

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 56-576, 56-580 through 56-583, 56-585, 56-587 through 56-590, and 56-593 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 56-581.1 and 56-592.1, relating to the Virginia Electric Utility Restructuring Act.

[S 585]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-576, 56-580 through 56-583, 56-585, 56-587 through 56-590, and 56-593 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 56-581.1 and 56-592.1 as follows:

§ 56-576. Definitions.

As used in this chapter:

"Affiliate" means any person that controls, is controlled by, or is under common control with an electric utility.

"Aggregator" means a person licensed by the Commission that, purchases or arranges for the purchase of electric energy as an agent or intermediary for sale to, or on behalf of, two or more retail customers (i) offers to purchase, or purchases, electric energy or (ii) offers to arrange for, or arranges for, the purchase of electric energy, for sale to, or on behalf of, two or more retail customers not controlled by or under common control with such person. The following activities shall not, in and of themselves, make a person an aggregator under this chapter: (i) furnishing legal services to two or more retail customers, suppliers or aggregators; (ii) furnishing educational, informational, or analytical services to two or more retail customers, unless direct or indirect compensation for such services is paid by an aggregator or supplier of electric energy; (iii) furnishing educational, informational, or analytical services to two or more suppliers or aggregators; (iv) providing default service under § 56-585; (v) engaging in activities of a retail electric energy supplier, licensed pursuant to § 56-587, which are authorized by such supplier's license; and (vi) engaging in actions of a retail customer, acting in common with one or more other such retail customers, to issue a request for proposal or to negotiate a purchase of electric energy for consumption by such retail customers.

"Billing services" means services related to billing customers for competitive electric services or billing customers on a consolidated basis for both competitive and regulated electric services.

"Commission" means the State Corporation Commission.

"Cooperative" means a utility formed under or subject to Chapter 9 (~~§ 56-209 et seq.~~) 9.1 (~~§ 56-231.15 et seq.~~) of this title.

"Covered entity" means a provider in the Commonwealth of an electric service not subject to competition but shall not include default service providers.

"Covered transaction" means an acquisition, merger, or consolidation of, or other transaction involving stock, securities, voting interests or assets by which one or more persons obtains control of a covered entity.

"Customer choice" means the opportunity for a retail customer in the Commonwealth to purchase electric energy from any supplier licensed and seeking to sell electric energy to that customer.

"Distribute," "distributing" or "distribution of" electric energy means the transfer of electric energy through a retail distribution system to a retail customer.

"Distributor" means a person owning, controlling, or operating a retail distribution system to provide electric energy directly to retail customers.

"Electric utility" means any person that generates, transmits, or distributes electric energy for use by retail customers in the Commonwealth, including any investor-owned electric utility, cooperative electric utility, or electric utility owned or operated by a municipality.

"Generate," "generating," or "generation of" electric energy means the production of electric energy.

"Generator" means a person owning, controlling, or operating a facility that produces electric energy for sale.

"Incumbent electric utility" means each electric utility in the Commonwealth that, prior to July 1, 1999, supplied electric energy to retail customers located in an exclusive service territory established by the Commission.

"Independent system operator" means a person that may receive or has received, by transfer pursuant to this chapter, any ownership or control of, or any responsibility to operate, all or part of the transmission systems in the Commonwealth.

57 "Market power" means the ability to impose on customers a significant and nontransitory price
58 increase on a product or service in a market above the price level which would prevail in a competitive
59 market.

60 "Metering services" means the ownership, installation, maintenance, or reading of electric meters
61 and includes meter data management services.

62 "Municipality" means a city, county, town, authority or other political subdivision of the
63 Commonwealth.

64 "Period of transition to customer choice" means the period beginning on January 1, 2002, and ending
65 on January 1, 2004, unless otherwise extended by the Commission pursuant to this chapter, during
66 which the Commission and all electric utilities authorized to do business in the Commonwealth shall
67 implement customer choice for retail customers in the Commonwealth.

68 "Person" means any individual, corporation, partnership, association, company, business, trust, joint
69 venture, or other private legal entity, and the Commonwealth or any municipality.

70 "Retail customer" means any person that purchases retail electric energy for its own consumption at
71 one or more metering points or nonmetered points of delivery located in the Commonwealth.

72 "Retail electric energy" means electric energy sold for ultimate consumption to a retail customer.

