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## HOUSE BILL NO. 1028

Offered January 11, 2012

Prefiled January 11, 2012

A *BILL to amend and reenact §§ 56-46.1, 56-597, and 56-598 of the Code of Virginia, relating to factors to be considered in applications for approvals for electrical utility facilities; integrated resource planning by electric utilities.*

Patron—Englin

Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 56-46.1, 56-597, and 56-598 of the Code of Virginia are amended and reenacted as follows:**

§ 56-46.1. Commission to consider environmental, economic and improvements in service reliability factors in approving construction of electrical utility facilities; approval required for construction of certain electrical transmission lines; notice and hearings.

A. Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. *In such consideration, the Commission shall consider the public health impacts, as defined in § 56-597, regarding the electrical utility facility that have been identified in most recent integrated resource plan submitted by the applicant pursuant to § 56-599.* In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters. Nothing in this section shall affect the ability of the Commission to keep the record of a case open. Nothing in this section shall affect any right to appeal such permits or approvals in accordance with applicable law. In the case of a proposed facility located in a region that was designated as of July 1, 2001, as serious nonattainment for the one-hour ozone standard as set forth in the federal Clean Air Act, the Commission shall not issue a decision approving such proposed facility that is conditioned upon issuance of any environmental permit or approval. In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission (i) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and (ii) shall consider any improvements in service reliability that may result from the construction of such facility.

B. No electrical transmission line of 138 kilovolts or more shall be constructed unless the State Corporation Commission shall, after at least thirty days' advance notice by (i) publication in a newspaper or newspapers of general circulation in the counties and municipalities through which the line is proposed to be built, (ii) written notice to the governing body of each such county and municipality, and (iii) causing to be sent a copy of the notice by first class mail to all owners of property within the route of the proposed line, as indicated on the map or sketch of the route filed with the Commission, which requirement shall be satisfied by mailing the notice to such persons at such addresses as are indicated in the land books maintained by the commissioner of revenue, director of finance or treasurer of the county or municipality, approve such line. Such notices shall include a written description of the proposed route the line is to follow, as well as a map or sketch of the route including a digital geographic information system (GIS) map provided by the public utility showing the location of the proposed route. The Commission shall make GIS maps provided under this subsection available to the public on the Commission's website. Such notices shall be in addition to the advance notice to the chief administrative officer of the county or municipality required pursuant to § 15.2-2202. As a condition to approval the

INTRODUCED

HB1028

59 Commission shall determine that the line is needed and that the corridor or route the line is to follow  
60 will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the  
61 area concerned. To assist the Commission in this determination, as part of the application for  
62 Commission approval of the line, the applicant shall summarize its efforts to reasonably minimize  
63 adverse impact on the scenic assets, historic districts, and environment of the area concerned. In making  
64 the determinations about need, corridor or route, and method of installation, the Commission shall verify  
65 the applicant's load flow modeling, contingency analyses, and reliability needs presented to justify the  
66 new line and its proposed method of installation. If the local comprehensive plan of an affected county  
67 or municipality designates corridors or routes for electric transmission lines and the line is proposed to  
68 be constructed outside such corridors or routes, in any hearing the county or municipality may provide  
69 adequate evidence that the existing planned corridors or routes designated in the plan can adequately  
70 serve the needs of the company. Additionally, the Commission shall consider, upon the request of the  
71 governing body of any county or municipality in which the line is proposed to be constructed, (i) the  
72 costs and economic benefits likely to result from requiring the underground placement of the line and  
73 (ii) any potential impediments to timely construction of the line.

74 C. If, prior to such approval, any interested party shall request a public hearing, the Commission  
75 shall, as soon as reasonably practicable after such request, hold such hearing or hearings at such place as  
76 may be designated by the Commission. In any hearing the public service company shall provide  
77 adequate evidence that existing rights-of-way cannot adequately serve the needs of the company.

78 If, prior to such approval, written requests therefor are received from twenty or more interested  
79 parties, the Commission shall hold at least one hearing in the area which would be affected by  
80 construction of the line, for the purpose of receiving public comment on the proposal. If any hearing is  
81 to be held in the area affected, the Commission shall direct that a copy of the transcripts of any  
82 previous hearings held in the case be made available for public inspection at a convenient location in the  
83 area for a reasonable time before such local hearing.

84 D. For purposes of this section, "interested parties" shall include the governing bodies of any  
85 counties or municipalities through which the line is proposed to be built, and persons residing or owning  
86 property in each such county or municipality and "environment" or "environmental" shall be deemed to  
87 include in meaning "historic," as well as a consideration of the probable effects of the line on the health  
88 and safety of the persons in the area concerned.

89 For purposes of this section, "qualifying facilities" means a cogeneration or small power production  
90 facility which meets the criteria of 18 C.F.R. Part 292; "public utility" means a public utility as defined  
91 in § 56-265.1; and "reasonably accommodate requests to wheel or transmit power" means:

92 1. That the applicant will make available to new electric generation facilities constructed after  
93 January 9, 1991, qualifying facilities and other nonutilities, a minimum of one-fourth of the total  
94 megawatts of the additional transmission capacity created by the proposed line, for the purpose of  
95 wheeling to public utility purchasers the power generated by such qualifying facilities and other  
96 nonutility facilities which are awarded a power purchase contract by a public utility purchaser in  
97 compliance with applicable state law or regulations governing bidding or capacity acquisition programs  
98 for the purchase of electric capacity from nonutility sources, provided that the obligation of the applicant  
99 will extend only to those requests for wheeling service made within the twelve months following  
100 certification by the State Corporation Commission of the transmission line and with effective dates for  
101 commencement of such service within the twelve months following completion of the transmission line.

