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## SENATE BILL NO. 262

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the House Committee on Commerce and Labor  
on March 6, 2006)

(Patron Prior to Substitute—Senator Wagner)

A BILL to amend and reenact §§ 23-135.7:6, 45.1-390, and 58.1-3660 of the Code of Virginia and to amend the Code of Virginia by adding a title numbered 67, consisting of a chapter numbered 1, consisting of sections numbered 67-100, 67-101, and 67-102; a chapter numbered 2, consisting of sections numbered 67-200 through 67-203; a chapter numbered 3, consisting of sections numbered 67-300 through 67-303; a chapter numbered 4, consisting of sections numbered 67-400 through 67-403; a chapter numbered 5, consisting of sections numbered 67-500 and 67-501; a chapter numbered 6, consisting of sections numbered 67-600 and 67-601; a chapter numbered 7, consisting of sections numbered 67-700 through 67-704; a chapter numbered 8, consisting of sections numbered 67-800 and 67-801; a chapter numbered 9, consisting of an article numbered 1, consisting of sections numbered 67-900, 67-901, and 67-902, an article numbered 2, consisting of sections numbered 67-903, 67-904, and 67-905, an article numbered 3, consisting of sections numbered 67-906, 67-907, and 67-908, an article numbered 4, consisting of sections numbered 67-909, 67-910, and 67-911, and an article numbered 5, consisting of sections numbered 67-912, 67-913, and 67-914; a chapter numbered 10, consisting of sections numbered 67-1000 and 67-1001; a chapter numbered 11, consisting of sections numbered 67-1100 through 67-1103; and a chapter numbered 12, consisting of sections numbered 67-1200 through 67-1203, relating to energy policy; sites for certain low-emission energy facilities; off-shore energy resource development; grants for purchasing, producing or using clean and efficient energy; exempting certain certified pollution control equipment and facilities from local property taxation; clean coal projects; energy efficiency in state buildings; use of biodiesel fuel in public transportation vehicles; covenants restricting the use of solar energy collection devices; motor vehicle fuel efficiency standards; and the establishment of a coastal energy research center, all of which comprise components of the Virginia Energy Plan.

Be it enacted by the General Assembly of Virginia:

1. That §§ 23-135.7:6, 45.1-390, and 58.1-3660 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a title numbered 67, consisting of a chapter numbered 1, consisting of sections numbered 67-100, 67-101, and 67-102; a chapter numbered 2, consisting of sections numbered 67-200 through 67-203; a chapter numbered 3, consisting of sections numbered 67-300 through 67-303; a chapter numbered 4, consisting of sections numbered 67-400 through 67-403; a chapter numbered 5, consisting of sections numbered 67-500 and 67-501; a chapter numbered 6, consisting of sections numbered 67-600 and 67-601; a chapter numbered 7, consisting of sections numbered 67-700 through 67-704; a chapter numbered 8, consisting of sections numbered 67-800 and 67-801; a chapter numbered 9, consisting of an article numbered 1, consisting of sections numbered 67-900, 67-901, and 67-902, an article numbered 2, consisting of sections numbered 67-903, 67-904, and 67-905, an article numbered 3, consisting of sections numbered 67-906, 67-907, and 67-908, an article numbered 4, consisting of sections numbered 67-909, 67-910, and 67-911, and an article numbered 5, consisting of sections numbered 67-912, 67-913, and 67-914; a chapter numbered 10, consisting of sections numbered 67-1000 and 67-1001; a chapter numbered 11, consisting of sections numbered 67-1100 through 67-1103; and a chapter numbered 12, consisting of sections numbered 67-1200 through 67-1203 as follows:

§ 23-135.7:6. Powers and duties of Center.

The Center, under the direction of the executive director, shall have the following powers and duties:

1. To develop a degree program in energy production and conservation research at the master's level in conjunction with the State Council on Higher Education;

2. To develop and provide programs of continuing education and in-service training for persons who work in the field of coal or other energy research, development or production;

3. To operate in conjunction with other departments of Virginia Polytechnic Institute and State University, including but not limited to the Department of Mining Engineering;

4. To conduct research in the fields of coal, coal utilization, migrating natural gases such as methane and propane, and other energy related work;

5. To collect and maintain data on energy production, development and utilization;

6. To foster the utilization of research information, discoveries and data;

7. To coordinate the functions of the Center with the energy research facilities to prevent duplication of effort;

8. To apply for and accept grants from the United States government and the state government and

60 agencies and instrumentalities thereof and from any other source in carrying out the purposes of this  
61 article. To these ends, the Center shall have the power to comply with conditions and execute such  
62 agreements as may be necessary;

63 9. To accept gifts, bequests, and any other thing of value to be used for carrying out the purposes of  
64 this article;

65 10. To receive, administer and expend all funds and other assistance made available to the Center for  
66 the purposes of carrying out this article; ~~and~~

67 11. *To consult with the Division of Energy of the Department of Mines, Minerals and Energy in the*  
68 *preparation of the Virginia Energy Plan pursuant to § 67-201; and*

69 12. To do all things necessary or convenient for the proper administration of this article.

70 § 45.1-390. Division of Energy established; findings and policy; powers and duties.

71 The General Assembly finds that because energy-related issues continually confront the  
72 Commonwealth, and many separate agencies are involved in providing energy programs and services,  
73 there exists a need for a state organization responsible for coordinating Virginia's energy programs and  
74 ensuring Virginia's commitment to the development of renewable and indigenous energy sources, as well  
75 as the efficient use of traditional energy resources. In accordance with this need, the Division of Energy  
76 is created in the Department of Mines, Minerals and Energy. The Director shall have the immediate  
77 authority to coordinate development and implementation of energy policy in Virginia.

78 The Division shall coordinate the energy-related activities of the various state agencies and advise the  
79 Governor on energy issues that arise at the local, state and national levels. All state agencies and  
80 institutions shall cooperate fully with the Division to assist in the proper execution of the duties assigned  
81 by this section.

82 In addition, the Division is authorized to make and enter into all contracts and agreements necessary  
83 or incidental to the performance of its duties or the execution of its powers, including the  
84 implementation of energy information and conservation plans and programs.

85 The Division shall:

86 1. Consult with any or all state agencies and institutions concerning energy-related activities or  
87 policies as needed for the proper execution of the duties assigned to the Division by this section;

88 2. Maintain liaison with appropriate agencies of the federal government on the activities of the  
89 federal government related to energy production, consumption, transportation and energy resource  
90 management in general;

91 3. Provide services to encourage efforts by and among Virginia businesses, industries, utilities,  
92 academic institutions, state and local governments and private institutions to develop energy conservation  
93 programs and energy resources; ~~and~~

94 4. *In consultation with the State Corporation Commission, the Department of Environmental Quality,*  
95 *and the Center for Coal and Energy Research, prepare the Virginia Energy Plan pursuant to § 67-201;*  
96 *and*

97 5. Observe the energy-related activities of state agencies and advise these agencies in order to  
98 encourage conformity with established energy policy.

99 § 58.1-3660. Certified pollution control equipment and facilities.

