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SENATE BILL NO. 1388

Offered January 11, 2017

Prefiled January 11, 2017

A BILL to amend the Code of Virginia by adding a section numbered 56-581.2, relating to electric utility regulation; earning a return under certain power purchase agreements.

Patron—Wagner

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 56-581.2 as follows:

§ 56-581.2. Margin on solar purchased power agreements.

A. As used in this section:

"Eligible system" means a solar energy system that is located in the Commonwealth, has a capacity equal to or greater than two megawatts, and is constructed, owned, or operated by a third party and not by the investor-owned incumbent electric utility.

"Utility" means an investor-owned incumbent electric utility.

B. A utility shall have the option to enter into, recover the costs of, and earn a margin equal to the weighted average cost of capital on any power purchase agreement that:

1. Is executed between July 1, 2017, and July 1, 2018;

2. Provides for the purchase of power generated by an eligible system; and

3. Has, in the aggregate with the capacity provided under other power purchase agreements described in subdivisions 1 and 2, a capacity that is not more than one percent of the utility's adjusted Virginia peak-load forecast for the previous year.

C. The utility shall recover pursuant to § 56-249.6 all costs incurred under power purchase agreements described in subsection B and the margin thereon.

D. Power purchase agreements described in subsection A are in the public interest. In reviewing the power purchase agreement costs and determining the level of costs to be recovered thereunder, the Commission shall liberally construe the provisions of this section and shall presume that the costs associated with such power purchase agreements are reasonably and prudently incurred.

INTRODUCED

SB1388