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HOUSE BILL NO. 1804

Offered January 10, 2007

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A *BILL to amend the Code of Virginia by adding in Title 56 a chapter numbered 24, consisting of sections numbered 56-597 through 56-601, relating to a pilot program to encourage the installation of residential solar hot water systems.*

Patron—Poisson

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 56 a chapter numbered 24, consisting of sections numbered 56-597 through 56-601, as follows:

CHAPTER 24.**SOLAR WATER HEATING SYSTEM PAY-AS-YOU-SAVE PILOT PROGRAM.****§ 56-597. Definitions.***As used in this chapter:**"Commission" means the State Corporation Commission.**"Distributor" has the same meaning ascribed thereto in § 56-576.**"Residential customer" means a retail customer that purchases electric energy for consumption at a single-family or multifamily residential dwelling owned by such retail customer.**"Solar water heating system" means a fully integrated solar water heating system for use in a single-family or multifamily residential dwelling that has been rated as having met the operational guidelines for an OG-300 rated solar water heating system established by the Solar Rating and Certification Corporation, and includes (i) solar water heating collectors that convert light energy to heat, (ii) solar heat exchangers that transfer heat from one fluid to another through a separating wall, and (iii) differential solar controllers that read and adjust the temperature at the solar water heating collector and the heated water collection tank.***§ 56-598. Pilot project for pay-as-you-save program for solar water heating systems.***The Commission shall investigate the feasibility of, and may implement, as provided in this chapter, a pilot project for a "pay-as-you-save" program to encourage residential customers to install solar water heating systems. The pilot program shall:*

1. Allow a residential customer to purchase a solar water heating system, if the estimated life cycle savings in electric energy resulting from the installation and use of the solar water heating system exceed the cost of the system, (i) with no upfront payments and (ii) by paying the cost of the system over time on the customer's electricity bill;

2. Provide for the billing and payment of the cost of purchasing and installing the solar water heating system, with interest thereon, on the residential customer's electric utility billing statement as a separate line item for solar water heating system pay-as-you-save payments;

3. Allow distributors to disconnect the electric utility service of a residential customer for nonpayment of solar water heating system pay-as-you-save payments; and

4. Allow for the assignment of solar water heating system repayment costs to the meter location.

§ 56-599. Evaluation of feasibility of pilot program.

A. If, after conducting such investigation and analyses as it deems appropriate, the Commission determines that a pay-as-you-save program would create appropriate incentives for the installation of solar water heating systems in residential dwellings by allowing their cost to be recovered through monthly payments that are less than the anticipated monthly savings in electricity costs over a period equal to 75% of the system's expected useful life, the Commission shall establish a date for the commencement and the duration of a pay-as-you-save pilot project. In making such determinations, the Commission shall ascertain the appropriate scope of the pilot project. Participation in the pilot project, on the part of distributors and retail customers, shall be voluntary.

B. The Commission shall gather and monitor information about, and conduct an evaluation of the effectiveness of, the pilot project. The Commission annually shall submit a report detailing its findings and recommendations to the Governor and the chairmen of the Senate Committee on Agriculture, Conservation and Natural Resources, the House Committee on Agriculture, Chesapeake and Natural Resources, and the House and Senate Committees on Commerce and Labor.

C. As elements of the parameters of the pilot project, the Commission shall establish:

1. Methods for verifying the costs of purchasing and installing solar water heating systems;

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59 2. Guidelines for the disbursement by the distributor of pay-as-you-save payments to the entity that
60 funded the costs of purchasing and installing the solar water heating system;

61 3. Guidelines for determining whether distributors, system manufacturers, third-party financial
62 institutions, or other prospective sources of financing should be eligible to participate in the pilot
63 project as financiers of the costs of purchasing and installing solar water heating systems; and

64 4. Guidelines for participation in the pilot project by residential customers, which shall address
65 whether the program should have restrictions based on a residential customer's income, how prospective
66 participants should be selected in the event interest exceeds available resources, and such additional
67 issues as the Commission determines to be appropriate for consideration.

68 § 56-600. Pilot project tariffs.

69 A. Within six months following a distributor's election to participate in the pilot project, the
70 distributor shall submit to the Commission a proposed tariff for the pay-as-you-save program for
71 residential customers that is consistent with this chapter. The tariff shall provide for the collection by
72 the distributor of solar water heating system pay-as-you-save payments from participating residential
73 customers.

74 B. A tariff shall not be approved by the Commission unless it provides for monthly payments that (i)
75 will be sufficient to amortize the cost of the purchasing and installing the solar water heating system,
76 with interest thereon, over a term that is equal to 75% of the expected useful life of the solar water
77 heating system, and (ii) are less than the estimated average monthly savings in the costs of electric
78 energy that would be incurred by the residential customer in the absence of such system.

79 C. Each distributor participating in the pilot project shall provide the Commission with prior notice
80 of its proposed tariff. The Commission shall review the proposed tariff and, after notice and an
81 opportunity for a hearing, may require modifications to the proposed tariff as necessary to effectuate the
82 purposes of this chapter.

83 § 56-601. Recovery of costs incurred by participating distributors.

84 All reasonable costs incurred by a participating distributor to establish and implement the pilot
85 project, including billing system adjustments, shall be recoverable by the distributor as part of the
86 distributor's costs of providing distribution service.