100 A. Certified pollution control equipment and facilities, as defined herein, are hereby declared to be a  
101 separate class of property and shall constitute a classification for local taxation separate from other such  
102 classification of real or personal property and such property. The governing body of any county, city or  
103 town may, by ordinance, exempt or partially exempt such property from local taxation. *Certified*  
104 *pollution control equipment and facilities consisting of equipment used in collecting, processing, and*  
105 *distributing, or generating electricity from, landfill gas or synthetic or natural gas recovered from waste,*  
106 *including equipment used to grind, chip, or mulch trees, tree stumps, underbrush, and other vegetative*  
107 *cover for reuse as landfill gas or synthetic or natural gas recovery from waste, placed in service on or*  
108 *after July 1, 2006, shall be exempt from state and local taxation pursuant to subsection d of Section 6*  
109 *of Article X of the Constitution of Virginia.*

110 B. As used in this section:

111 "Certified pollution control equipment and facilities" shall mean any property, including real or  
112 personal property, equipment, facilities, or devices, used primarily for the purpose of abating or  
113 preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying  
114 authority having jurisdiction with respect to such property has certified to the Department of Taxation as  
115 having been constructed, reconstructed, erected, or acquired in conformity with the state program or  
116 requirements for abatement or control of water or atmospheric pollution or contamination. Such property  
117 shall include, but is not limited to, any equipment used to grind, chip, or mulch trees, tree stumps,  
118 underbrush, and other vegetative cover for reuse as mulch, compost, *landfill gas, synthetic or natural*  
119 *gas recovery from waste or other fuel, and equipment used in collecting, processing, and distributing*  
120 *landfill gas or synthetic or natural gas recovered from waste,* whether or not such property has been  
121 certified to the Department of Taxation by a state certifying authority.

"State certifying authority" shall mean the State Water Control Board, for water pollution; the State Air Pollution Control Board, for air pollution; the Department of Mines, Minerals and Energy, for coal, oil, and gas production, including gas, natural gas, and coalbed methane gas; and the Virginia Waste Management Board, for waste disposal facilities *and landfill gas production facilities*, and shall include any interstate agency authorized to act in place of a certifying authority of the Commonwealth.

#### TITLE 67.

#### VIRGINIA ENERGY PLAN.

#### CHAPTER 1.

#### ENERGY POLICY OF THE COMMONWEALTH.

§ 67-100. *Legislative findings.*

*The General Assembly hereby finds that:*

1. *Energy is essential to the health, safety, and welfare of the people of this Commonwealth and to the Commonwealth's economy;*

2. *The state government should facilitate the availability and delivery of reliable and adequate supplies of energy to industrial, commercial, and residential users at reasonable costs such that these users and the Commonwealth's economy are able to be productive; and*

3. *The Commonwealth would benefit from articulating clear objectives pertaining to energy issues, adopting an energy policy that advances these objectives, and establishing a procedure for measuring the implementation of these policies.*

§ 67-101. *Energy objectives.*

*The Commonwealth recognizes each of the following objectives pertaining to energy issues will advance the health, welfare, and safety of the residents of the Commonwealth:*

1. *Ensuring the availability of reliable energy at costs that are reasonable and in quantities that will support the Commonwealth's economy;*

2. *Managing the rate of consumption of existing energy resources in relation to economic growth;*

3. *Establishing sufficient supply and delivery infrastructure to maintain reliable energy availability in the event of a disruption occurring to a portion of the Commonwealth's energy matrix;*

4. *Using energy resources more efficiently;*

5. *Facilitating conservation;*

6. *Optimizing intrastate and interstate use of energy supply and delivery to maximize energy availability, reliability, and price opportunities to the benefit of all user classes and the Commonwealth's economy as stated in subdivision 2 of § 67-100;*

7. *Increasing Virginia's reliance on sources of energy that, compared to traditional energy resources, are less polluting of the Commonwealth's air and waters;*

8. *Researching the efficacy, cost, and benefits of reducing, avoiding, or sequestering the emissions of greenhouse gases produced in connection with the generation of energy;*

9. *Removing impediments to the use of abundant low-cost energy resources located within and outside the Commonwealth and ensuring the economic viability of the producers, especially those in the Commonwealth, of such resources;*

10. *Developing energy resources and facilities in a manner that does not impose a disproportionate adverse impact on economically disadvantaged or minority communities; and*

11. *Recognizing the need to foster those economically developable alternative sources of energy that can be provided at market prices as vital components of a diversified portfolio of energy resources.*

*Nothing in this section shall be deemed to abrogate or modify in any way the provisions of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq.).*

§ 67-102. *Commonwealth Energy Policy.*

A. *To achieve the objectives enumerated in § 67-101, it shall be the policy of the Commonwealth to:*

1. *Support research and development of, and promote the use of, renewable energy sources;*

2. *Ensure that the combination of energy supplies and energy-saving systems are sufficient to support the demands of economic growth;*

3. *Promote research and development of clean coal technologies, including but not limited to integrated gasification combined cycle systems;*

4. *Promote cost-effective conservation of energy and fuel supplies;*

5. *Ensure the availability of affordable natural gas throughout the Commonwealth by expanding Virginia's natural gas distribution and transmission pipeline infrastructure; developing coalbed methane and offshore gas resources, including methane hydrate resources; encouraging the productive use of landfill gas; and siting one or more liquefied natural gas terminals;*

6. *Promote the generation of electricity through nuclear power and other technologies that do not contribute to greenhouse gases and global warming;*

7. *Facilitate the development of new, and the expansion of existing, petroleum refining facilities within the Commonwealth;*

8. Promote the use of motor vehicles that utilize alternate fuels and are highly energy efficient;

9. Support efforts to reduce the demand for imported petroleum by developing alternative technologies, including but not limited to the production of synthetic fuels, biodiesel and hydrogen-based fuels, and the infrastructure required for the widespread implementation of such technologies;

10. Ensure that development of new, or expansion of existing, energy resources or facilities does not have an adverse impact on economically disadvantaged or minority communities; and

11. Ensure that energy generation and delivery systems that may be approved for development in the Commonwealth, including liquefied natural gas, offshore gas drilling, and related delivery and storage systems, should be located so as to minimize impacts to pristine natural areas and other significant onshore natural resources, and as near to compatible development as possible.

B. The elements of the policy set forth in subsection A shall be referred to collectively in this title as the Commonwealth Energy Policy.

C. All agencies and political subdivisions of the Commonwealth, in taking discretionary action with regard to energy issues, shall recognize the elements of the Commonwealth Energy Policy and where appropriate, shall act in a manner consistent therewith.

D. The Commonwealth Energy Policy is intended to provide guidance to the agencies and political subdivisions of the Commonwealth in taking discretionary action with regard to energy issues, and shall not be construed to amend, repeal, or override any contrary provision of applicable law. The failure or refusal of any person to recognize the elements of the Commonwealth Energy Policy, to act in a manner consistent with the Commonwealth Energy Policy, or to take any other action whatsoever, shall not create any right, action, or cause of action or provide standing for any person to challenge the action of the Commonwealth or any of its agencies or political subdivisions.

## CHAPTER 2.

### VIRGINIA ENERGY PLAN.

§ 67-200. Definitions.

As used in this title:

"Division" means the Division of Energy of the Department of Mines, Minerals and Energy.

"Plan" means the Virginia Energy Plan prepared pursuant to this chapter, including any updates thereto.

§ 67-201. Development of the Virginia Energy Plan.

A. The Division, in consultation with the State Corporation Commission, the Department of Environmental Quality, and the Center for Coal and Energy Research, shall prepare a comprehensive Virginia Energy Plan covering a 10-year period. The Plan shall propose actions, consistent with the objectives enumerated in § 67-101, that will implement the Commonwealth Energy Policy set forth in § 67-102.

