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HOUSE BILL NO. 1202

Offered January 10, 2018

Prefiled January 10, 2018

A BILL establishing a pilot program approving the construction of two underground electric transmission lines.

Patrons—Hugo; Senator: Black

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. § 1. There is hereby established a pilot program to further the understanding of underground electric transmission lines in regard to electric reliability, construction methods and related cost and timeline estimating, and the probability of meeting such projections. The pilot program shall consist of the approval to construct qualifying electrical transmission lines of greater than 69 kilovolts but not exceeding 230 kilovolts, in whole or in part underground. Such pilot program shall consist of a total of two qualifying electrical transmission line projects, constructed in whole or in part underground, as specified and set forth in this act.

§ 2. Notwithstanding any other law to the contrary, as a part of the pilot program established pursuant to this act, the State Corporation Commission (the Commission) shall approve as a qualifying project a transmission line of 230 kilovolts or less that is pending final approval of a certificate of public convenience and necessity from the Commission as of December 31, 2017, for the construction of an electrical transmission line approximately 5.3 miles in length, utilizing both overhead and underground transmission facilities, of which the underground portion shall be approximately 3.1 miles in length, which has been previously proposed for construction within or immediately adjacent to the right-of-way of an interstate highway. Once the Commission has affirmed the project need through a final order, the project shall be constructed in part underground, and the underground portion shall consist of a double circuit. The Commission shall approve such underground construction within 30 days of receipt of the written request of the public utility to participate in the pilot program pursuant to this section. The Commission shall not require the submission of additional technical and cost analyses as a condition of its approval, but it may request such analyses for its review. The Commission shall approve the underground construction of one contiguous segment of the transmission line that is approximately 3.1 miles in length that was previously proposed for construction within or immediately adjacent to the right-of-way of the interstate highway, for which, by resolution, the locality has indicated general community support. The remainder of the construction for the transmission line shall be aboveground. The Commission shall not be required to perform any further analysis as to the impacts of this route, including environmental impacts or impacts upon historical resources. The electric utility may proceed to acquire the right-of-way and take such other actions as it deems appropriate in furtherance of the construction of the approved transmission line, including acquiring the cables necessary for the underground installation.

§ 3. In reviewing applications submitted by public utilities for certificates of public convenience and necessity for the construction of electrical transmission lines of 230 kilovolts or less filed between the effective date of this act and July 1, 2020, the Commission shall approve, consistent with the requirements of § 4, one additional application as a qualifying project to be constructed in whole or in part underground as a part of this pilot program. The one qualifying project shall be in addition to the qualifying project described in § 2.

§ 4. For purposes of § 3 of this act, a project shall be qualified to be placed underground, in whole or in part, if it meets all of the following criteria:

a. An engineering analysis demonstrates that it is technically feasible to place the proposed line, in whole or in part, underground;

b. The governing body of each locality in which a portion of the proposed line will be placed underground indicates, by resolution, general community support for the project and that it supports the transmission line to be placed underground;

c. A project has been filed with the Commission or is pending issuance of a certificate of public convenience and necessity by July 1, 2020;

d. The estimated additional cost of placing the proposed line, in whole or in part, underground does not exceed 2.5 times the cost of placing the same line overhead, assuming accepted industry standards for undergrounding to ensure safety and reliability. If the public utility, the affected localities, and the Commission agree, a proposed underground line whose cost exceeds 2.5 times the cost of placing the

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59 line overhead may also be accepted into the pilot program;

60 e. The public utility requests that the project be considered as a qualifying project under this act;
61 and

62 f. The primary need of the project shall be for purposes of grid reliability, grid resiliency, or to
63 support economic development priorities of the Commonwealth and shall not be to address aging assets
64 that would have otherwise been replaced in due course.

65 § 5. Approval of a transmission line pursuant to this act for inclusion in the pilot program shall be
66 deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such
67 transmission line and any associated facilities, such as stations, substations, transition stations and
68 locations, and switchyards or stations, that may be required.

69 § 6. The Commission shall report annually to the Commission on Electric Utility Restructuring, the
70 Joint Commission on Technology and Science, and the Governor on the progress of the pilot program
71 by no later than December 1 of each year that this act is in effect. The Commission shall submit a final
72 report to the Commission on Electric Utility Restructuring, the Joint Commission on Technology and
73 Science, and the Governor no later than December 1, 2024, analyzing the entire program and making
74 recommendations about the continued placement of transmission lines underground in the
75 Commonwealth. The Commission's final report shall include, among other items, an analysis and
76 findings of the costs of underground construction and historical and future consumer rate effects of such
77 costs, the effects of undergrounding transmission lines on grid reliability, operability including operating
78 voltage, probability of meeting cost and construction timeline estimates of such underground
79 transmission lines, and aesthetic or other benefits attendant to the placement of transmission lines
80 underground.

81 § 7. For the qualifying projects chosen pursuant to this act and not fully recoverable as charges for
82 new transmission facilities pursuant to subdivision A 4 of § 56-585.1, the Commission shall approve a
83 rate adjustment clause. The rate adjustment clause shall provide for the full and timely recovery of any
84 portion of the cost of such project not recoverable under applicable rates, terms, and conditions
85 approved by the Federal Energy Regulatory Commission and shall include the use of the fair return on
86 common equity most recently approved in a Commission proceeding for such utility, as defined by
87 subsection A of § 56-585.1. Such costs shall be entirely assigned to the utility's Virginia jurisdictional
88 customers. The Commission's final order regarding any petition filed pursuant to this section shall be
89 entered not more than three months after the filing of such petition.

90 § 8. Approval of a proposed transmission line for inclusion in this program shall not preclude the
91 placing of existing or future overhead facilities in the same area or corridor by other transmission
92 projects.

93 § 9. The provisions of this act shall not be construed to limit the ability of the Commission to
94 approve additional applications for placement of transmission lines underground.

95 § 10. If two applications that meet the requirements of this act are not submitted to the Commission,
96 the Commission shall document the failure of the projects to qualify for the pilot program in order to
97 justify approving fewer than two projects to be placed underground, in whole or in part.

98 § 11. Insofar as the provisions of this act are inconsistent with the provisions of any other law or
99 local ordinance, the provisions of this act shall be controlling.