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HOUSE BILL NO. 2792

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Commerce and Labor
on January 31, 2019)

(Patron Prior to Substitute—Delegate Tran)

A *BILL to amend the Code of Virginia by adding a section numbered 56-585.1:8, relating to a pilot program for municipal net energy metering.*

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-585.1:8 as follows:

§ 56-585.1:8. Pilot program for municipal net energy metering.

A. As used in this section:

"Municipal customer-generator" means a single municipality metered account that owns and operates an electrical generating facility that (i) uses as its total source of fuel renewable energy as defined in § 56-576, (ii) has a generating capacity of not more than two megawatts, (iii) is located on the municipality's premises and is connected to the municipality's wiring on the municipality's side of its interconnection with the utility, (iv) is interconnected and operated in parallel with the utility's transmission and distribution facilities, and (v) is intended primarily to offset all or part of the customer account's own electricity requirements. The capacity of any generating facility installed under this section, other than a generating facility located on airports, landfills, parking lots, parks, post-mine land, or a reservoir that is owned, operated, or leased by the municipality, shall not exceed the same limitation established with respect to an eligible customer-generator as set forth in the definition of such term in subsection B of § 56-594.

"Municipality" means any county, city, or town in the Commonwealth, other than a municipality that owns and operates its own electric utility.

"Net energy metering" means measuring the difference, over the net metering period, between (i) electricity supplied to a municipal customer-generator from the electric grid and (ii) the electricity generated and fed back to the electric grid by the municipal customer-generator.

"Net metering period" means the 12-month period following the date of final interconnection of the municipal customer-generator's system with its utility and each 12-month period thereafter.

"Utility" means Phase I Utility or Phase II Utility, as such terms are defined in § 56-585.1:3.

B. The Commission shall require each utility to submit a proposal to the Commission to conduct a pilot program for municipal net energy metering in accordance with the following terms, conditions, and restrictions:

1. A pilot program shall be conducted within the service territory of each utility. The pilot program shall allow any municipal customer-generator that generates electricity from a renewable energy generation facility in amounts that exceed the amount of the utility's electricity consumed by the host municipal customer-generator account to credit one or more of the municipality's target metered accounts or, if the pilot program is conducted by a Phase I Utility, also to metered accounts of the public school division of the municipality. In each utility's pilot program, the target accounts may be at one or more other separately utility-metered public buildings or facilities at contiguous or noncontiguous sites owned by the municipality and used for a public purpose; however, if the pilot program is conducted by a Phase I Utility, target accounts may also be at one or more other separately utility-metered buildings or facilities of the public school division of the municipality. In each utility's pilot program, excess electricity shall be credited to the metered account of the target municipal customer in the same municipality, such that the generation energy charges on the electric bills of such target's metered accounts shall be reduced by the amount of the excess generation kilowatt-hours apportioned to the metered accounts multiplied by the applicable generation energy rate of the target's accounts. The generation energy rate of the target's accounts includes all applicable kilowatt-hour-based rate adjustment clauses with the exception of any non-fuel-related or non-generation-related kilowatt-hour-based rate adjustment clauses. The netting of the amount of electricity generated and the amount of electricity consumed, and the crediting for the amount of any excess generation determined as a result of such netting, shall occur in the twelfth month following the commencement of the host municipal customer-generator's generation of electricity under a pilot program and annually thereafter, regardless of the municipal customer-generator's regular billing period.

2. The pilot program shall not limit the current authority of any municipality to participate in any other net energy metering program.

3. The amount of generating capacity of the generating facilities that are the subject of a pilot program under this section shall not exceed:

a. If the pilot program is conducted by a Phase I Utility, five megawatts although the Phase I Utility

60 may, in its discretion, increase the generating capacity that is part of the program up to 10 megawatts;
61 or
62 b. If the pilot program is conducted by a Phase II Utility, 25 megawatts.
63 4. The aggregated capacity of all generation facilities that are the subject of each utility's pilot
64 program under this section shall constitute a portion of the existing limit of the utility's adjusted
65 Virginia peak-load forecast of the previous year that is available to (i) municipal customer-generators
66 under this section, (ii) eligible customer-generators and eligible agricultural customer-generators under
67 § 56-594, and (iii) small agricultural generators under § 56-594.2 in the utility's service area. Municipal
68 customer-generators shall be eligible to participate in a utility's pilot program implemented under this
69 section on a first-come, first-served basis in each utility's Virginia service area until the limits set forth
70 in subdivision 3 are met.
71 5. Any pilot program conducted under this section shall require that:
72 a. If conducted by a Phase I Utility or Phase II Utility, each participating municipality shall be
73 responsible for all administrative costs associated with implementing the pilot program, including
74 administrative costs associated with crediting excess generation to target accounts; and
75 b. If conducted by a Phase I Utility, the credit for excess energy, to the extent possible, shall be
76 prioritized to be directed to accounts at buildings or facilities of the public school division of the
77 municipality before the credit is directed to any of the municipality's target accounts.
78 6. Any pilot program conducted pursuant to this section shall not limit the current authority of any
79 municipality to participate in any other net energy metering program.
80 7. Neither jurisdictional customers nor non-jurisdictional customers, including those that are
81 members of a joint powers association representing member units of a political subdivision of the
82 Commonwealth, that do not participate in a pilot program under this section shall bear any costs
83 associated with participation in such pilot program by a participating host municipal
84 customer-generator and participating target municipal customer.
85 C. The duration of any pilot program approved by the Commission pursuant to this section shall be
86 six years. If the pilot program is not extended beyond such initial term, host and target accounts
87 participating at the end of the initial term shall be permitted to continue to participate under the terms
88 of the pilot program that existed during the initial term. The terms of the pilot program shall be
89 included in future contracts for each municipality that elects to continue its program.
90 D. The Commission shall review the pilot programs established pursuant to this section in 2021 and
91 every two years thereafter for the duration of the pilot program.
92 2. That the State Corporation Commission shall, by December 1, 2019, adopt such rules or
93 establish such guidelines as may be necessary for its general administration of the pilot program
94 established under this act.
95 3. That any electric utility participating in the pilot program established under this act shall
96 report to the General Assembly by December 1 of each year the pilot program is in effect,
97 commencing in 2020, regarding the status of the pilot program's enrollment and any other
98 information that may be appropriate.