B. In addition, the Plan shall include:

1. Projections of energy consumption in the Commonwealth, including but not limited to the use of fuel sources and costs of electricity, natural gas, gasoline, coal, renewable resources, and other forms of energy resources used in the Commonwealth;

2. An analysis of the adequacy of electricity generation, transmission, and distribution resources in the Commonwealth for the natural gas and electric industries, and how regional generation, transmission, and distribution resources affect the Commonwealth;

3. An analysis of siting requirements for electric generation resources and natural gas and electric transmission and distribution resources;

4. An analysis of fuel diversity for electricity generation, recognizing the importance of flexibility in meeting future capacity needs;

5. An analysis of the efficient use of energy resources and conservation initiatives;

6. An analysis of how these Virginia-specific issues relate to regional initiatives to assure the adequacy of fuel production, generation, transmission, and distribution assets;

7. An analysis of siting of energy resource development, refining or transmission facilities to identify the impact of such activities on economically disadvantaged or minority communities; and

8. Recommendations, based on the analyses completed under subdivisions 1 through 6, for legislative, regulatory, and other public and private actions to implement the elements of the Commonwealth Energy Policy.

C. In preparing the Plan, the Division and other agencies involved in the planning process shall utilize state geographic information systems such as the Virginia Coastal Zone Management Program's Geospatial and Educational Mapping System website, to the extent deemed practicable, to assess how recommendations in the plan may affect pristine natural areas and other significant onshore natural resources.

§ 67-202. Schedule.

A. The Division shall complete the Plan by July 1, 2007.

B. Prior to completion of the Plan, the Division shall present drafts to, and consult with, the Coal

and Energy Commission and the Commission on Electric Utility Restructuring.

C. The Plan shall be updated by the Division no less frequently than every five years.

§ 67-203. Submission of Plan.

Upon completion, the Division shall submit the Plan, including periodic updates thereto, to the Governor, the Commissioners of the State Corporation Commission, and the General Assembly. The Plan shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents. The Plan's executive summary shall be posted on the General Assembly's website.

### CHAPTER 3.

#### OFFSHORE ENERGY RESOURCES.

§ 67-300. Offshore natural gas resources.

A. It is the policy of the Commonwealth to encourage the members of the State Congressional Delegation and federal executive agencies to develop, support, and enact federal legislation, and to take appropriate federal executive action, that will (i) provide an exemption to the moratorium that prevents until 2012 any surveying, exploration, development, or production of potential natural gas deposits in areas off the Commonwealth's Atlantic shore that are under federal jurisdiction, (ii) incorporate revenue sharing between the federal and state governments for leasing activity that potentially will provide the Commonwealth with significant additional sources of revenue, and (iii) otherwise will enhance states' authority over coastal and offshore resources. The moratorium exemption to be sought by the Commonwealth shall (i) permit surveying, mapping, exploration, development, and production of offshore deposits of natural gas; and (ii) not authorize drilling or other exploratory activity within the Chesapeake Bay.

B. The Secretary of Commerce and Trade shall submit an annual report to the Governor and the chairs of the Senate Committee on Commerce and Labor and the House Committee on Commerce and Labor, no later than January 1 of each year, that summarizes the status of the moratorium on offshore natural gas exploration, development, and production activities; efforts by Congress and executive agencies to provide an exemption to the moratorium as described in subsection A; and activities by the Commonwealth in furtherance of this section.

§ 67-301. Offshore wind energy resources.

A. It is the policy of the Commonwealth to encourage the members of the State Congressional Delegation and federal executive agencies to develop, support, and enact federal legislation, and to take appropriate federal executive action, that will enable the Commonwealth to exercise exclusive jurisdiction with respect to analyzing, developing, and harvesting offshore wind energy resources.

B. The Secretary of Commerce and Trade shall submit an annual report to the Governor and the chairs of the Senate Committee on Commerce and Labor and the House Committee on Commerce and Labor, no later than January 1 of each year, that summarizes the status of the Commonwealth's jurisdiction with respect to analyzing, developing, and harvesting offshore wind energy resources and activities by the Commonwealth in furtherance of this section..

§ 67-302. State Offshore Energy Revenue Fund.

A. There is hereby created in the state treasury a special nonreverting fund to be known as the State Offshore Energy Revenue Fund, hereafter referred to as the "Fund." The Fund shall be established on the books of the Comptroller and interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund.

B. The Comptroller shall transfer to the Fund at the close of each fiscal year all license fees, lease payments, royalties, and similar moneys paid by the federal government to the Commonwealth attributable to the development of energy resources in areas off the Commonwealth's Atlantic shore that are under federal jurisdiction.

C. For purposes of any appropriation act enacted by the General Assembly and for the purposes of the Comptroller's preliminary and final annual reports required by § 2.2-813, all deposits to and appropriations from the Fund shall be accounted for and considered to be a part of the general fund of the state treasury.

D. In addition to such other funds as may be appropriated:

1. Forty percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Virginia Water Quality Improvement Fund established pursuant to § 10.1-2128, exclusively for the purpose of funding point and nonpoint source pollution prevention, reduction, and control programs and efforts;

2. Forty percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Transportation Trust Fund established pursuant to § 33.1-23.03:1;

3. Five percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Renewable Electricity Production Grant Fund established pursuant to § 67-1102;

4. Five percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Photovoltaic, Solar, and Wind Energy Utilization Grant Fund established pursuant to § 67-1202;

5. Five percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Clean Coal Technology Research Fund established pursuant to § 67-403; and

6. Five percent of the moneys transferred to the State Offshore Energy Revenue Fund shall be appropriated to the Virginia Coastal Energy Research Consortium established pursuant to § 67-700, or other alternative energy projects as may be provided in the general appropriation act.

§ 67-303. Development of offshore energy resources.

All agencies, boards and commissions of the Commonwealth shall ensure that any permits or approvals that are required for the exploration and production of hydrocarbons within areas off the Commonwealth's Atlantic shore that are under federal jurisdiction provide that the development of such exploration and production will be undertaken in a manner protective of the environment and public safety. Notwithstanding any provision of law to the contrary, the Commonwealth shall not permit the drilling of any wells, including exploratory and production wells, for natural gas or oil in areas off the Commonwealth's Atlantic shore that are within 30 miles of the Commonwealth's shoreline; nor shall it permit the construction of any onshore facilities associated with offshore exploration and production of natural gas on lands lying east of the Chesapeake Bay and north of the southern point of Fisherman's Island.

#### CHAPTER 4. CLEAN COAL PROJECTS.

§ 67-400. Definitions.

As used in this chapter:

"Center" means the Virginia Center for Coal and Energy Research.

"Clean coal project" means any project that uses any technology, including technologies applied at the precombustion, combustion, or postcombustion stage, at a new or existing facility that will achieve significant reductions in air emissions of sulfur dioxide or oxides of nitrogen associated with the utilization of coal in the generation of electricity, process steam, or industrial products, which is not in widespread use, or is otherwise defined as clean coal technology pursuant to 42 U.S.C. § 7651n.

§ 67-401. Permitting process for clean coal projects.

To the extent authorized by federal law, the State Air Pollution Control Board shall implement permit processes that facilitate the construction of clean coal projects in the Commonwealth by, among such other actions as it deems appropriate, giving priority to processing permit applications for clean coal projects.

