

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act to amend the Code of Virginia by adding a section numbered 56-585.1:17, relating to electric*
 3 *cooperatives; virtual power plant program.*

4 [H 562]

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 56-585.1:17 as follows:**8 **§ 56-585.1:17. Virtual power plant program; electric cooperatives.**9 *A. As used in this section:*

10 *"Aggregator" means an individual or entity, other than the electric cooperative, that enrolls customers in*
 11 *a virtual power plant program and coordinates the operation of enrolled energy resources. An aggregator*
 12 *shall not be considered an electric utility by virtue of participating in a virtual power plant program but*
 13 *shall, as part of its agreement with a participating cooperative, receive participating customer and grid data*
 14 *from the cooperative to participate in such program.*

15 *"Distributed energy resource" means a resource of up to five megawatts that is located on the customer's*
 16 *premises or is interconnected with the distribution system and produces or stores electricity or modifies the*
 17 *timing or amount of a customer's electricity consumption.*

18 *"Electric cooperative" or "cooperative" means a utility formed under or subject to Article 1 of Chapter*
 19 *9.1 (§ 56-231.15 et seq.).*

20 *"Eligible technology" means a distributed energy resource that meets the requirements for participation*
 21 *in a virtual power plant program and does not emit carbon dioxide as a byproduct of combusting fuel or*
 22 *manufacturing fuel for combustion to generate electricity.*

23 *"Grid event" means a grid condition for which the electric cooperative schedules or remotely dispatches*
 24 *enrolled devices to respond.*

25 *"Grid service" means a capacity, energy, or ancillary service that supports grid operations.*26 *"Historically economically disadvantaged community" has the same meaning as provided in § 56-576.*

27 *"Virtual power plant" means an aggregation of distributed energy resources, enrolled either directly with*
 28 *an electric cooperative or indirectly through an aggregator, that are operated in coordination to provide one*
 29 *or more grid services.*

30 *B. On or after January 1, 2027, notwithstanding any other provision of law, an electric cooperative may,*
 31 *without Commission approval, upon an affirmative resolution of its board of directors and without the*
 32 *requirement of any filing other than as required by this section, propose, establish, and implement a virtual*
 33 *power plant program, provided that such program adheres to the requirements of this section. This*
 34 *regulated, tariffed program shall be reviewable by the Commission at the electric cooperative's next general*
 35 *rate proceeding. An electric cooperative shall recover the costs of such virtual power plant program through*
 36 *a new rate schedule established by this section or otherwise through its rates. An electric cooperative*
 37 *establishing such a program shall file a copy of any such new rate schedule with the Commission for*
 38 *informational purposes.*

39 *C. Any such virtual power plant program shall consist of aggregations of distributed energy resources. An*
 40 *electric cooperative may utilize any existing or proposed distributed energy programs to further the*
 41 *development of virtual power plants in the Commonwealth. An electric cooperative that establishes a virtual*
 42 *power plant program shall demonstrate in the informational filing required by subsection B that the*
 43 *cooperative has evaluated funding opportunities from the federal government. In furthering the goals of such*
 44 *program, the electric cooperative may offer incentives to residential customers to purchase battery storage*
 45 *devices, and if the cooperative does offer such incentives, it shall conduct a competitive solicitation for the*
 46 *provision of such battery storage devices that is open to cooperative-owned and non-cooperative-owned*
 47 *resources.*

48 *D. In conducting such virtual power plant program, the electric cooperative shall evaluate methods to*
 49 *holistically optimize demand, including (i) a stakeholder process to receive feedback on virtual power plant*
 50 *program design; (ii) a review of reasonable enrollment and performance incentives for participating*
 51 *customers; (iii) potential incentives for the purchase of a battery storage device, including increased*
 52 *incentives for customers in historically economically disadvantaged communities; (iv) operational*
 53 *parameters for grid services, including the annual maximum number of grid events, the maximum duration of*
 54 *such grid events, and conditions under which a participating customer may opt out of a grid event; (v)*
 55 *reasonable mechanisms to disenroll customers for nonperformance; and (vi) preliminary development of a*
 56 *virtual power plant program tariff that is designed to (a) allow customers with technologies, including*

57 *battery storage, non-battery storage, smart thermostat, or managed electric vehicle charging technologies, to*
58 *enroll their eligible technologies in such program; (b) provide a mechanism to incorporate existing*
59 *programs, including smart thermostat demand response programs, electric vehicle charging programs, and*
60 *battery storage programs, into such tariff; (c) specify compensable grid services for each eligible technology,*
61 *including peak demand reduction, voltage support, and emergency services; and (d) specify pay-for-*
62 *performance compensation mechanisms for such grid services.*