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**SENATE BILL NO. 711**

Offered January 10, 2018

Prefiled January 10, 2018

*A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:4, relating to electric utilities; community renewable projects.*

Patron—Wexton

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 56-585.1:4 as follows:**

***§ 56-585.1:4. Community renewable projects.***

*A. As used in this section:*

*"Community renewable project" or "project" means an electric generation facility that:*

*1. Uses as its sole energy source solar power or wind power;*

*2. Is located in the service territory of a retail utility;*

*3. Has a rated generating capacity that does not exceed 20 megawatts;*

*4. Is owned either by (i) the retail utility in whose service territory the facility is located or (ii) a for-profit or nonprofit entity, which may be an entity entirely owned by or consisting of subscribers, that contracts to sell the electricity generated by the facility to the retail utility in whose service territory the facility is located; and*

*5. Is operated subject to requirements that:*

*a. The beneficial use of the electricity generated by the facility belongs to the community renewable project's subscribers;*

*b. There are at all times no fewer than five subscribers; and*

*c. No subscriber owns the right to more than 40 percent of the electricity generated by the facility.*

*"Retail utility" means an investor-owned electric utility or distribution electric cooperative.*

*"Subscriber" means a person that:*

*1. Is a residential or nonresidential retail customer of a retail utility;*

*2. Owns a subscription; and*

*3. Has designated one or more projects to which the subscription shall be attributed, each of which is within the service territory of the retail utility where the person receives electric utility service, provided that the person may change its designation of a project at any time if the substituted project also is within the service territory of such retail utility.*

*"Subscription" means a proportional interest in a renewable electric generation facility operated as a project, together with the renewable energy credits associated with the facility, provided that:*

*1. Each subscription is sized (i) to represent at least 200 watts of the project's generating capacity and (ii) to supply, when combined with other distributed generation resources serving the premises, no more than 125 percent of the average annual consumption of electricity by each subscriber at the physical location or locations to which the subscription is attributed; and*

*2. If the requirements of subdivision 1 are met, a subscription may be sized according to (i) a subscriber's desired subscription capacity, (ii) a certain percentage of a subscriber's load, or (iii) some other metric.*

*B. By October 1, 2018, the Commission shall commence a proceeding to adopt rules as necessary to implement this section, including rules to facilitate the financing of subscriber-owned projects. Such rules shall establish requirements:*

*1. For minimum capitalization;*

*2. Establishing uniform standards, fees, and processes for the interconnection of projects that allow the utility to recover reasonable interconnection, transmission, and distribution costs for each project;*

*3. Ensuring that consistent standards are applied to both utility-delivered and non-utility projects;*

*4. Specifying the information that must be provided to potential subscribers to ensure fair disclosure of future costs and benefits of subscriptions; and*

*5. Ensuring that subscribing customers and participating generating facilities that participate in a pilot program established pursuant to § 56-585.1:3 are ineligible to participate in a program conducted pursuant to this section.*

*C. Neither the owner of nor the subscribers to a project shall be deemed to be a public utility subject to the provisions of this title. Prices paid for subscriptions in projects shall not be subject to regulation by the Commission.*



12/19/22 6:16

*D. The retail utility in whose service territory the project is located shall purchase all of the electricity generated by the project. The amount of electricity and renewable energy credits generated by each project shall be determined by a production meter installed by the retail utility or third-party system owner and paid for by the owner of the project. The purchase of the electricity by the retail utility shall take the form of a credit against the retail utility's electric bill to each of the project's subscribers in accordance with a crediting process established by the Commission.*

*E. The Commission shall formulate and implement policies consistent with this section that simultaneously encourage:*

*1. The ownership by customers of subscriptions in projects and of other forms of distributed generation, to the extent the Commission finds there to be demand for such ownership;*

*2. The development of projects with attributes that the Commission finds result in lower overall total costs for the retail utility's customers; and*

*3. The successful financing and operation of subscriber-owned projects.*