

VIRGINIA ACTS OF ASSEMBLY - 2026 RECONVENED SESSION

CHAPTER 1123

An Act to amend and reenact § 56-585.1:2 of the Code of Virginia, relating to electric utilities; pilot program for energy assistance and weatherization for certain individuals; recovery for certain costs; revised tariff; securitization of certain costs; prevailing wage rate.

[H 1393]

Approved May 14, 2026

Be it enacted by the General Assembly of Virginia:

1. That § 56-585.1:2 of the Code of Virginia is amended and reenacted as follows:

§ 56-585.1:2. Pilot program for energy assistance and weatherization.

Notwithstanding the provisions of §§ 56-249.6 and 56-585.1:

Each Phase I and II Utility shall conduct a pilot program for energy assistance and weatherization for ~~low income~~ *low-income*, elderly, and disabled individuals in their respective service territories in the Commonwealth. Each pilot program shall be funded by the utility and shall commence September 1, 2015. Each Phase I Utility shall continue such pilot program at no less than ~~the existing levels of funding as of July 1, 2018,~~ *\$1 million and no more than \$1.5 million* for each year that the utility provides such service. Each Phase II Utility shall continue such pilot program at no less than ~~\$13~~ *\$156 million and no more than \$204 million for the time period beginning July 1, 2026, and ending July 1, 2038, with an annual minimum of \$13 million* for each year the utility is providing such service. The funding for the pilot programs established pursuant hereto for energy assistance and weatherization for low-income, elderly, and disabled individuals in the service territory in the Commonwealth of each respective utility shall continue until ~~the earlier of amendment or repeal of this section or July 1, 2028~~ *2038*. Each such utility shall report on the status of its pilot program, including the number of individuals served thereby *and the amount of annual expenditures for such program*, to the Governor, the State Corporation Commission, the ~~Chairman~~ *Chair* of the House Committee on Labor and Commerce ~~and~~, the ~~Chairman~~ *Chair* of the Senate Committee on Commerce and Labor, *and the Commission on Electric Utility Regulation* by July 1, ~~2016,~~ *and of each year thereafter*.

2. That notwithstanding any provision of subdivision A 6 of § 56-585.1 of the Code of Virginia, a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, may recover costs associated with any petition for cost recovery made pursuant to clause (iv) of such subdivision A 6 that has been approved by the State Corporation Commission (the Commission) as of December 1, 2033, provided that, in connection with any such petition filed by the Phase II Utility between July 1, 2026, and March 1, 2033, the total costs for tap line conversion that are to be deemed reasonable, prudently incurred, and approved for recovery by the Commission pursuant to such petition shall not exceed an average cost per mile of tap lines converted, exclusive of financing costs, of \$900,000, and no such petition shall seek an annual incremental increase in the level of investments associated with such petition that exceeds four percent of the Phase II Utility's distribution rate base, as such rate base was determined for the most recently ended 12-month test period in the Phase II Utility's most recently concluded biennial review proceeding prior to the filing of such petition.

3. That in any proceeding to determine rates for generation and distribution services conducted by the State Corporation Commission (the Commission) pursuant to subdivision A 3 of § 56-585.1 of the Code of Virginia (biennial review proceeding) for a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, the Commission shall, in approving rates for generation and distribution services and determining appropriate customer class cost allocations, take all measures to reasonably ensure that costs associated with customers taking service under the terms and conditions for customers with a contracted or measured electric demand of 25 megawatts or greater and an anticipated or measured average annual electric load factor of 75 percent or greater (high load customers) are not being subsidized by other customers of the utility, and that such other customers' approved rates are not being adversely impacted by such customers taking service under the terms and conditions for high load customers.

4. That any customer of a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, that, as of January 1, 2026, maintained a full-time equivalent employment workforce engaged in manufacturing, industrial, or consumer goods warehousing and distribution activities other than data storage, of at least 200 individuals at facilities located within the Phase II Utility's service territory at a single or contiguous customer account location that is subject to migration to a principal rate schedule of the Phase II Utility applicable to customers with a contracted or measured electric demand of 25 megawatts or greater and an anticipated or measured average annual electric load factor of 75 percent or greater as of January 1, 2027, may, by providing notice to the Phase II Utility on or before July 1, 2026, elect to remain on its existing default rate schedule or any applicable voluntary rate

schedule. Any such election shall be on a one-time basis and shall not be revocable at any time prior to December 31, 2033, after which time an electing customer may continue to remain on its existing default rate schedule or take service under any other rate schedule for which such customer qualifies.

5. That notwithstanding any provision of § 56-249.6:2 of the Code of Virginia, a Phase II Utility, as defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, may file a petition for a financing order regarding deferred fuel costs as provided in § 56-249.6:2 of the Code of Virginia on or before July 15, 2026, and that the provisions of the fourth enactment of Chapter 757 and the fourth enactment of Chapter 775 of the Acts of Assembly of 2023 shall be applicable to any such petition, notwithstanding any time limitations established in such enactment. If a Phase II Utility petitions the State Corporation Commission (the Commission) for a financing order pursuant to this enactment, the Commission, following notice and an opportunity for hearing, shall, in its sole discretion, determine whether such financing order is in the public interest and shall issue either (i) a financing order or (ii) an order rejecting such petition. The Commission shall issue its final order upon any such petition filed between May 1, 2026, and July 15, 2026, within four months after the date of such filing.

6. That, in evaluating any petition (i) for an electric generating facility that requires a certificate of public convenience and necessity pursuant to subsection D of § 56-580 of the Code of Virginia, (ii) submitted pursuant to subdivision D 4 of § 56-585.5 of the Code of Virginia, or (iii) otherwise authorized by an act of the 2026 Session of the General Assembly and related to the construction of electric generation or energy storage facilities, the State Corporation Commission (the Commission) shall require to the greatest extent it finds in the public interest the use of wages, salaries, benefits, and other remuneration to any mechanic, laborer, or worker employed, retained, or otherwise hired to perform services in connection with a contract contemplated pursuant to such petition at the prevailing wage rate, as determined by the Commissioner of Labor and Industry in accordance with § 2.2-4321.3 of the Code of Virginia. The Commission shall also require, to the greatest extent practicable, the use of a skilled workforce through registered apprenticeship programs for any authorized demand flexibility programs, utility-related procurement through utility-owned or third-party providers, and an evaluation of other potential opportunities to develop Virginia's skilled workforce by requiring minimum apprenticeship program requirements for such electric generation or energy storage facility work. The provisions of this enactment shall only apply, as applicable, to petitions for electric generation or energy storage facilities with nameplate capacity greater than five megawatts, as measured in alternating current, that contemplate services performed under a contract entered into on or after July 1, 2026, and shall not apply to any petition for electric generation or energy storage facilities for which a binding construction contract, power purchase agreement, or interconnection agreement was entered into prior to July 1, 2026.

7. That this act shall be referred to as the Fair and Affordable Electric Rates and Reliability Act.