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HOUSE BILL NO. 2708

Offered January 10, 2007

Prefiled January 10, 2007

A *BILL to amend and reenact § 56-594 of the Code of Virginia, relating to net energy metering; purchase of excess electricity generated by an eligible customer-generator.*

Patron—Hugo

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That § 56-594 of the Code of Virginia is amended and reenacted as follows:

§ 56-594. Net energy metering provisions.

A. The Commission shall establish by regulation a program, to begin no later than July 1, 2000, which affords eligible customer-generators the opportunity to participate in net energy metering. The regulations may include, but need not be limited to, requirements for (i) retail sellers; (ii) owners and/or operators of distribution or transmission facilities; (iii) providers of default service; (iv) eligible customer-generators; or (v) any combination of the foregoing, as the Commission determines will facilitate the provision of net energy metering, provided that the Commission determines that such requirements do not adversely affect the public interest.

B. For the purpose of this section:

"Eligible customer-generator" means a customer that owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility that (i) has a capacity of not more than 10 kilowatts for residential customers and 500 kilowatts for nonresidential customers; (ii) uses as its total source of fuel renewable energy, as defined in § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and (v) is intended primarily to offset all or part of the customer's own electricity requirements.

"Net energy metering" means measuring the difference, over the net metering period, between (i) electricity supplied to an eligible customer-generator from the electric grid and (ii) the electricity generated and fed back to the electric grid by the eligible customer-generator.

"Net metering period" means the 12-month period following the date of final interconnection of the eligible customer-generator's system with an electric service provider, and each 12-month period thereafter.

C. The Commission's regulations shall ensure that the metering equipment installed for net metering shall be capable of measuring the flow of electricity in two directions, and shall allocate fairly the cost of such equipment and any necessary interconnection. An eligible customer-generator's electrical generating system shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. Beyond the requirements set forth in this section, an eligible customer-generator whose electrical generating system meets those standards and rules shall bear the reasonable cost, if any, as determined by the Commission, to (i) install additional controls, (ii) perform or pay for additional tests, or (iii) purchase additional liability insurance.

D. The Commission shall establish minimum requirements for contracts to be entered into by the parties to net metering arrangements. Such requirements shall protect the customer-generator against discrimination by virtue of its status as a customer-generator. *The Commission shall ensure that the costs charged to the eligible customer-generator are not discriminatory in relation to the costs charged to other customers of the utility.*

~~Where~~*E. If electricity generated by the an eligible customer-generator over the net metering period exceeds the electricity consumed by the customer-generator, the customer-generator shall not be compensated for the excess electricity unless if the entity contracting to receive such electric energy and the customer-generator enter into a power purchase agreement for such excess electricity. If the eligible customer-generator receives generation service from a default service provider, the default service provider, upon the written request of the customer-generator, shall enter into a power purchase agreement with the requesting eligible customer-generator that is consistent with the minimum requirements for contracts established by the Commission pursuant to subsection D. The power purchase agreement shall obligate the default service provider to purchase such excess electricity at the rate that is provided for such purchases in a net metering standard contract or tariff approved by the*

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59 *Commission, unless the parties agree to a higher rate. The net metering standard contract or tariff shall*
60 *be available to eligible customer-generators on a first-come, first-served basis in each electric*
61 *distribution company's Virginia service area until the rated generating capacity owned and operated by*
62 *eligible customer-generators in the state reaches 0.1 percent of each electric distribution company's*
63 *adjusted Virginia peak-load forecast for the previous year require the default service provider to pay the*
64 *eligible customer-generator for such excess electricity at the default service generation rate for the class*
65 *of customer to which the customer-generator belongs in that service territory. Payments by a default*
66 *service provider to an eligible customer-generator under a power purchase agreement shall be made*
67 *within 30 days following the end of each net metering period for which payments are due.*