§ 67-402. Center for excellence for clean coal technologies.

A. The Center shall encourage qualified state institutions of higher education to apply to the U.S. Secretary of Energy, pursuant to § 404 of the federal Energy Policy Act of 2005, for competitive, merit-based grants to be used to assist in financing the establishment in the Commonwealth of a center of excellence for advancing new clean coal technologies.

B. The Center shall be authorized to provide such assistance it deems reasonable and appropriate to qualified state institutions of higher education that elect to apply for grants pursuant to subsection A.

§ 67-403. Clean Coal Technology Research Fund.

A. There is hereby established in the state treasury a special nonreverting fund to be known as the Clean Coal Technology Research Fund. The Fund shall consist of such moneys as may be appropriated by the General Assembly from time to time, including such moneys as are provided pursuant to subsection D of § 67-302. Any moneys deposited to or remaining in the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund and be available for allocation under this chapter in ensuing fiscal years. Interest on all moneys in the Fund shall remain in the Fund and be credited to it. The Fund shall be used solely for the payment of grants to state institutions of higher education to assist in the development and implementation of clean coal technologies. The Center shall administer the Fund.

B. The Center shall award such grants to applying eligible institutions based on a competitive basis.

C. The Center shall not allocate an amount in excess of the moneys available in the Fund for the payment of grants.

D. Beginning in calendar year 2007, by June 30 of each year, the Center shall (i) determine the amount of the grants to be allocated to eligible institutions, and (ii) certify to the Comptroller and each eligible grant applicant the amount of the grant allocated to successful applicants. Payment of such grants shall be made by the State Treasurer on warrant of the Comptroller within 60 days of such certification.

#### CHAPTER 5. ENERGY EFFICIENT PUBLIC BUILDINGS.

§ 67-500. Definitions.

As used in this chapter, unless the context requires otherwise:

"Alternative energy system" means solar, wind, geothermal, heat recovery, or other systems that use a renewable resource and are environmentally sound.

"Authorized state agency" means any agency, board, commission, or department of the Commonwealth that is authorized to construct, purchase, or renovate.

"Cost-effective" means that an energy resource, facility, or conservation measure during its life cycle results in delivered energy costs to the ultimate consumer no greater than the comparable incremental cost of the least cost alternative energy resource, facility, or conservation measure. Cost comparison shall include, but need not be limited to: (i) cost escalations and future availability of fuels; (ii) disposal and decommissioning costs; (iii) on site distribution costs; (iv) geographic, climatic and other differences within the Commonwealth; and (v) environmental impact.

"Division" means the Division of Energy of the Department of Mines, Minerals and Energy.

"Energy conservation measure" means a measure primarily designed to reduce the use of nonrenewable energy resources in a state-owned facility.

"Energy consumption analysis" means the evaluation of all energy systems and components by demand and type of energy including the internal energy load imposed on a major facility by its occupants, equipment, and components and the external energy load imposed on a major facility by the climatic conditions of its location.

"Energy consumption analysis" includes, but is not limited to:

1. The comparison of a range of alternatives that is likely to include all reasonable, cost-effective energy conservation measures and alternative energy systems;

2. The simulation of each system over the entire range of operation of a major facility for a year's operating period;

3. The evaluation of energy consumption, purchase and maintenance costs of component equipment in each system considering the operation of such components at other than full or rated outputs; and

4. The consideration of alternative energy systems.

"Energy systems" means all utilities, including but not limited to heating, air conditioning, ventilating, lighting, and the supply of domestic hot water.

"Major facility" means any state-owned building having 10,000 square feet or more of usable floor space.

"Renovation" means any addition to, alteration of, or repair of a facility that will involve addition to or alteration of the facility's energy systems, provided that the affected energy systems account for 50% or more of the facility's total energy use.

§ 67-501. Energy design requirements; rules; fees; waiver.

A. An authorized state agency may construct or renovate a facility only if the authorized state agency determines that the design incorporates all reasonable cost-effective energy conservation measures and alternative energy systems. The determination by the authorized state agency shall include consideration of operation and maintenance costs.

B. Whenever an authorized state agency determines that any major facility is to be constructed or renovated the agency shall cause to be included in the design phase of the construction or renovation a provision that requires an energy consumption analysis identifying all reasonable cost-effective energy conservation measures and alternative energy systems be prepared for the facility under the direction of a professional engineer or licensed architect. The authorized agency shall consult with the Division regarding the list of energy conservation measures and alternative energy systems to be analyzed. The analysis and facility design shall be delivered to the Division during the design development phase of the facility design. The Division shall review the analysis and forward its findings to the authorized state agency within 10 working days after receiving the analysis, if practicable.

C. The Division, in consultation with the Department of General Services and the State Council of Higher Education, shall adopt guidelines to carry out the provisions of this chapter. These guidelines shall:

1. Include a simplified and usable method for determining which energy conservation measures and alternative energy systems are cost-effective. The method shall reflect the energy costs of the utilities serving the facility.

2. Prescribe procedures for determining if a facility design incorporates all reasonable cost-effective energy conservation measures and alternative energy systems.

3. Reimburse the Division for its cost of reviewing of energy consumption analyses and facility designs and its reporting tasks. The Division may waive any reimbursement of fees for its reviews if the authorized state agency demonstrates that the facility will be designed and constructed in a manner that incorporates only cost-effective energy conservation measures or in a manner that exceeds the energy conservation provisions of the state building code by 20% or more.

4. Periodically define highly efficient facilities. A facility constructed or renovated after July 1, 2006,

shall exceed the energy conservation provisions of the state building code by 20% or more, unless otherwise required by guidelines adopted under this subsection.

#### CHAPTER 6.

##### BIODIESEL FUEL.

§ 67-600. Definitions.

As used in this chapter, "biodiesel fuel" means a renewable, biodegradable, mono-alkyl ester combustible liquid fluid fuel from agricultural plant oils or animal fats that meets the applicable American Society for Testing and Materials Specification for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels.

§ 67-601. Use of biodiesel and other alternative fuels in vehicles providing public transportation.

The Commonwealth Transportation Board shall encourage the use of biodiesel and other alternative fuels, to the extent practicable, in buses and other vehicles used to provide public transportation in the Commonwealth.

#### CHAPTER 7.

##### VIRGINIA COASTAL ENERGY RESEARCH CONSORTIUM.

§ 67-700. Virginia Coastal Energy Research Consortium established.

The Virginia Coastal Energy Research Consortium, hereinafter referred to as the Research Consortium, is hereby created to include Old Dominion University, the Virginia Institute of Marine Science, the Virginia Tech Advanced Research Institute, James Madison University, and Norfolk State University and is to be located at Old Dominion University.

§ 67-701. Functions, powers, and duties of the Research Consortium.

The Coastal Energy Research Consortium shall serve as an interdisciplinary study, research, and information resource for the Commonwealth on coastal energy issues. As used in this chapter, "coastal energy" includes wave or tidal action, currents, offshore winds, thermal differences, and methane hydrates. The Research Consortium shall (i) consult with the General Assembly, federal, state, and local agencies, nonprofit organizations, private industry and other potential users of coastal energy research; (ii) establish and administer agreements with other universities of the Commonwealth to carry out research projects relating to the feasibility of recovering fuel gases from methane hydrates and increasing the Commonwealth's reliance on other forms of coastal energy; (iii) disseminate new information and research results; (iv) apply for grants made available pursuant to federal legislation, including but not limited to the federal Methane Hydrate Research and Development Act of 1999, P.L. 106-193 and from other sources; and (v) facilitate the application and transfer of new coastal energy technologies.

