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SENATE BILL NO. 515
 AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the House Committee on Rules
 on _____)

(Patron Prior to Substitute—Senator Deeds)

A *BILL to amend and reenact §§ 30-201, 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, relating to Commission on Electric Utility Regulation; name change.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 30-201, 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.).

§ 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

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60 analysis of the following:

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

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

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

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

66 e. The expected remaining useful life of the unit;

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

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

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

76 **§ 45.2-1712. Annual reporting by investor-owned public utilities.**

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

85 **§ 45.2-1713. Submission of the Plan.**

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

92 **§ 56-579. Regional transmission entities.**

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

97 1. No such incumbent electric utility shall transfer to any person any ownership or control of, or any
98 responsibility to operate, any portion of any transmission system located in the Commonwealth prior to July
99 1, 2004, and without obtaining, following notice and hearing, the prior approval of the Commission, as
100 hereinafter provided. However, each incumbent electric utility shall file an application for approval pursuant
101 to this section by July 1, 2003, and shall transfer management and control of its transmission assets to a
102 regional transmission entity by January 1, 2005, subject to Commission approval as provided in this section.

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

107 a. Promote:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

147 **§ 56-585.1:1. Transitional Rate Period: review of rates, terms, and conditions for utility generation**
 148 **facilities.**

149 A. No biennial reviews of the rates, terms, and conditions for any service of a Phase I Utility, as defined in
 150 § 56-585.1, shall be conducted at any time by the Commission for the three successive 12-month test periods
 151 beginning January 1, 2014, and ending December 31, 2016. No biennial reviews of the rates, terms, and
 152 conditions for any service of a Phase II Utility, as defined in § 56-585.1, shall be conducted at any time by
 153 the Commission for the two successive 12-month test periods beginning January 1, 2015, and ending
 154 December 31, 2016. Such test periods beginning January 1, 2014, and ending December 31, 2017, for a Phase
 155 I Utility, and beginning January 1, 2015, and ending December 31, 2016, for a Phase II Utility, are
 156 collectively referred to herein as the "Transitional Rate Period." Review of recovery of fuel and purchase
 157 power costs shall continue during the Transitional Rate Period in accordance with § 56-249.6. Any biennial
 158 review of the rates, terms, and conditions for any service of a Phase II Utility occurring in 2015 during the
 159 Transitional Rate Period shall be solely a review of the utility's earnings on its rates for generation and
 160 distribution services for the two 12-month test periods ending December 31, 2014, and a determination of
 161 whether any credits to customers are due for such test periods pursuant to subdivision A 8 b of § 56-585.1.
 162 After the conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and
 163 distribution services shall resume for a Phase I Utility in 2020, with the first such proceeding utilizing the
 164 three successive 12-month test periods beginning January 1, 2017, and ending December 31, 2019. After the
 165 conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and distribution
 166 services shall resume for a Phase II Utility in 2021, with the first such proceeding utilizing the four
 167 successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020. Consistent with
 168 this provision, (i) no biennial review filings shall be made by an investor-owned incumbent electric utility in
 169 the years 2016 through 2019, inclusive, and (ii) no adjustment to an investor-owned incumbent electric
 170 utility's existing tariff rates, including any rates adopted pursuant to § 56-235.2, shall be made between the
 171 beginning of the Transitional Rate Period and the conclusion of the first review after the conclusion of the
 172 Transitional Rate Period, except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5,
 173 or 6 of § 56-585.1.

174 B. During the Transitional Rate Period, pursuant to § 56-36, the Commission shall have the right at all
 175 times to inspect the books, papers and documents of any investor-owned incumbent electric utility and to
 176 require from such companies, from time to time, special reports and statements, under oath, concerning their
 177 business.

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

183 2. Commencing in 2017 and concluding in 2019, the State Corporation Commission, after notice and

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

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

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

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

224 F. During the Transitional Rate Period:

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

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

246 ~~Chairman of~~ and the Senate Committee on Commerce and Labor and the ~~Chairman~~ chair of the Energy
247 Commission on ~~Electric Utility Regulation of Virginia.~~

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

260 H. To the extent that the provisions of this section are inconsistent with the provisions of §§ 56-249.6 and
261 56-585.1, the provisions of this section shall control.

262 **§ 56-585.1:5. Pilot program for underground transmission lines.**

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

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

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

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

292 C. In reviewing applications submitted by public utilities for certificates of public convenience and
293 necessity for the construction of electrical transmission lines of 230 kilovolts or less filed between July 1,
294 2018, and October 1, 2020, the Commission shall approve, consistent with the requirements of subsection D,
295 one additional application as a qualifying project to be constructed in whole or in part underground, as a part
296 of this pilot program. The one qualifying project shall be in addition to the qualifying project described in
297 subsection B and shall be the relocation or conversion of an existing 230-kilovolt overhead line to an
298 underground line.

