

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 *An Act 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,*
 3 *56-592, 56-592.1, 56-596, 56-596.1, 56-596.3, and 56-599 of the Code of Virginia, relating to*
 4 *Commission on Electric Utility Regulation; name change.*

5 [S 515]

6 Approved

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

8 **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,**
 9 **56-596, 56-596.1, 56-596.3, and 56-599 of the Code of Virginia are amended and reenacted as follows:**

10 CHAPTER 31.

11 ~~ENERGY COMMISSION ON ELECTRIC UTILITY REGULATION OF VIRGINIA.~~12 **§ 30-201. (Expires July 1, 2029) Energy Commission of Virginia; purpose.**

13 ~~The Commission on Electric Utility Restructuring established pursuant to Chapter 885 of the Acts of~~
 14 ~~Assembly of 2003, is continued, effective July 1, 2008, as the Commission on Electric Utility Regulation~~
 15 ~~established pursuant to Chapter 883 of the Acts of Assembly of 2008 as a continuation of the Commission on~~
 16 ~~Electric Utility Restructuring is continued as the Energy Commission of Virginia (the Commission) within~~
 17 ~~the legislative branch of state government. The purpose of the Commission is to monitor the State~~
 18 ~~Corporation Commission's implementation of the Virginia Electric Utility Regulation Act (§ 56-576 et seq.).~~

19 **§ 45.2-1711. Schedule for the Plan.**

20 A. The Division shall complete the Plan.

21 B. Prior to the completion of the Plan and each update thereof, the Division shall present drafts to, and
 22 consult with, the Virginia Coal and Energy Commission established pursuant to Chapter 25 (§ 30-188 et seq.)
 23 of Title 30 and the ~~Energy Commission on Electric Utility Regulation of Virginia~~ established pursuant to
 24 Chapter 31 (§ 30-201 et seq.) of Title 30.

25 C. The Plan shall be updated by the Division and submitted as provided in § 45.2-1713 by October 1,
 26 2014, and every fourth October 1 thereafter. In addition, the Division shall provide interim updates on the
 27 Plan by October 1 of the third year of each Governor's administration. Updated reports shall specify any
 28 progress attained toward each proposed action of the Plan, as well as reassess goals for energy conservation
 29 on the basis of progress to date in meeting the goals in the previous Plan and lessons learned from attempts to
 30 meet such goals.

31 D. Beginning with the Plan update in 2014, the Division shall include a section setting forth energy policy
 32 positions relevant to any potential regulations proposed or promulgated by the State Air Pollution Control
 33 Board to reduce carbon dioxide emissions from fossil fuel-fired electric generating units under § 111(d) of
 34 the federal Clean Air Act, 42 U.S.C. § 7411(d). In such section of the Plan, the Division shall address policy
 35 options for establishing separate standards of performance pursuant to § 111(d) of the federal Clean Air Act,
 36 42 U.S.C. § 7411(d), for carbon dioxide emissions from existing fossil fuel-fired electric generating units to
 37 promote the Plan's overall goal of fuel diversity as follows:

38 1. The Plan shall address policy options for establishing the standards of performance for existing coal-
 39 fired electric generating units, including the following factors:

40 a. The most suitable system of emission reduction that (i) takes into consideration (a) the cost and benefit
 41 of achieving such reduction, (b) any non-air quality health and environmental impacts, and (c) the energy
 42 requirements of the Commonwealth and (ii) has been adequately demonstrated for coal-fired electric
 43 generating units that are subject to the standard of performance;

44 b. Reductions in emissions of carbon dioxide that can be achieved through measures reasonably
 45 undertaken at each coal-fired electric generating unit; and

46 c. Increased efficiencies and other measures that can be implemented at each coal-fired electric generating
 47 unit to reduce carbon dioxide emissions from the unit without converting from coal to other fuels, co-firing
 48 other fuels with coal, or limiting the utilization of the unit.

49 2. The Plan shall also address policy options for establishing the standards of performance for existing
 50 gas-fired electric generating units, including the following factors:

51 a. The application of the criteria specified in subdivisions 1 a and b to natural gas-fired electric generating
 52 units instead of to coal-fired electric generating units; and

53 b. Increased efficiencies and other measures that can be reasonably implemented at the unit to reduce
 54 carbon dioxide emissions from the unit without switching from natural gas to other lower-carbon fuels or
 55 limiting the utilization of the unit.

56 3. The Plan shall examine policy options for state regulatory action to adopt less stringent standards or

57 longer compliance schedules than those provided for in applicable federal rules or guidelines based on
58 analysis of the following:

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

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

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

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

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

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

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

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

74 **§ 45.2-1712. Annual reporting by investor-owned public utilities.**

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

83 **§ 45.2-1713. Submission of the Plan.**

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

90 **§ 56-579. Regional transmission entities.**

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

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

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

105 a. Promote:

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

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

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

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

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

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

119 incumbent electric utility to a regional transmission entity.

