or substantially revised program or technology would be cost-effective.  
 155 "Low-income geographic area" means any locality, or community within a locality, that has a median  
 156 household income that is not greater than 80 percent of the local median household income, or any area in the  
 157 Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of the Treasury via his  
 158 delegation of authority to the Internal Revenue Service.  
 159 "Low-income utility customer" means any person or household whose income is no more than 80 percent  
 160 of the median income of the locality in which the customer resides. The median income of the locality is  
 161 determined by the U.S. Department of Housing and Urban Development.  
 162 "Measured and verified" means a process determined pursuant to methods accepted for use by utilities and  
 163 industries to measure, verify, and validate energy savings and peak demand savings. This may include the  
 164 protocol established by the United States Department of Energy, Office of Federal Energy Management  
 165 Programs, Measurement and Verification Guidance for Federal Energy Projects, measurement and  
 166 verification standards developed by the American Society of Heating, Refrigeration and Air Conditioning  
 167 Engineers (ASHRAE), or engineering-based estimates of energy and demand savings associated with specific  
 168 energy efficiency measures, as determined by the Commission.  
 169 "Municipality" means a city, county, town, authority, or other political subdivision of the Commonwealth.  
 170 "New underground facilities" means facilities to provide underground distribution service. "New  
 171 underground facilities" includes underground cables with voltages of 69 kilovolts or less, pad-mounted  
 172 devices, connections at customer meters, and transition terminations from existing overhead distribution  
 173 sources.  
 174 "Peak-shaving" means measures aimed solely at shifting time of use of electricity from peak-use periods  
 175 to times of lower demand by inducing retail customers to curtail electricity usage during periods of  
 176 congestion and higher prices in the electrical grid.  
 177 "Percentage of Income Payment Program (PIPP) eligible utility customer" means any person or household  
 178 whose income does not exceed 150 percent of the federal poverty level.  
 179 "Person" means any individual, corporation, partnership, association, company, business, trust, joint  
 180 venture, or other private legal entity, and the Commonwealth or any municipality.  
 181 "Previously developed project site" means any property, including related buffer areas, if any, that has  
 182 been previously disturbed or developed for non-single-family residential, non-agricultural, or non-  
 183 silvicultural use, regardless of whether such property currently is being used for any purpose.

184 "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has  
185 been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of  
186 a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining that took place  
187 before August 3, 1977, or any lands upon which extraction activities have been permitted by the Department  
188 of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

189 "Qualified waste heat resource" means (i) exhaust heat or flared gas from an industrial process that does  
190 not have, as its primary purpose, the production of electricity and (ii) a pressure drop in any gas for an  
191 industrial or commercial process.

192 "Renewable energy" means energy derived from sunlight, wind, falling water, biomass, sustainable or  
193 otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill gas, municipal  
194 solid waste, wave motion, tides, geothermal heating and cooling systems, and geothermal electric generating  
195 resources and does not include energy derived from coal, oil, natural gas, or nuclear power. "Renewable  
196 energy" also includes the proportion of the thermal or electric energy from a facility that results from the co-  
197 firing of biomass. "Renewable energy" does not include waste heat from fossil-fired facilities or electricity  
198 generated from pumped storage but includes run-of-river generation from a combined pumped-storage and  
199 run-of-river facility.

200 "Renewable thermal energy" means the thermal energy output from (i) a renewable-fueled combined heat  
201 and power generation facility that is (a) constructed, or renovated and improved, after January 1, 2012, (b)  
202 located in the Commonwealth, and (c) utilized in industrial processes other than the combined heat and power  
203 generation facility or (ii) a solar energy system, certified to the OG-100 standard of the Solar Ratings and  
204 Certification Corporation or an equivalent certification body, that (a) is constructed, or renovated and  
205 improved, after January 1, 2013, (b) is located in the Commonwealth, and (c) heats water or air for  
206 residential, commercial, institutional, or industrial purposes.

207 "Renewable thermal energy equivalent" means the electrical equivalent in megawatt hours of renewable  
208 thermal energy calculated by dividing (i) the heat content, measured in British thermal units (BTUs), of the  
209 renewable thermal energy at the point of transfer to a residential, commercial, institutional, or industrial  
210 process by (ii) the standard conversion factor of 3.413 million BTUs per megawatt hour.

211 "Renovated and improved facility" means a facility the components of which have been upgraded to  
212 enhance its operating efficiency.

213 "Retail customer" means any person that purchases retail electric energy for its own consumption at one  
214 or more metering points or nonmetered points of delivery located in the Commonwealth.

215 "Retail electric energy" means electric energy sold for ultimate consumption to a retail customer.

216 "Revenue reductions related to energy efficiency programs" means reductions in the collection of total  
217 non-fuel revenues, previously authorized by the Commission to be recovered from customers by a utility, that  
218 occur due to measured and verified decreased consumption of electricity caused by energy efficiency  
219 programs approved by the Commission and implemented by the utility, less the amount by which such non-  
220 fuel reductions in total revenues have been mitigated through other program-related factors, including  
221 reductions in variable operating expenses.