§ 67-702. Control and supervision.

The Research Consortium shall be governed by a board which shall consist of nine members as follows: (i) the Director of the Department of Mines, Minerals and Energy or his designee; (ii) the Commissioner of Marine Resources or his designee; (iii) a member of the maritime industry to be appointed by the Virginia Manufacturers Association; (iv) a member of the maritime industry to be appointed by the Hampton Roads Maritime Association; (v) the Director of the Virginia Tech Advanced Research Institute or his designee; (vi) the President of Old Dominion University or his designee; (vii) the Director of the Virginia Institute of Marine Sciences or his designee; (viii) the President of Norfolk State University or his designee; and (ix) the President of James Madison University or his designee.

§ 67-703. Appointment of a director.

The board of the Research Consortium shall appoint a director to serve as the principal administrative officer of the Research Consortium. The director shall report to the board and be under its supervision.

§ 67-704. Powers and duties of the director.

The director shall exercise all powers imposed upon him by law, carry out the specific duties imposed on him by the board of the Research Consortium, and develop appropriate policies and procedures for (i) identifying priority coastal energy research projects; (ii) cooperating with the General Assembly, federal, state, and local governmental agencies, nonprofit organizations and private industry in formulating its research projects; (iii) selecting research projects to be funded; and (iv) disseminating information and transferring technology related to coastal energy within the Commonwealth. The director shall employ such personnel and secure such services as may be required to carry out the purposes of this article, expend appropriated funds, and accept moneys from federal or private sources for cost-sharing on coastal energy projects.

#### CHAPTER 8.

##### COVENANTS RESTRICTING SOLAR ENERGY COLLECTION DEVICES.

§ 67-800. Definitions.

As used in this chapter:

"Community association" means an unincorporated association or corporation that owns or has under its care, custody, or control real estate subject to a recorded declaration of covenants that

obligates a person, by virtue of ownership of specific real estate, to be a member of the unincorporated association or corporation.

"Solar energy collection device" means any device that facilitates the collection and beneficial use of solar energy, including passive heating panels or building components and solar photovoltaic apparatus.

§ 67-801. Covenants regarding solar power.

A. Except to the extent provided in the condominium instruments, declaration or rules and regulations duly adopted pursuant thereto, no community association shall enact any provisions restricting solar power or the use of solar energy collection device on units or lots that are part of the development.

B. The community association may prohibit or restrict the installation and use of such solar energy collection devices on the common elements or common areas.

## CHAPTER 9.

### DESIGNATION OF OPTIMAL LOW-EMISSION ENERGY FACILITY SITES.

#### Article 1.

##### General Provisions.

§ 67-900. Findings; public policy.

The General Assembly finds that the present and predicted growth in the demand for electric power by the citizens of the Commonwealth, during a period of growing concerns about emissions from conventional methods of generating electric power, requires the establishment of a procedure for the designation of optimal sites for the location of low-emission energy facilities. The General Assembly further finds that the designation of specific sites as optimal sites in the Commonwealth for the location of a specified type of low-emission energy facility, prior to the filing of an application for a permit or certificate authorizing such use of the site, will significantly benefit the health and welfare of Virginians, the protection of our natural and historic resources, the preservation of communities, the growth of industry, and the quality of air in the Commonwealth by ensuring that such facilities are constructed and operated without unreasonable delay or obstruction. Designation of optimal sites should be determined in part by reviewing state geographic information such as the Coastal Geospatial and Educational Mapping System.

§ 67-901. Definitions.

As used in this chapter:

"Commission" means the State Corporation Commission.

"Land use plan" means a comprehensive plan adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2.

"Liquefied natural gas facility" or "LNG facility" means (i) a marine terminal with facilities for receiving, gasifying, transmitting, and storing imported liquefied natural gas or (ii) a storage facility used for market enhancement or operational flexibility.

"Low-emission energy facility" means (i) a wind energy facility, (ii) an LNG facility, (iii) a nuclear power facility, or (iv) a solar energy facility.

"Nuclear power facility" means a facility where electricity is generated for commercial use by capturing energy released by a nuclear reaction.

"One-stop permitting process" means any process that may be established by the General Assembly pursuant to which an applicant who is seeking to develop a low-emission energy facility requiring (i) an environmental permit that is subject to issuance by any agency or board within the Secretariat of Natural Resources and (ii) a certificate of public convenience and necessity that is subject to issuance by the Commission, may seek to obtain the issuance of such permits and certificates from a single entity, such as a siting board, that is authorized to issue all such required state permits and certificates in conjunction with a single proceeding.

"Potential energy project site" means a parcel of real property that is (i) owned by the Commonwealth and recommended to the Commission by the Department of General Services as being a potentially suitable location for the location of a low-emission energy facility; (ii) recommended to the Commission by the governing body of a locality as being a potentially suitable location for the location of a low-emission energy facility, which identification shall not be made without the prior written consent of the parcel's owner; or (iii) recommended to the Commission by the parcel's owner as being a potentially suitable location for the location of a low-emission energy facility.

"Solar energy facility" means a facility where electricity is generated for commercial use by capturing energy by photovoltaic systems or solar thermal systems, excluding residential systems and any system where the electricity generated at the facility is intended primarily for use on-site.

"Wind energy facility" means a commercial facility where electricity is generated by one or more wind-powered turbines.

§ 67-902. Powers of Commission.

A. In addition to such other powers as it may have, the Commission shall have the following powers:

- 552 1. To adopt, amend, or rescind rules and regulations to carry out the provisions of this chapter;  
553 2. To develop and apply procedures for numerically scoring parcels of real property in order to  
554 provide a transparent means of comparing the relative suitability of sites for use as low-emission energy  
555 facilities;  
556 3. To prescribe the form, content, and necessary supporting documentation for designating sites as  
557 optimal sites for low-emission energy facilities, including requirements for evaluating the impact of  
558 developing the site on economically disadvantaged or minority communities;  
559 4. To contract, when appropriate, for independent analyses of the suitability of sites for low-emission  
560 energy facilities; and  
561 5. To integrate its site evaluation activity with activities of federal agencies having jurisdiction in  
562 such matters to avoid unnecessary duplication.
- 563 B. The Commission shall not designate a parcel as an optimal site for a low-emission energy facility  
564 pursuant to this chapter unless the Commission shall first provide at least 30 days' advance notice by (i)  
565 publication in a newspaper or newspapers of general circulation in the locality in which a parcel that is  
566 proposed for designation as an optimal site for a low-emission energy facility is situated, (ii) written  
567 notice to the governing body of the locality, and (iii) causing to be sent a copy of the notice by first  
568 class mail to all owners of property within 3,000 feet off the parcel, which requirement shall be satisfied  
569 by mailing the notice to such persons at such addresses as are indicated in the land books maintained  
570 by the commissioner of revenue, director of finance or treasurer of the locality. If prior to such  
571 designation any interested party shall request a public hearing, the Commission shall, as soon as  
572 reasonably practicable after such request, hold such hearing or hearings at such place as may be  
573 designated by the Commission; however, if (a) written requests therefor are received from 20 or more  
574 interested parties or (b) a written request therefor is received from an interested party that is the  
575 governing body of the locality in which the parcel is situated, the Commission shall hold at least one  
576 hearing in the area of the parcel, for the purpose of receiving public comment on the proposed  
577 designation. If any hearing is to be held in the area of the parcel, the Commission shall direct that a  
578 copy of the transcripts of any previous hearings held in the case be made available for public inspection  
579 at a convenient location in the area for a reasonable time before such local hearing. For purposes of  
580 this subsection, "interested parties" shall include the governing body of the locality in which a parcel  
581 that is proposed for designation as an optimal site for a low-emission energy facility is situated, and  
582 persons residing or owning property in each such locality.