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

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

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

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

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

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

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

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

145 **§ 56-585.1:1. Transitional Rate Period: review of rates, terms, and conditions for utility generation**
146 **facilities.**

147 A. No biennial reviews of the rates, terms, and conditions for any service of a Phase I Utility, as defined in
148 § 56-585.1, shall be conducted at any time by the Commission for the three successive 12-month test periods
149 beginning January 1, 2014, and ending December 31, 2016. No biennial reviews of the rates, terms, and
150 conditions for any service of a Phase II Utility, as defined in § 56-585.1, shall be conducted at any time by
151 the Commission for the two successive 12-month test periods beginning January 1, 2015, and ending
152 December 31, 2016. Such test periods beginning January 1, 2014, and ending December 31, 2017, for a Phase
153 I Utility, and beginning January 1, 2015, and ending December 31, 2016, for a Phase II Utility, are
154 collectively referred to herein as the "Transitional Rate Period." Review of recovery of fuel and purchase
155 power costs shall continue during the Transitional Rate Period in accordance with § 56-249.6. Any biennial
156 review of the rates, terms, and conditions for any service of a Phase II Utility occurring in 2015 during the
157 Transitional Rate Period shall be solely a review of the utility's earnings on its rates for generation and
158 distribution services for the two 12-month test periods ending December 31, 2014, and a determination of
159 whether any credits to customers are due for such test periods pursuant to subdivision A 8 b of § 56-585.1.
160 After the conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and
161 distribution services shall resume for a Phase I Utility in 2020, with the first such proceeding utilizing the
162 three successive 12-month test periods beginning January 1, 2017, and ending December 31, 2019. After the
163 conclusion of the Transitional Rate Period, reviews of the utility's rates for generation and distribution
164 services shall resume for a Phase II Utility in 2021, with the first such proceeding utilizing the four
165 successive 12-month test periods beginning January 1, 2017, and ending December 31, 2020. Consistent with
166 this provision, (i) no biennial review filings shall be made by an investor-owned incumbent electric utility in
167 the years 2016 through 2019, inclusive, and (ii) no adjustment to an investor-owned incumbent electric
168 utility's existing tariff rates, including any rates adopted pursuant to § 56-235.2, shall be made between the
169 beginning of the Transitional Rate Period and the conclusion of the first review after the conclusion of the
170 Transitional Rate Period, except as may be provided pursuant to § 56-245 or 56-249.6 or subdivisions A 4, 5,
171 or 6 of § 56-585.1.

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

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

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

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

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

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

222 F. During the Transitional Rate Period:

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

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

243 of such annual reports to the ~~Chairman~~ *Chairs* of the House Committee on Labor and Commerce, ~~the~~
 244 ~~Chairman~~ *of* and the Senate Committee on Commerce and Labor and the ~~Chairman~~ *chair* of the *Energy*
 245 *Commission on Electric Utility Regulation of Virginia*.

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

258 H. To the extent that the provisions of this section are inconsistent with the provisions of §§ 56-249.6 and
 259 56-585.1, the provisions of this section shall control.

260 **§ 56-585.1:5. Pilot program for underground transmission lines.**

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

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

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

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

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

297 D. For purposes of subsection C, a project shall be qualified to be placed underground, in whole or in part,
 298 if it meets all of the following criteria: (i) an engineering analysis demonstrates that it is technically feasible
 299 to place the proposed line, in whole or in part, underground; (ii) the governing body of each locality in which
 300 a portion of the proposed line will be placed underground indicates, by resolution, general community
 301 support for the project and that it supports the transmission line to be placed underground; (iii) a project has
 302 been filed with the Commission or is pending issuance of a certificate of public convenience and necessity by
 303 October 1, 2020; (iv) the estimated additional cost of placing the proposed line, in whole or in part,

304 underground does not exceed \$40 million or, if greater than \$40 million, the cost does not exceed 2.5 times
305 the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to
306 ensure safety and reliability; if the public utility, the affected localities, and the Commission agree, a
307 proposed underground line whose cost exceeds 2.5 times the cost of placing the line overhead may also be
308 accepted into the pilot program; (v) the public utility requests that the project be considered as a qualifying
309 project under this section; and (vi) the primary need of the project shall be for purposes of grid reliability,
310 grid resiliency, or to support economic development priorities of the Commonwealth, including the economic
311 development priorities and the comprehensive plan of the governing body of the locality in which at least a
312 portion of line will be placed, and shall not be to address aging assets that would have otherwise been
313 replaced in due course.

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

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

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

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

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

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

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

352 **§ 56-592. Consumer education and marketing practices.**

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

355 1. Information regarding energy conservation, energy efficiency, demand-side management, demand
356 response, and renewable energy;

357 2. Information concerning demand-side management and demand response programs offered in the
358 Commonwealth to retail customers;

359 3. Information regarding the matters described in subdivisions 1 and 2 that are specifically designed for
360 the industrial, commercial, residential, and government sectors; and

361 4. Such other information as the Commission may deem necessary and appropriate in the public interest.

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

365 1. The scope of such recommended program consistent with the requirements of subsection A;

- 366 2. Materials and media required to effectuate any such program;
 367 3. State agency and nongovernmental entity participation;
 368 4. Program duration;
 369 5. Funding requirements and mechanisms for any such program; and
 370 6. Such other findings and recommendations the Commission deems appropriate in the public interest.