299 D. For purposes of subsection C, a project shall be qualified to be placed underground, in whole or in part,
300 if it meets all of the following criteria: (i) an engineering analysis demonstrates that it is technically feasible
301 to place the proposed line, in whole or in part, underground; (ii) the governing body of each locality in which
302 a portion of the proposed line will be placed underground indicates, by resolution, general community
303 support for the project and that it supports the transmission line to be placed underground; (iii) a project has
304 been filed with the Commission or is pending issuance of a certificate of public convenience and necessity by
305 October 1, 2020; (iv) the estimated additional cost of placing the proposed line, in whole or in part,
306 underground does not exceed \$40 million or, if greater than \$40 million, the cost does not exceed 2.5 times

307 the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to
 308 ensure safety and reliability; if the public utility, the affected localities, and the Commission agree, a
 309 proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be
 310 accepted into the pilot program; (v) the public utility requests that the project be considered as a qualifying
 311 project under this section; and (vi) the primary need of the project shall be for purposes of grid reliability,
 312 grid resiliency, or to support economic development priorities of the Commonwealth, including the economic
 313 development priorities and the comprehensive plan of the governing body of the locality in which at least a
 314 portion of line will be placed, and shall not be to address aging assets that would have otherwise been
 315 replaced in due course.

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

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

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

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

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

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

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

354 **§ 56-592. Consumer education and marketing practices.**

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

- 357 1. Information regarding energy conservation, energy efficiency, demand-side management, demand
 358 response, and renewable energy;
- 359 2. Information concerning demand-side management and demand response programs offered in the
 360 Commonwealth to retail customers;
- 361 3. Information regarding the matters described in subdivisions 1 and 2 that are specifically designed for
 362 the industrial, commercial, residential, and government sectors; and
- 363 4. Such other information as the Commission may deem necessary and appropriate in the public interest.

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

- 367 1. The scope of such recommended program consistent with the requirements of subsection A;
- 368 2. Materials and media required to effectuate any such program;

- 369 3. State agency and nongovernmental entity participation;
 370 4. Program duration;
 371 5. Funding requirements and mechanisms for any such program; and
 372 6. Such other findings and recommendations the Commission deems appropriate in the public interest.
- 373 C. The Commission shall develop regulations governing marketing practices by public service companies,
 374 licensed suppliers, aggregators or any other providers of services made competitive by this chapter, including
 375 regulations to prevent unauthorized switching of suppliers, unauthorized charges, and improper solicitation
 376 activities. The Commission shall also establish standards for marketing information to be furnished by
 377 licensed suppliers, aggregators or any other providers of services made competitive by this chapter, which
 378 information shall include standards concerning:
- 379 1. Pricing and other key contract terms and conditions;
 380 2. To the extent feasible, fuel mix and emissions data on at least an annualized basis;
 381 3. Customer's rights of cancellation following execution of any contract;
 382 4. Toll-free telephone number for customer assistance; and
 383 5. Such other and further marketing information as the Commission may deem necessary and appropriate
 384 in the public interest.
- 385 D. The Commission shall also establish standards for billing information to be furnished by public service
 386 companies, suppliers, aggregators or any other providers of services made competitive by this chapter. Such
 387 billing information standards shall require that billing formation:
- 388 1. Distinguishes between charges for regulated services and unregulated services;
 389 2. Is presented in a format that complies with standards to be established by the Commission;
 390 3. Discloses, to the extent feasible, fuel mix and emissions data on at least an annualized basis; and
 391 4. Includes such other billing information as the Commission deems necessary and appropriate in the
 392 public interest.
- 393 E. The Commission shall establish or maintain a complaint bureau for the purpose of receiving, reviewing
 394 and investigating complaints by retail customers against public service companies, licensed suppliers,
 395 aggregators and other providers of any services made competitive under this chapter. Upon the request of any
 396 interested person or the Attorney General, or upon its own motion, the Commission shall be authorized to
 397 inquire into possible violations of this chapter and to enjoin or punish any violations thereof pursuant to its
 398 authority under this chapter, this title, and under Title 12.1. The Attorney General shall have a right to
 399 participate in such proceedings consistent with the Commission's Rules of Practice and Procedure.
- 400 F. The Commission shall establish reasonable limits on customer security deposits required by public
 401 service companies, suppliers, aggregators or any other persons providing competitive services pursuant to this
 402 chapter.
- 403 **§ 56-592.1. Consumer education program; scope and funding.**
- 404 A. The Commission shall establish and implement the consumer education program developed pursuant to
 405 subsection A of § 56-592. In establishing such a program, the Commission shall take into account the
 406 findings and recommendations of the subgroup on Information/Consumer Education that was established in
 407 conjunction with the Commission's proceeding in Case PUE-2007-00049, that implemented the third
 408 enactment of Chapters 888 and 933 of the Acts of Assembly of 2007.
- 409 B. The program shall be designed to (i) enable consumers to make rational and informed choices about the
 410 matters described in subsection A of § 56-592, including but not limited to demand side management, energy
 411 conservation, and energy efficiency, (ii) help consumers reduce transaction costs in making decisions
 412 regarding such matters, and (iii) foster compliance with the consumer protection provisions of this chapter.
- 413 C. The Commission shall regularly consult with representatives of consumer organizations, community-
 414 based groups, state agencies, incumbent utilities, and other interested parties throughout the program's
 415 implementation and operation.
- 416 D. Pursuant to the provisions of § 30-205, the Commission shall provide periodic updates to the *Energy*
 417 Commission ~~on Electric Utility Regulation of Virginia~~ concerning the program's implementation and
 418 operation.
- 419 E. The Commission shall fund the establishment and operation of such consumer education program
 420 through the special regulatory revenue tax currently authorized by § 58.1-2660 and the special regulatory tax
 421 authorized by Chapter 29 (§ 58.1-2900 et seq.) of Title 58.1.
- 422 **§ 56-596. Consideration of economic development; report.**
- 423 A. In all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among
 424 other things, the goal of economic development in the Commonwealth.
- 425 B. By September 1 of each year, the Commission shall report to the *Energy Commission on Electric*
 426 *Utility Regulation of Virginia* and the Governor on the status of the implementation of this chapter and its
 427 recommendations regarding the implementation of the provisions of this chapter. This report shall include the
 428 Commission's recommendations for any actions by the General Assembly, the Commission, electric utilities,
 429 or any other entity that the Commission considers to be in the public interest.
- 430 **§ 56-596.1. New generating facilities utilizing energy derived from sunlight and from wind; report.**