#### 583 Article 2.

#### 584 Siting Wind Energy Facilities.

#### 585 § 67-903. Development of scoring system for wind energy facility sites.

586 The Commission shall develop a system for ascribing numerical scores to parcels of real property  
587 based on the extent to which the parcels are suitable for the siting of a wind energy facility. The  
588 scoring system shall address the wind velocity, sustained velocity, turbulence, proximity to electric  
589 power transmission systems, potential impacts to natural and historic resources and to economically  
590 disadvantaged or minority communities, and compatibility with the local land use plan. The system  
591 developed pursuant to this section shall allow the suitability of the parcel for the siting of a wind energy  
592 facility to be compared to the suitability of other parcels so scored, and shall be based on a scale that  
593 allows the suitability of the parcel for the siting of a wind energy facility to be measured against the  
594 hypothetical score of an ideal location for such a facility.

#### 595 § 67-904. Scoring of potential wind energy facility sites.

596 A. Upon receipt by the Commission of a recommendation from the Department of General Services,  
597 a local governing body, or the parcel's owner that a parcel of real property is a potentially suitable  
598 location for a wind energy facility, the Commission shall analyze the suitability of the parcel for the  
599 location of such a facility. In conducting its analysis, the Commission shall ascribe a numerical score to  
600 the parcel using the scoring system developed pursuant to § 67-903.

601 B. The entity that recommended the parcel to the Commission may bring a proceeding before the  
602 Commission to challenge the score ascribed to the parcel.

#### 603 § 67-905. Designation of parcels as optimal sites for wind energy facilities.

604 A. Based on the scores ascribed to parcels that have been recommended to the Commission as  
605 potentially suitable locations for a wind energy facility, as such scores may be adjusted as the result of  
606 a challenge pursuant to subsection B of § 67-904, the Commission may designate as an optimal site for  
607 a wind energy facility any parcel with a score that indicates that the parcel is an excellent location for  
608 the construction and operation of a wind energy facility.

609 B. The Commission shall review its decisions regarding the designation of a parcel as an optimal  
610 site for a wind energy facility no less frequently than every five years.

611 C. A wind energy facility that is proposed for development upon a parcel that has been designated  
612 as an optimal site for a wind energy facility shall be eligible for the one-stop permitting process.

#### 613 Article 3.

*Siting Liquefied Natural Gas Facilities.*

§ 67-906. Development of scoring system for liquefied natural gas facility sites.

The Commission shall develop a system for ascribing numerical scores to parcels of real property based on the extent to which the parcels are suitable for the siting of a liquefied natural gas facility. The scoring system shall address the parcel's docking facilities, proximity to natural gas transmission and distribution pipelines, peak shaving capability, compliance with applicable criteria established by the Federal Energy Regulatory Commission for the permitting of LNG facilities, potential impacts of such a facility to natural and historic resources and to economically disadvantaged or minority communities, and compatibility with the local land use plan. The system developed pursuant to this section shall allow the suitability of the parcel for the siting of an LNG facility to be compared to the suitability of other parcels so scored, and shall be based on a scale that allows the suitability of the parcel for the siting of an LNG facility to be measured against the hypothetical score of an ideal location for such a facility.

§ 67-907. Scoring of potential liquefied natural gas facility sites.

A. Upon receipt by the Commission of a recommendation from the Department of General Services, a local governing body, or the parcel's owner that a parcel of real property is a potentially suitable location for a liquefied natural gas facility, the Commission shall analyze the suitability of the parcel for the location of such a facility. In conducting its analysis, the Commission shall ascribe a numerical score to the parcel using the scoring system developed pursuant to § 67-906.

B. The entity that recommended the parcel to the Commission may bring a proceeding before the Commission to challenge the score ascribed to the parcel.

§ 67-908. Designation of parcels as optimal sites for liquefied natural gas facilities.

A. Based on the scores ascribed to parcels that have been recommended to the Commission as potentially suitable locations for a liquefied natural gas facility, as such scores may be adjusted as the result of a challenge pursuant to subsection B of § 67-907, the Commission may designate a parcel as an optimal site for a liquefied natural gas facility if its score indicates that the parcel is an excellent location for the construction and operation of a liquefied natural gas facility; however, the Commission shall not designate more than three sites in the Commonwealth as optimal sites for an LNG marine terminal facility.

B. The Commission shall review its decisions regarding the designation of a parcel as an optimal site for an LNG facility no less frequently than every five years.

C. An LNG facility that is proposed for development upon a parcel that has been designated as an optimal site for an LNG facility shall be eligible for the one-stop permitting process.

*Article 4.**Siting Nuclear Energy Facilities.*

§ 67-909. Development of scoring system for nuclear energy facility sites.

The Commission shall develop a system for ascribing numerical scores to parcels of real property based on the extent to which the parcels are suitable for the siting of a nuclear energy facility. The scoring system shall address the parcel's geological stability, proximity to water resources for cooling purposes, and proximity to electric power transmission lines, potential impacts of such a facility to natural and historic resources and to economically disadvantaged or minority communities, and compatibility with the local land use plan. The system developed pursuant to this section shall allow the suitability of the parcel for the siting of a nuclear energy facility to be compared to the suitability of other parcels so scored, and shall be based on a scale that allows the suitability of the parcel for the siting of a nuclear energy facility to be measured against the hypothetical score of an ideal location for such a facility.

§ 67-910. Scoring of potential nuclear energy facility sites.

A. Upon receipt by the Commission of a recommendation from the Department of General Services, a local governing body, or the parcel's owner that a parcel of real property is a potentially suitable location for a nuclear energy facility, the Commission shall analyze the suitability of the parcel for the location of such a facility. In conducting its analysis, the Commission shall ascribe a numerical score to the parcel using the scoring system developed pursuant to § 67-909.

B. The entity that recommended the parcel to the Commission may bring a proceeding before the Commission to challenge the score ascribed to the parcel.

§ 67-911. Designation of parcels as optimal sites for nuclear energy facilities.

A. Based on the scores ascribed to parcels that have been recommended to the Commission as potentially suitable locations for a nuclear energy facility, as such scores may be adjusted as the result of a challenge pursuant to subsection B of § 67-910, the Commission may designate a parcel as an optimal site for a nuclear energy facility if its score indicates that the parcel is an excellent location for the construction and operation of a nuclear energy facility; however, the Commission shall not designate more than three sites in the Commonwealth as optimal sites for a nuclear energy facility and

shall not designate such sites without reviewing the impact on economically disadvantaged or minority communities.

B. The Commission shall review its decisions regarding the designation of a parcel as an optimal site for a nuclear energy facility no less frequently than every five years.

C. A nuclear energy facility that is proposed for development upon a parcel that has been designated as an optimal site for a nuclear energy facility shall be eligible for the one-stop permitting process.

Article 5.

Siting Solar Energy Facilities.

§ 67-912. Development of scoring system for solar energy facility sites.

