26107935D

SENATE BILL NO. 339

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor on February 12, 2026)

(Patron Prior to Substitute—Senator Perry)

A BILL to direct the State Corporation Commission to conduct proceedings to review cost allocation among different customer classifications for certain electric utilities.

Be it enacted by the General Assembly of Virginia:

1. *§ 1. The State Corporation Commission (the Commission) shall initiate a proceeding to determine if current and proposed allocations of transmission costs among different customer classifications of service for Phase I and Phase II Utilities, or the allocations of transmission costs to any retail customers or electric service providers receiving transmission service from a Phase I or Phase II Utility, require customers that are not high-load customers to unreasonably subsidize the transmission costs attributable to serving customers that are high-load customers. In conducting such proceeding, the Commission shall ensure to the maximum extent possible that the costs of any transmission projects that are designed, constructed, or operated solely or primarily to serve high-load customers are not recovered from any other customers of the Phase I or Phase II Utility. For the purposes of such proceeding, a project to serve one or more high-load customers that is classified as a supplemental transmission project by the regional transmission entity shall be presumed to be designed, constructed, or operated solely or primarily to serve high-load customers, unless otherwise demonstrated by clear and convincing evidence. The Commission shall complete such proceedings by January 1, 2027. The Commission may comply with the requirements of this section by incorporating the provisions of this section in an ongoing proceeding for a Phase I or Phase II Utility.*

§ 2. The Commission shall initiate a proceeding to determine if the current allocation of generation and distribution costs among different customer classifications of service for a Phase II Utility requires customers that are not high-load customers to unreasonably subsidize the generation and distribution costs attributable to serving high-load customers. In conducting such proceeding, the Commission shall direct the Phase II Utility to propose at least three alternative cost allocations for the Commission's consideration, provided in executable formats that can be fully replicated, and at least one such alternative cost allocation shall represent the probability of dispatch methodology as described in the electric utility cost allocation manual published by the National Association of Regulatory Utility Commissioners. The Commission may order any changes to the Phase II Utility's cost allocation structure that the Commission determines to be appropriate to allocate costs appropriately among high-load customers and other customers of the Phase II Utility. The Commission shall complete such proceedings by January 1, 2028. The Commission may comply with the requirements of this section by incorporating the provisions of this section in an ongoing proceeding for a Phase II Utility or by incorporating such provisions in the Phase II Utility's biennial rate review proceeding conducted pursuant to § 56-585.1 of the Code of Virginia.

§ 3. The Commission may adopt any regulations or guidelines necessary to comply with the provisions of this act.

§ 4. For the purposes of this act:

"High-load customer" means a customer of a Phase I or Phase II Utility that takes service under such utility's commercial or industrial rate schedule and contracts for an electric demand of 25 megawatts or greater.

"Phase I Utility" and "Phase II Utility" have the same meaning as provided in subdivision A 1 of § 56-585.1 of the Code of Virginia.

"Transmission costs" includes the downstream costs associated with upgrades or modifications to interconnection or distribution infrastructure necessitated to implement a transmission project.