431 It is the objective of the General Assembly that the construction and development of new utility-owned
432 and utility-operated generating facilities utilizing energy derived from sunlight and from wind with an
433 aggregate capacity of 5,000 megawatts, including rooftop solar installations with a capacity of not less than
434 50 kilowatts, and with an aggregate capacity of 50 megawatts, be placed in service on or before July 1, 2028.
435 It is also the objective of the General Assembly that 2,700 megawatts of aggregate energy storage capacity be
436 placed into service on or before July 1, 2030. The Commission shall submit a report and make
437 recommendations to the Governor and the General Assembly annually on or before December 1 of each year
438 through December 1, 2028, assessing (i) the aggregate annual new construction and development of new
439 utility-owned and utility-operated generating facilities utilizing energy derived from sunlight, (ii) the
440 integration of utility-owned renewable electric generation resources with the utility's electric distribution grid,
441 (iii) the aggregate additional utility-owned and utility-operated generating facilities utilizing energy derived
442 from sunlight placed in operation since July 1, 2018, (iv) the need for additional generation of electricity
443 utilizing energy derived from sunlight in order to meet the objective of the General Assembly on or before
444 July 1, 2028, and (v) the aggregate annual new construction or purchase of energy storage facilities. The
445 Commission shall submit copies of such annual reports to the ~~Chairman~~ Chairs of the House Committee on
446 Labor and Commerce; ~~the Chairman of~~ and the Senate Committee on Commerce and Labor; and the
447 ~~Chairman chair of the Energy Commission on Electric Utility Regulation of Virginia.~~

448 **§ 56-596.3. Electric generation, transmission, and distribution; report.**

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

458 **§ 56-599. Integrated resource plan required.**

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

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

- 473 1. Entering into short-term and long-term electric power purchase contracts;
- 474 2. Owning and operating electric power generation facilities;
- 475 3. Building new generation facilities;
- 476 4. Relying on purchases from the short term or spot markets;
- 477 5. Making investments in demand-side resources, including energy efficiency and demand-side
478 management services;
- 479 6. Taking such other actions, as the Commission may approve, to diversify its generation supply portfolio
480 and ensure that the electric utility is able to implement an approved plan;
- 481 7. The methods by which the electric utility proposes to acquire the supply and demand resources
482 identified in its proposed integrated resource plan;
- 483 8. The effect of current and pending state and federal environmental regulations upon the continued
484 operation of existing electric generation facilities or options for construction of new electric generation
485 facilities;
- 486 9. The most cost effective means of complying with current and pending state and federal environmental
487 regulations, including compliance options to minimize effects on customer rates of such regulations;
- 488 10. Long-term electric distribution grid planning and proposed electric distribution grid transformation
489 projects, including a comprehensive assessment of the potential application of grid-enhancing technologies
490 and advanced conductors in a manner that ensures grid reliability and safeguards the cybersecurity and
491 physical security of the electric distribution grid. An electric utility that does not include grid-enhancing
492 technologies or advanced conductors in an integrated resource plan shall include a detailed explanation of

493 why such technologies or conductors are not included in such plan;
494 11. Developing a long-term plan for energy efficiency measures to accomplish policy goals of reduction
495 in customer bills, particularly for low-income, elderly, and disabled customers; reduction in emissions; and
496 reduction in carbon intensity; and

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

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

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

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