

## State Corporation Commission 2017 Fiscal Impact Statement

**1. Bill Number:** SB1393

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Wagner

**3. Committee:** Senate Floor

**4. Title:** Electric utilities; community solar pilot programs.

**5. Summary:** Electric utilities; community solar pilot programs. Requires Dominion Virginia Power and Appalachian Power to conduct a community solar pilot program for retail customers. A pilot program will authorize the participating utility to sell electric power to subscribing customers under a voluntary companion rate schedule, and the utility will generate or purchase the electric power from eligible generation facilities selected for inclusion in the pilot program. An eligible generation facility is an electrical generation facility that (i) exclusively uses energy derived from sunlight; (ii) is placed in service on or after July 1, 2017; (iii) is not constructed by an investor-owned utility but is acquired by an investor-owned utility through an asset purchase agreement or is subject to a power purchase agreement under which the utility purchases the facility's output from a third party; and (iv) has a generating capacity not exceeding two megawatts, subject to an exception. Pilot programs will have a three-year duration unless renewed or made permanent. The measure requires an investor-owned utility to select eligible generating facilities for dedication to its pilot program through a request for proposal (RFP) process. The minimum generating capacity of the eligible generating facilities in Appalachian Power's pilot program shall not be less than 0.5 MW and in Dominion's pilot program shall not be less than 10 MW. The maximum generating capacity of the eligible generating facilities in Appalachian Power's pilot program shall not be more than 10 MW and in Dominion's pilot program shall not be more than 40 MW. The measure establishes a procedure through which an investor-owned utility may increase the generating capacity of facilities in its pilot program above the amount most recently approved by the State Corporation Commission. The measure provides an investor-owned utility to recover pilot program costs that are not recovered through the voluntary companion rate schedule, through variable-output contracts with participating third parties. The definition of "participating third parties" to whom the unsubscribed output can be sold, includes "affiliates." The bill was further amended in Committee to make it clear that any such arrangements between utilities and their affiliates are not exempt from Chapter 4 review. Such costs would include costs associated with unsubscribed generation offered under the pilots. A subscribing customer's usage above the amount subscribed for the voluntary companion rate schedule shall be billed under the customer's applicable standard rate. The measure authorizes a utility consumer services cooperative to conduct a pilot program and gives the cooperative flexibility in designing its program and voluntary companion rate schedule.

The measure declares that the participation of retail customers in a pilot program is in the public interest and that the voluntary companion rate schedules approved are necessary in order to acquire information which is in furtherance of the public interest. The measure requires the Commission to approve the recovery of pilot program costs that it deems to be reasonable and prudent, the pilot program design, the voluntary companion rate schedule, and the portfolio of participating generating facilities. Commission review or approval is not required for individual participating generating facilities, agreements, sites, or RFPs. The measure provides that an approved voluntary companion rate schedule shall not be considered a tariff for electric energy provided 100 percent from renewable energy. Finally, an enactment clause directs investor-owned utilities, prior to submitting a proposal for a pilot program, to examine, in cooperation with representatives of relevant governmental, nonprofit, and for-profit entities, options to facilitate the subscribing by low-income customers to the utility's pilot program.

- 6. Budget Amendment Necessary:** No
- 7. Fiscal Impact Estimates:** None on State Corporation Commission
- 8. Fiscal Implications:** None on the State Corporation Commission
- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission
- 10. Technical Amendment Necessary:** No
- 11. Other Comments:** No.