The Commission shall develop a system for ascribing numerical scores to parcels of real property based on the extent to which the parcels are suitable for the siting of a solar energy facility. The scoring system shall address the parcel's proximity to electric power transmission lines, potential impacts of such a facility to natural and historic resources and to economically disadvantaged or minority communities, and compatibility with the local land use plan. The system developed pursuant to this section shall allow the suitability of the parcel for the siting of a solar energy facility to be compared to the suitability of other parcels so scored, and shall be based on a scale that allows the suitability of the parcel for the siting of a solar energy facility to be measured against the hypothetical score of an ideal location for such a facility.

§ 67-913. Scoring of potential solar energy facility sites.

A. Upon receipt by the Commission of a recommendation from the Department of General Services, a local governing body, or the parcel's owner that a parcel of real property is a potentially suitable location for a solar energy facility, the Commission shall analyze the suitability of the parcel for the location of such a facility. In conducting its analysis, the Commission shall ascribe a numerical score to the parcel using the scoring system developed pursuant to § 67-912.

B. The entity that recommended the parcel to the Commission may bring a proceeding before the Commission to challenge the score ascribed to the parcel.

§ 67-914. Designation of parcels as optimal sites for solar energy facilities.

A. Based on the scores ascribed to parcels that have been recommended to the Commission as potentially suitable locations for a solar energy facility, as such scores may be adjusted as the result of a challenge pursuant to subsection B of § 67-913, the Commission may designate a parcel as an optimal site for a solar energy facility if its score indicates that the parcel is an excellent location for the construction and operation of a solar energy facility.

B. The Commission shall review its decisions regarding the designation of a parcel as an optimal site for a solar energy facility no less frequently than every five years.

C. A solar energy facility that is proposed for development upon a parcel that has been designated as an optimal site for a solar energy facility shall be eligible for the one-stop permitting process.

CHAPTER 10.

MOTOR VEHICLE FUEL EFFICIENCY STANDARDS.

§ 67-1000. Definitions.

As used in this section, "CAFE standards" means the corporate average fuel economy standards for passenger cars and light trucks manufactured for sale in the United States that have been implemented pursuant to the federal Energy Policy and Conservation Act of 1975 (P. L. 94-163), as amended.

§ 67-1001. Efforts to increase CAFE standards.

It is the policy of the Commonwealth to encourage the members of the State Congressional Delegation and federal executive agencies to:

1. Develop, support, and enact federal legislation, and to take appropriate federal executive action, that will increase the CAFE standards from the current standard by promoting performance-based tax credits for advanced technology, fuel-efficient vehicles to facilitate the introduction and purchase of such vehicles; and

2. Advocate for market incentives and education programs to build demand for high-efficiency, cleaner vehicles, including tax incentives for highly efficient vehicles.

CHAPTER 11.

RENEWABLE ELECTRICITY PRODUCTION GRANT PROGRAM.

§ 67-1100. Definitions.

As used in this chapter, unless the context clearly requires otherwise:

"Corporation" means an entity subject to the tax imposed by Article 10 (§ 58.1-400 et seq.) of Chapter 3 of Title 58.1.

"Department" means the Department of Mines, Minerals and Energy.

"Fund" means the Renewable Electricity Production Grant Fund established pursuant to § 67-1102.

"Qualified energy resources" means the same as that term is defined by Internal Revenue Code § 45(c)(1), and includes wind, closed-loop biomass, organic, livestock, and poultry waste resources and lignin and other organic by-products of kraft pulping processes, bark, chip rejects, sawdust, fines and

other wood waste, regardless of the point of origin.

"Qualified Virginia facility" means a facility located in the Commonwealth that uses qualified energy resources to produce electricity.

§ 67-1101. Eligibility for grants for production of qualified energy resources.

Subject to appropriation of sufficient moneys in the Fund, an eligible corporation may receive a grant payable from the Fund for certain kilowatt hours of electricity produced after December 31, 2005. The grant amount shall be 0.85 cents for each kilowatt hour of electricity (i) produced by the corporation from qualified energy resources at a qualified Virginia facility and (ii) sold and transmitted into the electric grid, or used in production by a qualified Virginia facility, in a calendar year. Grant amounts shall be based on each such kilowatt hour of electricity sold or used in production by a qualified Virginia facility beginning with calendar year 2006.

§ 67-1102. Renewable Electricity Production Grant Fund.

A. There is hereby established in the state treasury a special nonreverting fund to be known as the Renewable Electricity Production Grant Fund. The Fund shall consist of such moneys as may be appropriated by the General Assembly from time to time, including such moneys as are provided pursuant to subsection D of § 67-302. Any moneys deposited to or remaining in the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund and be available for allocation under this chapter in ensuing fiscal years. Interest on all moneys in the Fund shall remain in the Fund and be credited to it. The Fund shall be used solely for the payment of the grants provided under this chapter. The Department shall administer the Fund.

B. The Department shall allocate moneys from the Fund in the following order of priority: (i) first to unpaid grant amounts carried forward from prior years because eligible corporations did not receive the full amount of any grant to which they were eligible in a prior year pursuant to this chapter and (ii) then to other approved applicants. If the moneys in the Fund are less than the amount of grants to which approved applicants in any class of priority are eligible, the moneys in the Fund shall be apportioned pro rata among eligible applicants in such class, based upon the amount of the grant to which an approved applicant is eligible and the amount of money in the Fund available for allocation to such class.

C. The Department shall not allocate an amount in excess of the moneys available in the Fund for the payment of grants.

D. Beginning in calendar year 2007, by June 30 of each year, the Department shall (i) determine the amount of the grants to be allocated to eligible corporations and (ii) certify to the Comptroller and each eligible corporation the amount of the grant allocated to such corporation. Payment of such grants shall be made by the State Treasurer on warrant of the Comptroller within 60 days of such certification, subject to appropriation of sufficient moneys in the Fund.

E. If a grant recipient is allocated less than the full amount of a grant to which it is eligible in any year pursuant to this chapter, such corporation shall not be eligible for the deficiency in that year, but the unpaid portion of the grant to which it was eligible shall be carried forward by the Department to the following year, during which it shall be in the first class of priority as provided in clause (i) of subsection B.

F. In no case shall the Department certify grants from the Fund for kilowatts of electricity produced prior to January 1, 2006.

G. Actions of the Department relating to the allocation and awarding of grants shall be exempt from the provisions of the Administrative Process Act pursuant to subdivision B 4 of § 2.2-4002.

§ 67-1103. Requirements for grants generally.

A. The Department shall establish an application process by which eligible corporations shall apply for a grant under this chapter. An application for a grant under this chapter shall not be approved until the Department has verified that the electricity has been produced from qualified energy resources at a qualified Virginia facility and that sufficient moneys are available in the Fund.

B. The application shall be filed with the director of the Department no later than March 31 each year following the calendar year in which such kilowatt hours of electricity were sold or used in production by a qualified Virginia facility. Failure to meet the filing deadline shall render the applicant ineligible to receive a grant for such kilowatt hours of electricity sold or so used in the prior calendar year. For filings by mail, the postmark cancellation shall govern the date of the filing determination.

C. The application shall provide evidence, satisfactory to the Department, of the number of kilowatt hours of electricity produced by the corporation from qualified energy resources at a qualified Virginia facility that were sold, or used in production by a qualified Virginia facility, by such corporation in the prior calendar year.

