

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 An Act to amend the Code of Virginia by adding a section numbered 56-594.01:2, relating to electric
3 substation construction agreements; electric cooperatives.

4 [H 1191]

5 Approved

6 **Be it enacted by the General Assembly of Virginia:**

7 **1. That the Code of Virginia is amended by adding a section numbered 56-594.01:2 as follows:**

8 **§ 56-594.01:2. Substation construction agreements; electric cooperatives.**

9 A. As used in this section:

10 "Electric cooperative" or "cooperative" means a utility consumer services cooperative organized under
11 Article 1 of Chapter 9.1.

12 "Member" has the same meaning as provided in § 56-231.15.

13 B. An electric cooperative may enter into an agreement to construct a substation with a member receiving
14 regulated electric service, with an electric demand of at least 20 megawatts during the most recent calendar
15 year, that requires a point of interconnection with a transmission line system of 230 kilovolts or more. Such
16 agreement shall be filed jointly by the member and cooperative with the Commission for informational
17 purposes and, if requested, treated with confidentiality by the Commission. Such substation shall be for
18 dedicated service only to the member's facilities and shall be constructed at the member's sole expense, in
19 accordance with all applicable laws, regulations, reliability standards, and the cooperative's specifications.

20 C. In addition to any inspections or milestones that may be included in an agreement described in
21 subsection B, the member shall notify the cooperative in writing upon substantial completion of the
22 substation. Within 60 days after receiving such notice, the cooperative shall inspect the substation and issue
23 any final construction change orders within 30 days after the inspection.

24 D. Upon final completion of a substation constructed under an agreement described in subsection B, the
25 member shall transfer ownership and control to the cooperative by donation or for mutually agreed
26 consideration, which consideration shall be deemed legally sufficient to transfer ownership. Following such
27 transfer of ownership, the cooperative shall operate and maintain such substation at the member's sole
28 expense, pursuant to the cooperative's applicable rates, terms, and conditions.

29 E. The Commission shall exclude the costs of acquisition, operation, or maintenance of any substation
30 acquired by a cooperative under this section from the cooperative's general and base rates and shall ensure
31 that no costs associated with such substation are recovered from any ratepayer other than the member that
32 entered an agreement to construct the substation.

33 F. No provision of Chapter 5 (§ 56-88 et seq.) or Chapter 10.1 (§ 56-265.1 et seq.) shall apply to any
34 agreement or acquisition conducted pursuant to this section.

35 G. Any agreement described in subsection B shall be negotiated by the member and cooperative in good
36 faith. If a cooperative fails to negotiate or fails to propose a draft agreement within 120 days after the date of
37 written request for such agreement by the member, the member may file a petition with the Commission to
38 order the cooperative to negotiate and to offer a draft agreement for substation construction by the member.
39 If any such petition is filed, the Commission shall hear the petition, if necessary, within three months after
40 filing and shall issue an order on such petition within six months after filing. The Commission shall establish
41 a fee schedule for the adjudication of such petition, to be payable by the member seeking a draft agreement
42 from the cooperative, which fees shall be assessed for the purposes of funding the Commission's costs of
43 administering and enforcing the provisions of this section.

44 H. In the case of disputes that may arise during negotiation of an agreement described in subsection B, or
45 during the construction and transfer process of the substation, the cooperative and member shall have
46 recourse through the informal and formal dispute resolution processes of the Commission.