371 C. The Commission shall develop regulations governing marketing practices by public service companies,
 372 licensed suppliers, aggregators or any other providers of services made competitive by this chapter, including
 373 regulations to prevent unauthorized switching of suppliers, unauthorized charges, and improper solicitation
 374 activities. The Commission shall also establish standards for marketing information to be furnished by
 375 licensed suppliers, aggregators or any other providers of services made competitive by this chapter, which
 376 information shall include standards concerning:

- 377 1. Pricing and other key contract terms and conditions;
 378 2. To the extent feasible, fuel mix and emissions data on at least an annualized basis;
 379 3. Customer's rights of cancellation following execution of any contract;
 380 4. Toll-free telephone number for customer assistance; and
 381 5. Such other and further marketing information as the Commission may deem necessary and appropriate
 382 in the public interest.

383 D. The Commission shall also establish standards for billing information to be furnished by public service
 384 companies, suppliers, aggregators or any other providers of services made competitive by this chapter. Such
 385 billing information standards shall require that billing formation:

- 386 1. Distinguishes between charges for regulated services and unregulated services;
 387 2. Is presented in a format that complies with standards to be established by the Commission;
 388 3. Discloses, to the extent feasible, fuel mix and emissions data on at least an annualized basis; and
 389 4. Includes such other billing information as the Commission deems necessary and appropriate in the
 390 public interest.

391 E. The Commission shall establish or maintain a complaint bureau for the purpose of receiving, reviewing
 392 and investigating complaints by retail customers against public service companies, licensed suppliers,
 393 aggregators and other providers of any services made competitive under this chapter. Upon the request of any
 394 interested person or the Attorney General, or upon its own motion, the Commission shall be authorized to
 395 inquire into possible violations of this chapter and to enjoin or punish any violations thereof pursuant to its
 396 authority under this chapter, this title, and under Title 12.1. The Attorney General shall have a right to
 397 participate in such proceedings consistent with the Commission's Rules of Practice and Procedure.

398 F. The Commission shall establish reasonable limits on customer security deposits required by public
 399 service companies, suppliers, aggregators or any other persons providing competitive services pursuant to this
 400 chapter.

401 **§ 56-592.1. Consumer education program; scope and funding.**

402 A. The Commission shall establish and implement the consumer education program developed pursuant to
 403 subsection A of § 56-592. In establishing such a program, the Commission shall take into account the
 404 findings and recommendations of the subgroup on Information/Consumer Education that was established in
 405 conjunction with the Commission's proceeding in Case PUE-2007-00049, that implemented the third
 406 enactment of Chapters 888 and 933 of the Acts of Assembly of 2007.

407 B. The program shall be designed to (i) enable consumers to make rational and informed choices about the
 408 matters described in subsection A of § 56-592, including but not limited to demand side management, energy
 409 conservation, and energy efficiency, (ii) help consumers reduce transaction costs in making decisions
 410 regarding such matters, and (iii) foster compliance with the consumer protection provisions of this chapter.

411 C. The Commission shall regularly consult with representatives of consumer organizations, community-
 412 based groups, state agencies, incumbent utilities, and other interested parties throughout the program's
 413 implementation and operation.

414 D. Pursuant to the provisions of § 30-205, the Commission shall provide periodic updates to the *Energy*
 415 Commission ~~on Electric Utility Regulation of Virginia~~ concerning the program's implementation and
 416 operation.

417 E. The Commission shall fund the establishment and operation of such consumer education program
 418 through the special regulatory revenue tax currently authorized by § 58.1-2660 and the special regulatory tax
 419 authorized by Chapter 29 (§ 58.1-2900 et seq.) of Title 58.1.

420 **§ 56-596. Consideration of economic development; report.**

421 A. In all relevant proceedings pursuant to this Act, the Commission shall take into consideration, among
 422 other things, the goal of economic development in the Commonwealth.

423 B. By September 1 of each year, the Commission shall report to the *Energy Commission on Electric*
 424 *Utility Regulation of Virginia* and the Governor on the status of the implementation of this chapter and its
 425 recommendations regarding the implementation of the provisions of this chapter. This report shall include the
 426 Commission's recommendations for any actions by the General Assembly, the Commission, electric utilities,
 427 or any other entity that the Commission considers to be in the public interest.

428 **§ 56-596.1. New generating facilities utilizing energy derived from sunlight and from wind; report.**

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

446 **§ 56-596.3. Electric generation, transmission, and distribution; report.**

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

456 **§ 56-599. Integrated resource plan required.**

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

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

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

490 technologies or advanced conductors in an integrated resource plan shall include a detailed explanation of
491 why such technologies or conductors are not included in such plan;

492 11. Developing a long-term plan for energy efficiency measures to accomplish policy goals of reduction
493 in customer bills, particularly for low-income, elderly, and disabled customers; reduction in emissions; and
494 reduction in carbon intensity; and

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

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

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

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

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