222 "Rooftop solar installation" means a distributed electric generation facility, storage facility, or generation  
223 and storage facility utilizing energy derived from sunlight, with a rated capacity of not less than 50 kilowatts,  
224 that is installed on the roof structure of an incumbent electric utility's commercial or industrial class customer,  
225 including host sites on commercial buildings, multifamily residential buildings, school or university  
226 buildings, and buildings of a church or religious body.

227 "Solar energy system" means a system of components that produces heat or electricity, or both, from  
228 sunlight.

229 "Supplier" means any generator, distributor, aggregator, broker, marketer, or other person who offers to  
230 sell or sells electric energy to retail customers and is licensed by the Commission to do so, but it does not  
231 mean a generator that produces electric energy exclusively for its own consumption or the consumption of an  
232 affiliate.

233 "Supply" or "supplying" electric energy means the sale of or the offer to sell electric energy to a retail  
234 customer.

235 "Total annual energy savings" means (i) the total combined kilowatt-hour savings achieved by electric  
236 utility energy efficiency and demand response programs and measures installed in that program year, as well  
237 as savings still being achieved by measures and programs implemented in prior years, or (ii) savings  
238 attributable to newly installed combined heat and power facilities, including waste heat-to-power facilities,  
239 and any associated reduction in transmission line losses, provided that biomass is not a fuel and the total  
240 efficiency, including the use of thermal energy, for eligible combined heat and power facilities must meet or  
241 exceed 65 percent and have a nameplate capacity rating of less than 25 megawatts.

242 "Transmission of," "transmit," or "transmitting" electric energy means the transfer of electric energy  
243 through the Commonwealth's interconnected transmission grid from a generator to either a distributor or a  
244 retail customer.

245 "Transmission system" means those facilities and equipment that are required to provide for the

246 transmission of electric energy.

247 "Waste heat to power" means a system that generates electricity through the recovery of a qualified waste  
248 heat resource.

249 **§ 56-585.5. Generation of electricity from renewable and zero carbon sources.**

250 A. As used in this section:

251 "Accelerated renewable energy buyer" means a commercial or industrial customer of a Phase I or Phase II  
252 Utility, irrespective of generation supplier, with an aggregate load over 25 megawatts in the prior calendar  
253 year, that enters into arrangements pursuant to subsection G, as certified by the Commission.

254 "Aggregate load" means the combined electrical load associated with selected accounts of an accelerated  
255 renewable energy buyer with the same legal entity name as, or in the names of affiliated entities that control,  
256 are controlled by, or are under common control of, such legal entity or are the names of affiliated entities  
257 under a common parent.

258 "Control" has the same meaning as provided in § 56-585.1:11.

259 "Elementary or secondary" has the same meaning as provided in § 22.1-1.

260 "Falling water" means hydroelectric resources, including run-of-river generation from a combined  
261 pumped-storage and run-of-river facility. "Falling water" does not include electricity generated from pumped-  
262 storage facilities.

263 "Low-income qualifying projects" means a project that provides a minimum of 50 percent of the  
264 respective electric output to low-income utility customers as that term is defined in § 56-576.

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

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

267 "Previously developed project site" means any property, including related buffer areas, if any, that has  
268 been previously disturbed or developed for non-single-family residential, nonagricultural, or nonsilvicultural  
269 use, regardless of whether such property currently is being used for any purpose. "Previously developed  
270 project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has been previously used (i)  
271 for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of a parking lot canopy or  
272 structure; (iv) for mining, which is any lands affected by coal mining that took place before August 3, 1977,  
273 or any lands upon which extraction activities have been permitted by the Department of Energy under Title  
274 45.2; (v) for quarrying; or (vi) as a landfill.

275 "Total electric energy" means total electric energy sold to retail customers in the Commonwealth service  
276 territory of a Phase I or Phase II Utility, other than accelerated renewable energy buyers, by the incumbent  
277 electric utility or other retail supplier of electric energy in the previous calendar year, excluding an amount  
278 equivalent to the annual percentages of the electric energy that was supplied to such customer from nuclear  
279 generating plants located within the Commonwealth in the previous calendar year, provided such nuclear  
280 units were operating by July 1, 2020, or from any zero-carbon electric generating facilities not otherwise RPS  
281 eligible sources and placed into service in the Commonwealth after July 1, 2030.

282 "Zero-carbon electricity" means electricity generated by any generating unit that does not emit carbon  
283 dioxide as a by-product of combusting fuel to generate electricity.

284 B. 1. By December 31, 2024, except for any coal-fired electric generating units (i) jointly owned with a  
285 cooperative utility or (ii) owned and operated by a Phase II Utility located in the coalfield region of the  
286 Commonwealth that co-fires with biomass, any Phase I and Phase II Utility shall retire all generating units  
287 principally fueled by oil with a rated capacity in excess of 500 megawatts and all coal-fired electric  
288 generating units operating in the Commonwealth.

