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HOUSE BILL NO. 1809

Offered January 9, 2019

Prefiled December 29, 2018

A *BILL to amend and reenact the fourteenth and fifteenth enactments of Chapter 296 of the Acts of Assembly of 2018, relating to electric utility regulation; investments in renewable energy and energy efficiency programs; refunds to customers.*

Patron—Gooditis

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the fourteenth enactment of Chapter 296 of the Acts of Assembly of 2018 is amended and reenacted as follows:

14. That it is the objective of the General Assembly that the construction and development of new utility-owned and utility-operated generating facilities utilizing energy derived from sunlight and from wind with an aggregate capacity of 5,000 megawatts, including rooftop solar installations with a capacity of not less than 50 kilowatts, and with an aggregate capacity of 50 megawatts, be placed in service on or before July 1, 2028. The State Corporation Commission (*the Commission*) shall submit a report and make recommendations to the Governor and the General Assembly annually on or before December 1 of each year through December 1, 2028, assessing (i) the aggregate annual new construction and development of new utility-owned and utility-operated generating facilities utilizing energy derived from sunlight, (ii) the integration of utility-owned renewable electric generation resources with the utility's electric distribution grid; (iii) the aggregate additional utility-owned and utility-operated generating facilities utilizing energy derived from sunlight placed in operation since July 1, 2018, and (iv) the need for additional generation of electricity utilizing energy derived from sunlight in order to meet the objective of the General Assembly on or before July 1, 2028. The State Corporation Commission shall submit copies of such annual reports to the Chairmen of the House and Senate Committees on Commerce and Labor and the Chairman of the Commission on Electric Utility Regulation. Commencing in 2020, the Commission shall conduct annual proceedings in which it shall determine whether each Phase I Utility and Phase II Utility, as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, is making satisfactory efforts to meet the objective of placing such generating facilities utilizing energy derived from sunlight and from wind in service on or before July 1, 2028. A utility shall be presumed to be consistently making satisfactory efforts to meet such objective if the Phase I Utility and Phase II Utility construct solar and wind generating facilities utilizing energy derived from sunlight and from wind each year with an aggregate capacity commencing at 500 megawatts in 2020 and increasing by 100 megawatts each year over the amount constructed in the previous year. If the Commission finds in such a proceeding that such a utility is not consistently making satisfactory efforts to meet such objective, in such proceeding the Commission shall determine the amount of investment that the utility would have had to make in order to have made satisfactory efforts in that year to meet such objective. Notwithstanding any provision of § 56-585.1 of the Code of Virginia to the contrary, the Commission shall direct the utility to credit to customers' bills the amount of investment that the utility would have had to make in order to have been found to have made satisfactory efforts in that year to meet such objective. Any such credits shall be amortized over a period of six to 12 months, as determined at the discretion of the Commission, following the effective date of the Commission's order, and shall be allocated among customer classes such that the relationship between the specific customer class rates of return to the overall target rate of return will have the same relationship as the last approved allocation of revenues used to design base rates.

2. That the fifteenth enactment of Chapter 296 of the Acts of Assembly of 2018 is amended and reenacted as follows:

15. That each Phase I Utility and Phase II Utility, as such terms are defined in subdivision A 1 of § 56-585.1 of the Code of Virginia, shall develop a proposed program of energy conservation measures. Any program shall provide for the submission of a petition or petitions for approval to design, implement, and operate energy efficiency programs pursuant to subdivision A 5 c of § 56-585.1 of the Code of Virginia. At least five percent of such energy efficiency programs shall benefit low-income, elderly, and disabled individuals. The projected costs for the utility to design, implement, and operate such energy efficiency programs, including a margin to be recovered on operating expenses, shall be no less than an aggregate amount of \$140 million for a Phase I Utility

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59 and \$870 million for a Phase II Utility for the period beginning July 1, 2018, and ending July 1,
60 2028, including any existing approved energy efficiency programs. In developing such portfolio of
61 energy efficiency programs, each utility shall utilize a stakeholder process, to be facilitated by an
62 independent monitor compensated under the funding provided pursuant to subdivision E of
63 § 56-592.1 of the Code of Virginia, to provide input and feedback on the development of such
64 energy efficiency programs. Such stakeholder process shall include representatives from each
65 utility, the State Corporation Commission (*the Commission*), the office of Consumer Counsel of the
66 Attorney General, the Department of Mines, Minerals and Energy, energy efficiency program
67 implementers, energy efficiency providers, residential and small business customers, and any other
68 interested stakeholder who the independent monitor deems appropriate for inclusion in such
69 process. The utility shall report on the status of the energy efficiency program, including the
70 petitions filed and the determination thereon, to the Governor, the State Corporation Commission,
71 and the Chairmen of the House and Senate Commerce and Labor Committees on July 1, 2019,
72 and annually thereafter through July 1, 2028. *Commencing in 2020, the Commission shall conduct*
73 *annual proceedings in which it shall determine whether each Phase I Utility and Phase II Utility is*
74 *making satisfactory efforts to implement such energy efficiency programs. A utility shall be presumed*
75 *to be consistently making satisfactory efforts to meet such objective if the Phase I Utility and Phase II*
76 *Utility achieve reductions in electricity consumption of 0.2 percent in 2020, which percentage*
77 *increases by 0.2 percent in each year thereafter until the reductions in electricity consumption total*
78 *two percent in 2029. If the Commission finds in such a proceeding that such a utility is not*
79 *consistently making satisfactory efforts to implement such energy efficiency programs, in such*
80 *proceeding the Commission shall determine the amount of investment that the utility would have had*
81 *to make in order to have made satisfactory efforts in that year to implement such energy efficiency*
82 *programs. Notwithstanding any provision of § 56-585.1 of the Code of Virginia to the contrary, the*
83 *Commission shall direct the utility to credit to customers' bills the amount of investment that the*
84 *utility would have had to make in order to have made satisfactory efforts in that year to implement*
85 *such energy efficiency programs. Any such credits shall be amortized over a period of six to 12*
86 *months, as determined at the discretion of the Commission, following the effective date of the*
87 *Commission's order, and shall be allocated among customer classes such that the relationship*
88 *between the specific customer class rates of return to the overall target rate of return will have the*
89 *same relationship as the last approved allocation of revenues used to design base rates.*