

2014 SESSION

LEGISLATION NOT PREPARED BY DLS
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14104132D

HOUSE BILL NO. 1224

Offered January 17, 2014

A *BILL to amend the Code of Virginia by adding a section numbered 56-585.4, relating to electric utility regulation; construction of certain generation facilities.*

Patrons—O'Quinn and Campbell

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 56-585.4 as follows:

§ 56-585.4. *Approval of certain natural-gas fueled electric generation facilities.*

A. As used in this section:

"Qualified facility" means a combined cycle natural gas-fueled electric generation facility to be located in the Virginia service territory of a qualified utility that will (i) not emit more than 1,000 pounds of carbon dioxide per megawatt-hour, (ii) be able to provide firm transmission and deliver power on a firm and on-demand basis, and (iii) provide substantial economic benefits in the form of jobs and tax revenues to the locality in which it is constructed and the Commonwealth.

"Qualified utility" means an investor-owned utility designated a default service provider in the Commonwealth whose parent corporation is not headquartered in Virginia.

B. To ensure a reliable and adequate supply of electricity, meet a utility's projected native load obligations, and promote economic development and fuel diversity in the Commonwealth, a qualified utility shall consider the generation or purchase of power in its service territory within the Commonwealth before acquiring power from existing plants outside the Commonwealth. A qualified utility may petition the Commission for approval (i) to construct or cause to be constructed a qualified facility to meet its native load and default service obligations or (ii) to purchase power from a qualified facility, provided the qualified utility or other entity that will own or operate the qualified facility (a) has a filed queue position in PJM Interconnection LLC for the power from the qualified facility, (b) has filed for an air permit for the qualified facility with the Department of Environmental Quality, and (c) has received local permits for construction and operation of the qualified facility.

C. The Commission shall consider any petition filed under this section in accordance with its competitive bidding rules promulgated pursuant to § 56-234.3 and in accordance with the provisions of this chapter.

D. A qualified utility that constructs, or causes to be constructed, a qualified facility shall have the right to recover the costs of the qualified facility, including allowance for funds used during construction, life-cycle costs, and costs of infrastructure associated therewith, plus a fair rate of return, through its rates for service as provided in § 56-585.1. A qualified utility filing a petition for the construction of a facility under the provisions of this section shall file with its application a petition for approval of a rate adjustment clause under subdivision A 6 of § 56-585.1 that provides for such recovery.

E. The construction of a qualified facility that utilizes energy resources located within the Commonwealth is in the public interest, and in determining whether to approve such facility, the Commission shall liberally construe the provisions of this title.

F. If a qualified utility files to purchase the power from a qualified facility, the qualified facility's owner shall submit cost-of-service pricing on an open book basis to the Commission, and submissions to the Commission shall be supervised and evaluated by a third-party independent evaluator.

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