289 2. By December 31, 2045, except for biomass-fired electric generating units that do not co-fire with coal,  
290 each Phase I and II Utility shall retire all other electric generating units located in the Commonwealth that  
291 emit carbon as a by-product of combusting fuel to generate electricity.

292 3. A Phase I or Phase II Utility may petition the Commission for relief from the requirements of this  
293 subsection on the basis that the requirement would threaten the reliability or security of electric service to  
294 customers. The Commission shall consider in-state and regional transmission entity resources and shall  
295 evaluate the reliability of each proposed retirement on a case-by-case basis in ruling upon any such petition.

296 C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard program  
297 (RPS Program) that establishes annual goals for the sale of renewable energy to all retail customers in the  
298 utility's service territory, other than accelerated renewable energy buyers pursuant to subsection G, regardless  
299 of whether such customers purchase electric supply service from the utility or from suppliers other than the  
300 utility. To comply with the RPS Program, each Phase I and Phase II Utility shall procure and retire  
301 Renewable Energy Certificates (RECs) originating from renewable energy standard eligible sources (RPS  
302 eligible sources). For purposes of complying with the RPS Program from 2021 to 2024, a Phase I and Phase  
303 II Utility may use RECs from any renewable energy facility, as defined in § 56-576, provided that such  
304 facilities are located in the Commonwealth or are physically located within the PJM Interconnection, LLC  
305 (PJM) region. However, at no time during this period or thereafter may any Phase I or Phase II Utility use  
306 RECs from (i) renewable thermal energy, (ii) renewable thermal energy equivalent, or (iii) biomass-fired  
307 facilities that are outside the Commonwealth. From compliance year 2025 and all years after, each Phase I

308 and Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

309 In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources that  
 310 generate electric energy derived from solar or wind located in the Commonwealth or off the Commonwealth's  
 311 Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth or physically  
 312 located within the PJM region; (b) falling water resources located in the Commonwealth or physically located  
 313 within the PJM region that were in operation as of January 1, 2020, that are owned by a Phase I or Phase II  
 314 Utility or for which a Phase I or Phase II Utility has entered into a contract prior to January 1, 2020, to  
 315 purchase the energy, capacity, and renewable attributes of such falling water resources; (c) non-utility-owned  
 316 resources from falling water that (1) are less than 65 megawatts, (2) began commercial operation after  
 317 December 31, 1979, or (3) added incremental generation representing greater than 50 percent of the original  
 318 nameplate capacity after December 31, 1979, provided that such resources are located in the Commonwealth  
 319 or are physically located within the PJM region; (d) waste-to-energy or landfill gas-fired generating resources  
 320 located in the Commonwealth and in operation as of January 1, 2020, provided that such resources do not use  
 321 waste heat from fossil fuel combustion; (e) geothermal heating and cooling systems located in the  
 322 Commonwealth; (f) geothermal electric generating resources located in the Commonwealth or physically  
 323 located within the PJM region; or (g) biomass-fired facilities in operation in the Commonwealth and in  
 324 operation as of January 1, 2023, that (1) supply no more than 10 percent of their annual net electrical  
 325 generation to the electric grid or no more than 15 percent of their annual total useful energy to any entity  
 326 other than the manufacturing facility to which the generating source is interconnected and are fueled by  
 327 forest-product manufacturing residuals, including pulping liquor, bark, paper recycling residuals, biowastes,  
 328 or biomass, as described in subdivisions A 1, 2, and 4 of § 10.1-1308.1, provided that biomass as described in  
 329 subdivision A 1 of § 10.1-1308.1 results from harvesting in accordance with best management practices for  
 330 the sustainable harvesting of biomass developed and enforced by the State Forester pursuant to § 10.1-1105,  
 331 or (2) are owned by a Phase I or Phase II Utility, have less than 52 megawatts capacity, and are fueled by  
 332 forest-product manufacturing residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4 of  
 333 § 10.1-1308.1, provided that biomass as described in subdivision A 1 of § 10.1-1308.1 results from  
 334 harvesting in accordance with best management practices for the sustainable harvesting of biomass developed  
 335 and enforced by the State Forester pursuant to § 10.1-1105. Regardless of any future maintenance, expansion,  
 336 or refurbishment activities, the total amount of RECs that may be sold by any RPS eligible source using  
 337 biomass in any year shall be no more than the number of megawatt hours of electricity produced by that  
 338 facility in 2022; however, in no year may any RPS eligible source using biomass sell RECs in excess of the  
 339 actual megawatt-hours of electricity generated by such facility that year. In order to comply with the RPS  
 340 Program, each Phase I and Phase II Utility may use and retire the environmental attributes associated with  
 341 any existing owned or contracted solar, wind, falling water, or biomass electric generating resources in  
 342 operation, or proposed for operation, in the Commonwealth or solar, wind, or falling water resources  
 343 physically located within the PJM region, with such resource qualifying as a Commonwealth-located  
 344 resource for purposes of this subsection, as of January 1, 2020, provided that such renewable attributes are  
 345 verified as RECs consistent with the PJM-EIS Generation Attribute Tracking System.

