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SENATE BILL NO. 327

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Labor and Commerce
on February 24, 2026)

(Patron Prior to Substitute—Senator VanValkenburg)

A *BILL* to amend the Code of Virginia by adding a section numbered 56-585.1:17, relating to electric utilities; pilot program for electric energy conservation, generation, and storage.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-585.1:17 as follows:

§ 56-585.1:17. Pilot program for electric energy conservation, solar energy generation, and energy storage resources.

A. As used in this section, "Phase I Utility" and "Phase II Utility" have the same meanings as provided in subdivision A 1 of § 56-585.1

B. Notwithstanding the provisions of §§ 56-249.6 and 56-585.1:

1. Each Phase I and Phase II Utility shall conduct a pilot program for electric energy conservation, solar energy generation, and energy storage resources for low-income, elderly, and disabled individuals in their respective service territories in the Commonwealth. No later than December 31, 2026, each Phase I and II Utility shall petition the Commission for approval to design, implement, and operate such program until the earlier of amendment or repeal of this section or July 1, 2034. Each pilot program established under this subsection shall be funded by the utility and shall continue at the following levels of funding:

a. For the first year, each Phase II Utility shall operate such program at an amount of \$23 million, and the Phase II Utility shall continue the pilot program at increased levels of funding each year, with the first year's amount adjusted by the larger of (i) the percentage of change in the Consumer Price Index for All Urban Customers, or (ii) the Phase II Utility's 15-year compound annual growth rate as reported in the most recent integrated resource plan filed pursuant to § 56-599. Such funding shall be incremental to existing programs or funding streams targeted at low-income, elderly, and disabled individuals by the Phase II Utility.

b. For the first year, each Phase I Utility shall operate such program at an amount of \$5 million, and the Phase I Utility shall continue the pilot program at increased levels of funding each year, with the first year's amount adjusted by the larger of (i) the percentage of change in the Consumer Price Index for All Urban Customers, or (ii) the Phase I Utility's 15-year compound annual growth rate as reported in the most recent integrated resource plan filed pursuant to § 56-599. Such funding shall be incremental to existing programs or funding streams targeted at low-income, elderly, and disabled individuals by the Phase I Utility.

C. Notwithstanding any other provision of law, the costs of conducting a pilot program under this section, including the cost of implementing energy storage resources, shall be recovered pursuant to subdivision A 5 of § 56-585.1.

D. In conducting a pilot program under this section, the Phase I or Phase II Utility shall provide incentives directly to customers. Such incentives, including costs and any associated energy generated, shall count toward the annual energy savings goals and annual program spending to benefit low-income, elderly, and disabled individuals that a Phase II Utility is required to develop pursuant to § 56-596.2. In developing such incentives, the Phase II Utility shall make reasonable efforts to prioritize low-income, moderate-income, elderly, and disabled persons residing in housing that a redevelopment and housing authority owns or controls.

2. That, no later than November 1, 2026, the State Corporation Commission (the Commission) shall convene a technical conference to evaluate the creation of a program that is modeled after the essential elements and minimum program requirements of the Pay As You Save program, as developed and maintained by the Energy Efficiency Institute, Inc., and consistent with the essential customer protections listed on the U.S. Environmental Protection Agency's inclusive utility investment website at the time of program design. If the Commission determines that such a program is feasible for implementation by Phase I and Phase II Utilities, as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, and in the public interest, the Commission shall require the Phase I and Phase II Utilities to petition the Commission for approval to implement such program, the requirements of which shall be determined by the Commission, by May 1, 2027.

3. That the provisions of the first enactment of this act shall expire on July 1, 2034.

HOUSE SUBSTITUTE

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