102 2. That the wheeling service offered by the applicant, pursuant to subdivision D 1 of this section,  
103 will reasonably further the purposes of the Public Utilities Regulatory Policies Act of 1978 (P. L.  
104 95-617), as demonstrated by submitting to the Commission, with its application for approval of the line,  
105 the cost methodologies, terms, conditions, and dispatch and interconnection requirements the applicant  
106 intends, subject to any applicable requirements of the Federal Energy Regulatory Commission, to include  
107 in its agreements for such wheeling service.

108 E. In the event that, at any time after the giving of the notice required in subsection B of this  
109 section, it appears to the Commission that consideration of a route or routes significantly different from  
110 the route described in the notice is desirable, the Commission shall cause notice of the new route or  
111 routes to be published and mailed in accordance with subsection B of this section. The Commission  
112 shall thereafter comply with the provisions of this section with respect to the new route or routes to the  
113 full extent necessary to give interested parties in the newly affected areas the same protection afforded  
114 interested parties affected by the route described in the original notice.

115 F. Approval of a transmission line pursuant to this section shall be deemed to satisfy the  
116 requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line.

117 G. The Commission shall enter into a memorandum of agreement with the Department of  
118 Environmental Quality regarding the coordination of their reviews of the environmental impact of  
119 electric generating plants and associated facilities.

120 H. An applicant that is required to obtain (i) a certificate of public convenience and necessity from

the Commission for any electric generating facility, electric transmission line, natural or manufactured gas transmission line as defined in 49 Code of Federal Regulations § 192.3, or natural or manufactured gas storage facility (hereafter, an energy facility) and (ii) an environmental permit for the energy facility that is subject to issuance by any agency or board within the Secretariat of Natural Resources, may request a pre-application planning and review process. In any such request to the Commission or the Secretariat of Natural Resources, the applicant shall identify the proposed energy facility for which it requests the pre-application planning and review process. The Commission, the Department of Environmental Quality, the Marine Resources Commission, the Department of Game and Inland Fisheries, the Department of Historic Resources, the Department of Conservation and Recreation, and other appropriate agencies of the Commonwealth shall participate in the pre-application planning and review process. Participation in such process shall not limit the authority otherwise provided by law to the Commission or other agencies or boards of the Commonwealth. The Commission and other participating agencies of the Commonwealth may invite federal and local governmental entities charged by law with responsibility for issuing permits or approvals to participate in the pre-application planning and review process. Through the pre-application planning and review process, the applicant, the Commission, and other agencies and boards shall identify the potential impacts and approvals that may be required and shall develop a plan that will provide for an efficient and coordinated review of the proposed energy facility. The plan shall include (a) a list of the permits or other approvals likely to be required based on the information available, (b) a specific plan and preliminary schedule for the different reviews, (c) a plan for coordinating those reviews and the related public comment process, and (d) designation of points of contact, either within each agency or for the Commonwealth as a whole, to facilitate this coordination. The plan shall be made readily available to the public and shall be maintained on a dedicated website to provide current information on the status of each component of the plan and each approval process including opportunities for public comment.

I. The provisions of this section shall not apply to the construction and operation of a small renewable energy project, as defined in § 10.1-1197.5, by a utility regulated pursuant to this title for which the Department of Environmental Quality has issued a permit by rule pursuant to Article 5 (§ 10.1-1197.5 et seq.) of Chapter 11.1 of Title 10.1.

§ 56-597. Definitions.

As used in this chapter:

"Affiliate" means a person that controls, is controlled by, or is under common control with an electric utility.

"Electric utility" means any investor-owned public utility that provides electric energy for use by retail customers.

"Integrated resource plan" or "IRP" means a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

*"Public health impact" means the costs, benefits, and other effects on public health that (i) result from the production of energy, delivery of energy, or reduction in the use of energy through efficiency improvements and (ii) are external to a transaction between the supplier of energy or efficiency improvements and the wholesale or retail customer of the energy, which costs, benefits, and other effects shall be expressed in monetary terms if capable of being monetarily quantified.*

"Retail customer" means any person that purchases retail electric energy for its own consumption at one or more metering points or non-metered points of delivery located in the Commonwealth.

§ 56-598. Contents of integrated resource plans.

An IRP should:

1. Integrate, over the planning period, the electric utility's forecast of demand for electric generation supply with recommended plans to meet that forecasted demand and assure adequate and sufficient reliability of service, including, but not limited to:

a. Generating electricity from generation facilities that it currently operates or intends to construct or purchase;

b. Purchasing electricity from affiliates and third parties; and

c. Reducing load growth and peak demand growth through cost-effective demand reduction programs;

2. Identify a portfolio of electric generation supply resources, including purchased and self-generated electric power, that:

a. Consistent with § 56-585.1, is most likely to provide the electric generation supply needed to meet the forecasted demand, net of any reductions from demand side programs, so that *over the long term* the utility will continue to provide reliable service at reasonable prices ~~over the long term that take into consideration public health impacts~~; and

b. Will consider low cost energy/capacity available from short-term or spot market transactions,

182 consistent with a reasonable assessment of risk with respect to both price and generation supply  
183 availability over the term of the plan;

184 3. Reflect a diversity of electric generation supply and cost-effective demand reduction contracts and  
185 services so as to reduce the risks associated with an over-reliance on any particular fuel or type of  
186 generation demand and supply resources and be consistent with the Commonwealth's energy policies as  
187 set forth in § 67-102; and

188 4. Include such additional information as the Commission requests pertaining to how the electric  
189 utility intends to meet its obligation to provide electric generation service for use by its retail customers  
190 over the planning period.