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**HOUSE BILL NO. 1409**

Offered January 10, 2008

A *BILL to amend the Code of Virginia by adding a section numbered 56-235.1:1, relating to electric utility rate schedules to encourage alternative and distributed generation.*

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Patron—Poindexter

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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 a section numbered 56-235.1:1 as follows:**

*§ 56-235.1:1. Rates to encourage alternative and distributed generation of electricity.*

*A. The Commission shall promulgate regulations pursuant to its rules of practice and procedure that require each public utility providing electric service in the Commonwealth to offer electric service to nonresidential customers under a tariff that utilizes rates, tolls, charges, or schedules, including terms and conditions of service, to encourage and promote the use of alternative energy sources or supplies and distributed generation. Permissible incentives for the increased use of alternative energy providers or suppliers and distributed generation may include, but shall not be limited to, permitting the customer to recover investments in alternative energy sources or supplies and distributed generation through lower rates when such investments will allow the customer and utility to avoid peak prices and demand or congestion charges by reducing the customer's purchases of electricity from the utility during periods of high system demand. Such incentives shall provide greater incentives for such customers to shed load during periods of peak demand that are provided currently under interruptible service schedules. However, nothing in this section shall be construed to authorize the implementation of any rate or charge that is in the nature of a penalty for otherwise permissible use of utility services. The Commission shall ensure that any such rate or charge (i) is in the public interest, (ii) will not unreasonably prejudice or disadvantage any customer or class of customers, and (iii) will not jeopardize the continuation of reliable electric service.*

*B. Within 90 days following the effective date of the regulations promulgated pursuant to subsection A, each public utility providing electric service in the Commonwealth shall submit a plan setting forth how the utility will comply with the regulations promulgated pursuant to subsection A, including tariff provisions requiring the utility to offer electric service at rates and upon terms and conditions that encourage alternative and distributed generation of electricity.*

*C. The Commission shall, after notice and the opportunity for hearing, determine whether a utility's plan complies with the regulations promulgated pursuant to subsection A. If the utility's plan complies with such regulation, the utility shall offer electric service at such rates and upon such terms and conditions to eligible customers. Eligible customers shall have the option to purchase electric service under such tariff, but shall not be precluded from receiving under any other approved rate, toll, charge, or schedule.*

INTRODUCED

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