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SENATE BILL NO. 223
AMENDMENT IN THE NATURE OF A SUBSTITUTE
 (Proposed by the House Committee on Rules
 on March 6, 2026)

(Patron Prior to Substitute—Senator VanValkenburg)

A *BILL to establish the Distributed Energy Resources Task Force; reports; sunset.*

Be it enacted by the General Assembly of Virginia:

1. § 1. *That the Distributed Energy Resources Task Force (Task Force) is hereby created as an advisory commission within the executive branch. The purposes of the Task Force are to develop a comprehensive strategy to advance energy affordability and the Commonwealth's transition toward integrated distributed energy resource markets and to support the Commonwealth's compliance with Federal Energy Regulatory Commission (FERC) Order No. 2222.*

As used in this act:

"Commission" means State Corporation Commission.

"Data center" means the same as such term is defined in subdivision A 43 of § 58.1-3506 of the Code of Virginia.

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

"Including" means including, but not limited to.

§ 2. *Notwithstanding § 2.2-2101 of the Code of Virginia, the Task Force shall consist of the following members: (i) one member of the House of Delegates appointed by the Speaker of the House of Delegates; (ii) one member of the Senate appointed by the Senate Committee on Rules; (iii) the Secretary of Commerce and Trade, or his designee; (iv) the Secretary of Natural and Historic Resources, or his designee; (v) the Chair and the executive director of the Commission on Electric Utility Regulation; (vi) a representative of the Commission; (vii) the Directors of the Department of Energy and the Department of Environmental Quality, or their designee; and (viii) a representative of the Division of Consumer Counsel within the Office of the Attorney General. The Governor shall appoint the following additional members: (a) representatives of distributed energy resource customers, including nonprofits, developers, municipalities, universities, schools, hospitals, and commercial entities; (b) nongovernmental organizations representing small energy consumers; (c) representatives of local governments; (d) representatives of high-demand energy customers, including data centers; (e) representatives of investor-owned electric utilities, electric cooperatives, and municipal utilities; and (f) energy policy experts. The total number of Task Force members shall be between 25 and 35, and appointments shall be made in a manner that ensures balanced representation. The Governor's office shall provide staff to coordinate the work of the Task Force, manage stakeholder engagement, oversee deliverables, and ensure actionable outcomes as needed. Full meetings of the Task Force shall be open to the public, and published agendas and draft recommendations shall be made available for public comment.*

§ 3. *In conducting its work, the Task Force shall:*

1. Review existing state laws, regulations, and practices that impact behind-the-meter and front-of-the-meter distributed energy resource deployment, aggregation, and market access in the Commonwealth and best practices and lessons from other states;

2. Invite and welcome national experts and those with experience in other states, when possible, to educate the Task Force and help evaluate market differences, challenges, and opportunities in the Commonwealth;

3. Make recommendations to the Commission on strategies to modernize and streamline interconnection standards and timelines for distributed energy resources in compliance with Institute of Electrical and Electronics Engineers Standard 1547-2018 and Underwriters Laboratories Standard 1741;

4. Make recommendations to the Commission on specific regulatory, tariff, and coordination actions to harmonize the Commonwealth's interconnection and retail frameworks with the plan developed by PJM Interconnection LLC for compliance with FERC Order No. 2222. Such recommendations shall support Commission action on or before February 1, 2027;

5. Review recently enacted legislation affecting distributed generation and identify areas for potential future improvements;

6. Make recommendations to the Commission on policies or actions to advance or help implement solar and storage microgrids, community resiliency hubs, and virtual power plants;

7. Convene stakeholders and conduct a participative planning process to build consensus and support for policy change, including distributed energy resource developers, academics, nongovernmental organizations, agency representatives, elected officials, commercial and industrial scale energy customers, utilities, regulators, community representatives, and other representatives deemed necessary by the Task Force;

60 8. *Coordinate with other relevant commissions or work groups related to distributed energy resources,*
61 *including utilizing the stakeholder process established pursuant to Chapters 709 and 712 of the 2025 Acts of*
62 *Assembly; and*

63 9. *Support compliance with the Virginia Energy Plan developed pursuant to § 45.2-1710 of the Code of*
64 *Virginia and advise relevant government officials and agencies during its implementation.*

65 § 4. *The Task Force shall complete its meetings by June 20, 2027, and shall submit:*

66 1. *A draft summary of the participative planning process described in subdivision 7 of § 3, if the Task*
67 *Force conducts such process, on or before September 1, 2026;*

68 2. *An interim report by October 1, 2026;*

69 3. *A final report of its findings and recommendations by November 1, 2026, that includes any legislative*
70 *and regulatory recommendations, a recommendation on whether to establish a permanent distributed energy*
71 *resource council, and a roadmap for implementing distributed energy resource aggregation under FERC*
72 *Order No. 2222, designed to take effect on or before February 1, 2027; and*

73 4. *A deployment report by June 30, 2027, summarizing policies implemented and actions taken by the*
74 *Commission, utilities, and other stakeholders to increase market access to distributed energy resources in*
75 *compliance with FERC Order No. 2222.*

76 *The Task Force shall submit such summary and reports to the Governor, the Commission, PJM*
77 *Interconnection, the Commission on Electric Utility Regulation, and the Chairs of the House Committee on*
78 *Labor and Commerce and the Senate Committee on Commerce and Labor by the dates specified in this*
79 *section. Upon submission of the Task Force's final report, the Governor may, by executive action or by*
80 *recommending legislation to the General Assembly, establish a permanent distributed energy resources*
81 *advisory council to sustain market-driven growth, strengthen resilience, ensure energy affordability, and*
82 *maintain the Commonwealth's competitiveness in the clean energy economy.*

83 § 5. *The provisions of this act shall expire on July 1, 2027.*