346 1. *a.* The RPS Program requirements shall be a percentage of the total electric energy sold in the previous  
 347 calendar year and shall be implemented in accordance with the following schedule:

348	Phase I Utilities		Phase II Utilities	
349	Year	RPS Program Requirement	Year	RPS Program Requirement
350	2021	6%	2021	14%
351	2022	7%	2022	17%
352	2023	8%	2023	20%
353	2024	10%	2024	23%
354	2025	14%	2025	26%
355	2026	17%	2026	29%
356	2027	20%	2027	32%
357	2028	24%	2028	35%
358	2029	27%	2029	38%
359	2030	30%	2030	41%
360	2031	33%	2031	45%
361	2032	36%	2032	49%
362	2033	39%	2033	52%
363	2034	42%	2034	55%
364	2035	45%	2035	59%
365	2036	53%	2036	63%
366	2037	53%	2037	67%
367	2038	57%	2038	71%
368	2039	61%	2039	75%
369	2040	65%	2040	79%
370	2041	68%	2041	83%

371	2042	71%	2042	87%
372	2043	74%	2043	91%
373	2044	77%	2044	95%
374	2045	80%	2045 and	100%
375			thereafter	
376	2046	84%		
377	2047	88%		
378	2048	92%		
379	2049	96%		
380	2050 and	100%		
381	thereafter			

382 *b. Beginning with the 2027 compliance year and thereafter, each Phase II Utility shall procure and retire*  
383 *RECs from geothermal heating and cooling systems located in the Commonwealth, as a percentage of the*  
384 *total number of RECs used for RPS program compliance, in the following amounts, at minimum: (i) 0.5*  
385 *percent in 2027, (ii) 0.75 percent in 2028, and (iii) one percent in and after 2029. Beginning with the 2027*  
386 *compliance year and thereafter, each Phase I Utility shall procure and retire RECs from geothermal heating*  
387 *and cooling systems located within its own service territory, as a percentage of the total number of RECs*  
388 *used for RPS program compliance, in the following amounts, at minimum: (a) 0.5 percent in 2027, (b) 0.75*  
389 *percent in 2028, and (c) one percent in and after 2029.*

390 2. A Phase II Utility shall meet one percent of the RPS Program requirements in any given compliance  
391 year with solar, wind, or anaerobic digestion resources of one megawatt or less located in the  
392 Commonwealth, with not more than 3,000 kilowatts at any single location or at contiguous locations owned  
393 by the same entity or affiliated entities and, to the extent that low-income qualifying projects are available,  
394 then no less than 25 percent of such one percent shall be composed of low-income qualifying projects. To the  
395 extent that low-income qualifying projects are not available and projects located on or adjacent to public  
396 elementary or secondary schools are available, the remainder of no less than 25 percent of such one percent  
397 shall be composed of projects located on or adjacent to public elementary or secondary schools. A project  
398 located on or adjacent to a public elementary or secondary school shall have a contractual relationship with  
399 such school in order to qualify for the provisions of this section.

400 3. Beginning with the 2025 compliance year and thereafter, at least 75 percent of all RECs used by a  
401 Phase II Utility in a compliance period shall come from RPS eligible resources located in the  
402 Commonwealth.

403 4. Any Phase I or Phase II Utility may apply renewable energy sales achieved or RECs acquired in excess  
404 of the sales requirement for that RPS Program to the sales requirements for RPS Program requirements in the  
405 year in which it was generated and the five calendar years after the renewable energy was generated or the  
406 RECs were created. To the extent that a Phase I or Phase II Utility procures RECs for RPS Program  
407 compliance from resources the utility does not own, the utility shall be entitled to recover the costs of such  
408 certificates at its election pursuant to § 56-249.6 or subdivision A 5 d of § 56-585.1.

409 5. Energy from a geothermal heating and cooling system is eligible for inclusion in meeting the  
410 requirements of the RPS Program. RECs from a geothermal heating and cooling system are created based on  
411 the amount of energy, converted from BTUs to kilowatt-hours, that is generated by a geothermal heating and  
412 cooling system for space heating and cooling or water heating. The Commission shall determine the form and  
413 manner in which such RECs are verified.

414 D. Each Phase I or Phase II Utility shall petition the Commission for necessary approvals to procure  
415 zero-carbon electricity generating capacity as set forth in this subsection and energy storage resources as set  
416 forth in subsection E. To the extent that a Phase I or Phase II Utility constructs or acquires new zero-carbon  
417 generating facilities or energy storage resources, the utility shall petition the Commission for the recovery of  
418 the costs of such facilities, at the utility's election, either through its rates for generation and distribution  
419 services or through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1. All costs not sought  
420 for recovery through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 associated with  
421 generating facilities provided by sunlight or onshore or offshore wind are also eligible to be applied by the  
422 utility as a customer credit reinvestment offset as provided in subdivision A 8 of § 56-585.1. Costs associated  
423 with the purchase of energy, capacity, or environmental attributes from facilities owned by the persons other  
424 than the utility required by this subsection shall be recovered by the utility either through its rates for  
425 generation and distribution services or pursuant to § 56-249.6.