D. As a condition of receipt of a grant, an eligible corporation shall make available to the Department for inspection upon request all relevant and applicable documents to determine whether the

requirements for the receipt of grants as set forth in this chapter have been satisfied. All such documents appropriately identified by the eligible corporation shall be considered confidential and proprietary.

E. A corporation receiving a grant for the production and sale of kilowatt hours of electricity under this chapter may not use the production or sale of such kilowatt hours of electricity as the basis for claiming any other grant or credit against taxes, as provided under the Code of Virginia or in an appropriation act.

## CHAPTER 12.

### PHOTOVOLTAIC, SOLAR, AND WIND ENERGY UTILIZATION GRANT PROGRAM.

#### § 67-1200. Definitions.

As used in this chapter, unless the context clearly requires otherwise:

"Corporation" means an entity subject to the tax imposed by Article 10 (§ 58.1-400 et seq.) of Chapter 3 of Title 58.1.

"Department" means the Department of Mines, Minerals and Energy.

"Fund" means the Photovoltaic, Solar, and Wind Energy Utilization Grant Fund established pursuant to § 67-1202.

"Individual" means the same as that term is defined in § 58.1-302.

"Photovoltaic property" means property that uses a solar photovoltaic process to generate electricity and that meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Department.

"Solar water heating property" means property that, when installed in connection with a structure, uses solar energy for the purpose of providing hot water for use within the structure and meets applicable performance and quality standards and certification requirements in effect at the time of acquisition of the property, as specified by the Department.

"Wind-powered electrical generator" means an electrical generating unit that (i) has a capacity of not more than 10 kilowatts, (ii) uses wind as its total source of fuel, (iii) is located on the individual's or corporation's premises, and (iv) is intended primarily to offset all or part of the individual's or corporation's own electricity requirements.

§ 67-1201. Eligibility for grants for installation of photovoltaic property, solar water heating property, and wind-powered electrical generators.

A. Subject to appropriation of sufficient moneys in the Fund, beginning with calendar year 2006, an eligible individual or corporation may receive a grant payable from the Fund for a portion of the cost of photovoltaic property, solar water heating property, or wind-powered electrical generators placed in service during the calendar year by such individual or corporation. The grant amount shall be 15% of the total installed cost of photovoltaic property, solar water heating property, or wind-powered electrical generators but shall not exceed an aggregate total of:

1. \$2,000 for each system of photovoltaic property;
2. \$1,000 for each system of solar water heating property; and
3. \$1,000 for each system of wind-powered electrical generators.

B. Persons or entities placing in service photovoltaic property, solar water heating property, or wind-powered electrical generators for or on behalf of another person or entity shall not be eligible to receive a grant for such property.

§ 67-1202. Photovoltaic, Solar, and Wind Energy Utilization Grant Fund.

A. There is hereby established in the state treasury a special nonreverting fund to be known as the Photovoltaic, Solar, and Wind Energy Utilization Grant Fund. The Fund shall consist of such moneys as may be appropriated by the General Assembly from time to time, including such moneys as are provided pursuant to subsection D of § 67-302. Any moneys deposited to or remaining in the Fund during or at the end of each fiscal year or biennium, including interest thereon, shall not revert to the general fund but shall remain in the Fund and be available for allocation under this chapter in ensuing fiscal years. Interest on all moneys in the Fund shall remain in the Fund and be credited to it. The Fund shall be used solely for the payment of the grants provided under this chapter. The Department shall administer the Fund.

B. The Department shall allocate moneys from the Fund in the following order of priority: (i) first to unpaid grant amounts carried forward from prior years because eligible individuals or corporations did not receive the full amount of any grant to which they were eligible in a prior year pursuant to this chapter and (ii) then to other approved applicants. If the moneys in the Fund are less than the amount of grants to which approved applicants in any class of priority are eligible, the moneys in the Fund shall be apportioned pro rata among eligible applicants in such class, based upon the amount of the grant to which an approved applicant is eligible and the amount of money in the Fund available for allocation to such class.

C. The Department shall not allocate an amount in excess of the moneys available in the Fund for the payment of grants.

D. Beginning in calendar year 2007, by June 30 of each year, the Department shall (i) determine the amount of the grants to be allocated to eligible individuals and corporations, and (ii) certify to the Comptroller and each eligible grant applicant the amount of the grant allocated to such applicant. Payment of such grants shall be made by the State Treasurer on warrant of the Comptroller within 60 days of such certification.

E. If a grant recipient is allocated less than the full amount of a grant to which it is eligible in any year pursuant to this chapter, such individual or corporation shall not be eligible for the deficiency in that year, but the unpaid portion of the grant to which it was eligible shall be carried forward by the Department to the following year, during which it shall be in the first class of priority as provided in clause (i) of subsection B.

F. In no case shall the Department certify grants from the Fund for photovoltaic property, solar water heating property, or wind-powered electrical generators placed in service prior to January 1, 2006.

G. Actions of the Department relating to the allocation and awarding of grants shall be exempt from the provisions of the Administrative Process Act pursuant to subdivision B 4 of § 2.2-4002.

§ 67-1203. Requirements for grants generally.

A. The Department shall establish an application process by which eligible individuals and corporations shall apply for a grant under this chapter. The application shall be filed with the director of the Department no later than March 31 each year following the calendar year in which such property was placed in service. Failure to meet the filing deadline shall render the applicant ineligible to receive a grant for photovoltaic property, solar water heating property, or wind-powered electrical generators placed in service in the prior calendar year. For filings by mail, the postmark cancellation shall govern the date of the filing determination.

B. The application shall provide evidence, satisfactory to the Department, of the total installed cost of each system of photovoltaic property, solar water heating property, or wind-powered electrical generators placed in service by such individual or corporation in the prior calendar year.

C. As a condition of receipt of a grant, an eligible individual or corporation shall make available to the Department for inspection upon request all relevant and applicable documents to determine whether the requirements for the receipt of grants as set forth in this chapter have been satisfied.

D. An individual or corporation receiving a grant pursuant to this chapter for a system of photovoltaic property, solar water heating property, or wind-powered electrical generators may not use such system as the basis for claiming any other grant or credit against taxes, as provided under the Code of Virginia or in an appropriation act.

2. That the Department of Mines, Minerals and Energy shall develop guidelines, in accordance with the Administrative Process Act (§ 2.2-4000 et seq.), for purposes of carrying out the provisions of Chapters 11 (§ 67-1100 et seq.) and 12 (§ 67-1200 et seq.) of Title 67 of the Code of Virginia.

3. That the State Corporation Commission and Secretary of Natural Resources shall develop a proposal for a one-stop permitting process, pursuant to which an applicant who is seeking to develop a low-emission energy facility requiring (i) an environmental permit that is subject to issuance by any agency or board within the Secretariat of Natural Resources and (ii) a certificate of public convenience and necessity that is subject to issuance by the Commission, may seek to obtain the issuance of such permits and certificates from a single entity, such as a siting board, that is authorized to issue all such required state permits and certificates in conjunction with a single proceeding. The State Corporation Commission and Secretary of Natural Resources shall submit their proposal for a one-stop permitting process, together with an analysis of the potential costs and benefits of such a process, to the Governor and the chairmen of the House Committee on Commerce and Labor, the House Committee on Agriculture, Chesapeake and Natural Resources, the Senate Committee on Commerce and Labor, and the Senate Committee on Agriculture, Conservation and Natural Resources by December 1, 2006.