426 1. Each Phase I Utility shall petition the Commission for necessary approvals to construct, acquire, or  
427 enter into agreements to purchase the energy, capacity, and environmental attributes of 600 megawatts of  
428 generating capacity using energy derived from sunlight or onshore wind.

429 a. By December 31, 2023, each Phase I Utility shall petition the Commission for necessary approvals to  
430 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
431 at least 200 megawatts of generating capacity located in the Commonwealth using energy derived from  
432 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of

433 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other  
434 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase I  
435 Utility.

436 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary approvals to  
437 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
438 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived  
439 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the  
440 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by  
441 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by  
442 such Phase I Utility.

443 c. By December 31, 2030, each Phase I Utility shall petition the Commission for necessary approvals to  
444 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
445 at least 200 megawatts of additional generating capacity located in the Commonwealth using energy derived  
446 from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the  
447 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by  
448 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by  
449 such Phase I Utility.

450 d. Nothing in this subdivision 1 shall prohibit such Phase I Utility from constructing, acquiring, or  
451 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 600  
452 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or  
453 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and  
454 56-585.1.

455 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to  
456 (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes  
457 of 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from  
458 sunlight or onshore wind, which shall include 1,100 megawatts of solar generation of a nameplate capacity  
459 not to exceed three megawatts per individual project and 35 percent of such generating capacity procured  
460 shall be from the purchase of energy, capacity, and environmental attributes from solar facilities owned by  
461 persons other than a utility, including utility affiliates and deregulated affiliates and (ii) pursuant to  
462 § 56-585.1:11, construct or purchase one or more offshore wind generation facilities located off the  
463 Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the Commonwealth  
464 with an aggregate capacity of up to 5,200 megawatts. At least 200 megawatts of the 16,100 megawatts shall  
465 be placed on previously developed project sites.

466 a. By December 31, 2024, each Phase II Utility shall petition the Commission for necessary approvals to  
467 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
468 at least 3,000 megawatts of generating capacity located in the Commonwealth using energy derived from  
469 sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the purchase of  
470 energy, capacity, and environmental attributes from solar or onshore wind facilities owned by persons other  
471 than the utility, with the remainder, in the aggregate, being from construction or acquisition by such Phase II  
472 Utility.

473 b. By December 31, 2027, each Phase II Utility shall petition the Commission for necessary approvals to  
474 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
475 at least 3,000 megawatts of additional generating capacity located in the Commonwealth using energy  
476 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the  
477 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by  
478 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by  
479 such Phase II Utility.

480 c. By December 31, 2030, each Phase II Utility shall petition the Commission for necessary approvals to  
481 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
482 at least 4,000 megawatts of additional generating capacity located in the Commonwealth using energy  
483 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the  
484 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by  
485 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by  
486 such Phase II Utility.

487 d. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to  
488 construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental attributes of  
489 at least 6,100 megawatts of additional generating capacity located in the Commonwealth using energy  
490 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be from the  
491 purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities owned by  
492 persons other than the utility, with the remainder, in the aggregate, being from construction or acquisition by  
493 such Phase II Utility.

494 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring, or

495 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 16,100  
496 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or  
497 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and  
498 56-585.1.

499 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or acquire  
500 zero-carbon electricity or from entering into contracts to procure the energy, capacity, and environmental  
501 attributes of zero-carbon electricity generating resources in excess of the requirements in subsection B. The  
502 Commission shall determine whether to approve such petitions on a stand-alone basis pursuant to §§ 56-580  
503 and 56-585.1, provided that the Commission's review shall also consider whether the proposed generating  
504 capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower customer fuel costs, (iii) will  
505 provide economic development opportunities in the Commonwealth, and (iv) serves a need that cannot be  
506 more affordably met with demand-side or energy storage resources.

507 Each Phase I and Phase II Utility shall, at least once every year, conduct a request for proposals for new  
508 solar and wind resources. Such requests shall quantify and describe the utility's need for energy, capacity, or  
509 renewable energy certificates. The requests for proposals shall be publicly announced and made available for  
510 public review on the utility's website at least 45 days prior to the closing of such request for proposals. The  
511 requests for proposals shall provide, at a minimum, the following information: (a) the size, type, and timing  
512 of resources for which the utility anticipates contracting; (b) any minimum thresholds that must be met by  
513 respondents; (c) major assumptions to be used by the utility in the bid evaluation process, including  
514 environmental emission standards; (d) detailed instructions for preparing bids so that bids can be evaluated on  
515 a consistent basis; (e) the preferred general location of additional capacity; and (f) specific information  
516 concerning the factors involved in determining the price and non-price criteria used for selecting winning  
517 bids. A utility may evaluate responses to requests for proposals based on any criteria that it deems reasonable  
518 but shall at a minimum consider the following in its selection process: (1) the status of a particular project's  
519 development; (2) the age of existing generation facilities; (3) the demonstrated financial viability of a project  
520 and the developer; (4) a developer's prior experience in the field; (5) the location and effect on the  
521 transmission grid of a generation facility; (6) benefits to the Commonwealth that are associated with  
522 particular projects, including regional economic development and the use of goods and services from Virginia  
523 businesses; and (7) the environmental impacts of particular resources, including impacts on air quality within  
524 the Commonwealth and the carbon intensity of the utility's generation portfolio.

525 4. In connection with the requirements of this subsection, each Phase I and Phase II Utility shall,  
526 commencing in 2020 and concluding in 2035, submit annually a plan and petition for approval for the  
527 development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate and  
528 over its duration, the requirements of subsection D concerning the allocation percentages for construction or  
529 purchase of such capacity. Such petition shall contain any request for approval to construct such facilities  
530 pursuant to subsection D of § 56-580 and a request for approval or update of a rate adjustment clause  
531 pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such plan shall also include  
532 the utility's plan to meet the energy storage project targets of subsection E, including the goal of installing at  
533 least 10 percent of such energy storage projects behind the meter. In determining whether to approve the  
534 utility's plan and any associated petition requests, the Commission shall determine whether they are  
535 reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide reduction  
536 requirements in this section; (ii) the promotion of new renewable generation and energy storage resources  
537 within the Commonwealth, and associated economic development; and (iii) fuel savings projected to be  
538 achieved by the plan. Notwithstanding any other provision of this title, the Commission's final order  
539 regarding any such petition and associated requests shall be entered by the Commission not more than six  
540 months after the date of the filing of such petition.

541 5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the RPS  
542 Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds  
543 \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to \$45 for each  
544 megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment for any shortfall  
545 in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth shall be \$75 per  
546 ~~megawatts~~ megawatt hour for resources one megawatt and lower, and the deficiency payment for any  
547 shortfall in procuring RECs for geothermal heating and cooling systems, as required by subdivision C 1 b,  
548 shall be \$100 per megawatt hour. A Phase I or Phase II Utility shall issue a quarterly request for proposals  
549 regarding the procurement of RECs produced by geothermal heating and cooling systems as a portion of its  
550 efforts to meet the requirements of subdivision C 1 b. A Phase I or Phase II Utility shall be exempt from  
551 making an annual deficiency payment for the quantity of required RECs produced by geothermal heating and  
552 cooling systems that are not made available in each request for proposals at a price that is equal to or below  
553 the price of such deficiency payment in a compliance year. In any year in which a Phase I or Phase II Utility  
554 is exempted from making a deficiency payment resulting from a lack of available RECs from geothermal  
555 heating and cooling systems, the utility shall, for that compliance year, procure and retire RPS eligible RECs  
556 subject to a \$45 per megawatt hour deficiency payment in an amount equal to the amount of RECs from

557 *geothermal heating and cooling systems that were not made available at a price that was equal to or below*  
558 *\$100 per megawatt hour in that compliance year pursuant to subdivision C 1 b.* The amount of any  
559 deficiency payment shall increase by one percent annually after 2021. A Phase I or Phase II Utility shall be  
560 entitled to recover the costs of such payments as a cost of compliance with the requirements of this  
561 subsection pursuant to subdivision A 5 d of § 56-585.1. All proceeds from the deficiency payments shall be  
562 deposited into an interest-bearing account administered by the Department of Energy. In administering this  
563 account, the Department of Energy shall manage the account as follows: (i) 50 percent of total revenue shall  
564 be directed to job training programs in historically economically disadvantaged communities; (ii) 16 percent  
565 of total revenue shall be directed to energy efficiency measures for public facilities; (iii) 30 percent of total  
566 revenue shall be directed to renewable energy programs located in historically economically disadvantaged  
567 communities; and (iv) four percent of total revenue shall be directed to administrative costs.

568 For any project constructed pursuant to this subsection or subsection E, a utility shall, subject to a  
569 competitive procurement process, procure equipment from a Virginia-based or United States-based  
570 manufacturer using materials or product components made in Virginia or the United States, if reasonably  
571 available and competitively priced.

572 E. To enhance reliability and performance of the utility's generation and distribution system, each Phase I  
573 and Phase II Utility shall petition the Commission for necessary approvals to construct or acquire new,  
574 utility-owned energy storage resources.

575 1. By December 31, 2035, each Phase I Utility shall petition the Commission for necessary approvals to  
576 construct or acquire 400 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a  
577 Phase I Utility from constructing or acquiring more than 400 megawatts of energy storage, provided that  
578 the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.

579 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary approvals to  
580 construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this subdivision shall prohibit a  
581 Phase II Utility from constructing or acquiring more than 2,700 megawatts of energy storage, provided that  
582 the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.

583 3. No single energy storage project shall exceed 500 megawatts in size, except that a Phase II Utility may  
584 procure a single energy storage project up to 800 megawatts.

585 4. All energy storage projects procured pursuant to this subsection shall meet the competitive procurement  
586 protocols established in subdivision D 3.

587 5. After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall be (i)  
588 purchased by the public utility from a party other than the public utility or (ii) owned by a party other than a  
589 public utility, with the capacity from such facilities sold to the public utility. By January 1, 2021, the  
590 Commission shall adopt regulations to achieve the deployment of energy storage for the Commonwealth  
591 required in subdivisions 1 and 2, including regulations that set interim targets and update existing utility  
592 planning and procurement rules. The regulations shall include programs and mechanisms to deploy energy  
593 storage, including competitive solicitations, behind-the-meter incentives, non-wires alternatives programs,  
594 and peak demand reduction programs.

595 F. All costs incurred by a Phase I or Phase II Utility related to compliance with the requirements of this  
596 section or pursuant to § 56-585.1:11, including (i) costs of generation facilities powered by sunlight or  
597 onshore or offshore wind, or energy storage facilities, that are constructed or acquired by a Phase I or Phase II  
598 Utility after July 1, 2020, (ii) costs of capacity, energy, or environmental attributes from generation facilities  
599 powered by sunlight or onshore or offshore wind, or falling water, or energy storage facilities purchased by  
600 the utility from persons other than the utility through agreements after July 1, 2020, and (iii) all other costs of  
601 compliance, including costs associated with the purchase of RECs associated with RPS Program  
602 requirements pursuant to this section shall be recovered from all retail customers in the service territory of a  
603 Phase I or Phase II Utility as a non-bypassable charge, irrespective of the generation supplier of such  
604 customer, except (a) as provided in subsection G for an accelerated renewable energy buyer or (b) as  
605 provided in subdivision C 3 of § 56-585.1:11, with respect to the costs of an offshore wind generation  
606 facility, for a PIPP eligible utility customer or an advanced clean energy buyer or qualifying large general  
607 service customer, as those terms are defined in § 56-585.1:11. If a Phase I or Phase II Utility serves  
608 customers in more than one jurisdiction, such utility shall recover all of the costs of compliance with the RPS  
609 Program requirements from its Virginia customers through the applicable cost recovery mechanism, and all  
610 associated energy, capacity, and environmental attributes shall be assigned to Virginia to the extent that such  
611 costs are requested but not recovered from any system customers outside the Commonwealth.

612 By September 1, 2020, the Commission shall direct the initiation of a proceeding for each Phase I and  
613 Phase II Utility to review and determine the amount of such costs, net of benefits, that should be allocated to  
614 retail customers within the utility's service territory which have elected to receive electric supply service from  
615 a supplier of electric energy other than the utility, and shall direct that tariff provisions be implemented to  
616 recover those costs from such customers beginning no later than January 1, 2021. Thereafter, such charges  
617 and tariff provisions shall be updated and tried up by the utility on an annual basis, subject to continuing  
618 review and approval by the Commission.

619 G. 1. An accelerated renewable energy buyer may contract with a Phase I or Phase II Utility, or a person  
 620 other than a Phase I or Phase II Utility, to obtain (i) RECs from RPS eligible resources or (ii) bundled  
 621 capacity, energy, and RECs from solar or, wind, or zero-carbon electricity generation resources located  
 622 within the PJM region and initially placed in commercial operation after January 1, 2015, including any  
 623 contract with a utility for such generation resources that does not allocate the cost of such resources to or  
 624 recover the cost of such resources from any other customers of the utility that have not voluntarily agreed to  
 625 pay such cost. Such an accelerated renewable energy buyer may offset all or a portion of its electric load for  
 626 purposes of RPS compliance through such arrangements. An accelerated renewable energy buyer shall be  
 627 exempt from the assignment of non-bypassable RPS compliance costs pursuant to subsection F, with the  
 628 exception of the costs of an offshore wind generating facility pursuant to § 56-585.1:11, based on the amount  
 629 of RECs obtained pursuant to this subsection in proportion to the customer's total electric energy  
 630 consumption, on an annual basis. An accelerated renewable energy buyer may also contract with a Phase I or  
 631 Phase II Utility, or a person other than a Phase I or Phase II Utility, to obtain capacity from energy storage  
 632 facilities located within the network service area of the utility pursuant to this subsection, provided that the  
 633 costs of such resources are not recovered from any of the utility's customers who have not voluntarily agreed  
 634 to pay for such costs. Such accelerated renewable energy buyer shall be exempt from the assignment of  
 635 non-bypassable RPS Program compliance costs specifically associated with energy storage facilities pursuant  
 636 to this subsection in proportion to the customer's total capacity demand on an annual basis. An accelerated  
 637 renewable energy buyer obtaining RECs only shall not be exempt from costs related to procurement of new  
 638 solar or onshore wind generation capacity, energy, or environmental attributes, or energy storage facilities, by  
 639 the utility pursuant to subsections D and E, however, an accelerated renewable energy buyer that is a  
 640 customer of a Phase II Utility and was subscribed, as of March 1, 2020, to a voluntary companion  
 641 experimental tariff offering of the utility for the purchase of renewable attributes from renewable energy  
 642 facilities that requires a renewable facilities agreement and the purchase of a minimum of 2,000 renewable  
 643 attributes annually, shall be exempt from allocation of the net costs related to procurement of new solar or  
 644 onshore wind generation capacity, energy, or environmental attributes, or energy storage facilities, by the  
 645 utility pursuant to subsections D and E, based on the amount of RECs associated with the customer's  
 646 renewable facilities agreements associated with such tariff offering as of that date in proportion to the  
 647 customer's total electric energy consumption, on an annual basis. To the extent that an accelerated renewable  
 648 energy buyer contracts for the capacity of new solar or wind generation resources or energy storage facilities  
 649 pursuant to this subsection, the aggregate amount of such nameplate capacity shall be offset from the utility's  
 650 procurement requirements pursuant to subsection D. All RECs associated with contracts entered into by an  
 651 accelerated renewable energy buyer with the utility, or a person other than the utility, for an RPS Program  
 652 shall not be credited to the utility's compliance with its RPS requirements, and the calculation of the utility's  
 653 RPS Program requirements shall not include the electric load covered by customers certified as accelerated  
 654 renewable energy buyers.

655 2. Each Phase I or Phase II Utility shall certify, and verify as necessary, to the Commission that the  
 656 accelerated renewable energy buyer has satisfied the exemption requirements of this subsection for each year,  
 657 or an accelerated renewable energy buyer may choose to certify satisfaction of this exemption by reporting to  
 658 the Commission individually. The Commission may promulgate such rules and regulations as may be  
 659 necessary to implement the provisions of this subsection.

660 3. Provided that no incremental costs associated with any contract between a Phase I or Phase II Utility  
 661 and an accelerated renewable energy buyer is allocated to or recovered from any other customer of the utility,  
 662 any such contract with an accelerated renewable energy buyer that is a jurisdictional customer of the utility  
 663 shall not be deemed a special rate or contract requiring Commission approval pursuant to § 56-235.2.

664 4. The State Corporation Commission shall ensure that any distribution and transmission costs associated  
 665 with new energy generation resources procured pursuant to subsection G of § 56-585.5 of the Code of  
 666 Virginia, as amended by this act, are justly and reasonably allocated.

667 H. No customer of a Phase II Utility with a peak demand in excess of 100 megawatts in 2019 that elected  
 668 pursuant to subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior  
 669 to April 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that  
 670 the customer is not purchasing electric energy from the utility, and such customer's electric load shall not be  
 671 included in the utility's RPS Program requirements. No customer of a Phase I Utility that elected pursuant to  
 672 subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior to February  
 673 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that the  
 674 customer is not purchasing electric energy from the utility, and such customer's electric load shall not be  
 675 included in the utility's RPS Program requirements.

676 I. In any petition by a Phase I or Phase II Utility for a certificate of public convenience and necessity to  
 677 construct and operate an electrical generating facility that generates electric energy derived from sunlight  
 678 submitted pursuant to § 56-580, such utility shall demonstrate that the proposed facility was subject to  
 679 competitive procurement or solicitation as set forth in subdivision D 3.

680 J. Notwithstanding any contrary provision of law, for the purposes of this section, any falling water

681 generation facility located in the Commonwealth and commencing commercial operations prior to July 1,  
682 2024, shall be considered a renewable energy portfolio standard (RPS) eligible source.

683 K. Nothing in this section shall apply to any entity organized under Chapter 9.1 (§ 56-231.15 et seq.).

684 L. The Commission shall adopt such rules and regulations as may be necessary to implement the  
685 provisions of this section, including a requirement that participants verify whether the RPS Program  
686 requirements are met in accordance with this section.

687 **2. That the State Corporation Commission (the Commission) shall prepare a report evaluating the**  
688 **procurement and retirement of renewable energy certificates from geothermal heating and cooling**  
689 **systems in the Commonwealth pursuant to subdivision C 1 b of § 56-585.5 of the Code of Virginia, as**  
690 **amended by this act. The Commission shall deliver such report to the Chairs of the House Committee**  
691 **on Labor and Commerce and Senate Committee on Commerce and Labor on or before November 1,**  
692 **2028.**

693 **3. That pursuant to § 54.1-2014 of the Code of Virginia, the Real Estate Appraiser Board (the Board)**  
694 **shall promulgate regulations requiring the development of a continuing education curriculum and**  
695 **required training for all licensees that includes how to properly determine the increase in value of real**  
696 **estate created by reductions in building energy costs associated with solar, geothermal, and solar water**  
697 **heating investments for the purposes of real estate appraisals. On or before November 1, 2026, the**  
698 **Board shall report on the implementation of such curriculum and training to the Chairs of the House**  
699 **Committees on Labor and Commerce and General Laws, the Senate Committees on Commerce and**  
700 **Labor and General Laws and Technology, and the Commission on Electric Utility Regulation.**