73 "Supplier" means any generator, distributor, aggregator, broker, marketer, or other person who offers
74 to sell or sells electric energy to retail customers and is licensed by the Commission to do so, but it
75 does not mean a generator that produces electric energy exclusively for its own consumption or the
76 consumption of an affiliate.

77 "Supply" or "supplying" electric energy means the sale of or the offer to sell electric energy to a
78 retail customer.

79 "Transmission of," "transmit," or "transmitting" electric energy means the transfer of electric energy
80 through the Commonwealth's interconnected transmission grid from a generator to either a distributor or
81 a retail customer.

82 "Transmission system" means those facilities and equipment that are required to provide for the
83 transmission of electric energy.

84 § 56-580. Transmission and distribution of electric energy.

85 A. The Commission shall continue to regulate pursuant to this title the distribution of retail electric
86 energy to retail customers in the Commonwealth and, to the extent not prohibited by federal law, the
87 transmission of electric energy in the Commonwealth.

88 B. The Commission shall continue to regulate, to the extent not prohibited by federal law, the
89 reliability, quality and maintenance by transmitters and distributors of their transmission and retail
90 distribution systems.

91 C. The Commission shall develop codes of conduct governing the conduct of incumbent electric
92 utilities and affiliates thereof when any such affiliates provide, or control any entity that provides,
93 generation, distribution or transmission or any services made competitive pursuant to § 56-581.1, to the
94 extent necessary to prevent impairment of competition.

95 D. The Commission may permit the construction and operation of electrical generating facilities upon
96 a finding that such generating facility and associated facilities including transmission lines and
97 equipment (i) will have no material adverse effect upon reliability of electric service provided by any
98 regulated public utility and (ii) are not otherwise contrary to the public interest. In review of its petition
99 for a certificate to construct and operate a generating facility described in this subsection, the
100 Commission shall give consideration to the effect of the facility and associated facilities, including
101 transmission lines and equipment, on the environment and establish such conditions as may be desirable
102 or necessary to minimize adverse environmental impact as provided in § 56-46.1.

103 E. Nothing in this section shall impair the distribution service territorial rights of incumbent electric
104 utilities, and incumbent electric utilities shall continue to provide distribution services within their
105 exclusive service territories as established by the Commission. Nothing in this chapter shall impair the
106 Commission's existing authority over the provision of electric distribution services to retail customers in
107 the Commonwealth including, but not limited to, the authority contained in Chapters 10 (§ 56-232 et
108 seq.) and 10.1 (§ 56-265.1 et seq.) of this title.

109 F. Nothing in this chapter shall impair the exclusive territorial rights of an electric utility owned or
110 operated by a municipality as of July 1, 1999, nor shall any provision of this chapter apply to any such
111 electric utility unless (i) that municipality elects to have this chapter apply to that utility or (ii) that
112 utility, directly or indirectly, sells, offers to sell or seeks to sell electric energy to any retail customer
113 outside the geographic area that was served by such municipality as of July 1, 1999.

114 § 56-581. Regulation of rates subject to Commission's jurisdiction.

115 A. Subject to the provisions of § 56-582, the Commission shall regulate the rates for the transmission
116 of electric energy, to the extent not prohibited by federal law, and for the distribution of electric energy
117 to such retail customers on an unbundled basis, but, subject to the provisions of this chapter after the

118 date of customer choice, the Commission no longer shall regulate rates and services for the generation
119 component of retail electric energy sold to retail customers.

120 ~~B. No later than September 1, 1999, and annually thereafter, the Commission shall submit a report to~~
121 ~~the General Assembly evaluating the advantages and disadvantages of competition for metering, billing~~
122 ~~and other services which have not been made subject to competition, and making recommendations as to~~
123 ~~when, and for whom, such other services should be made subject to competition.~~

124 ~~C. B. Beginning July 1, 1999, and thereafter, no cooperative that was a member of a power supply~~
125 ~~cooperative on January 1, 1999, shall be obligated to file any rate rider as a consequence of an increase~~
126 ~~or decrease in the rates, other than fuel costs, of its wholesale supplier, nor must any adjustment be~~
127 ~~made to such cooperative's rates as a consequence thereof.~~

128 ~~D. C. Except for the provision of default services under § 56-585 or emergency services in § 56-586,~~
129 ~~nothing in this chapter shall authorize the Commission to regulate the rates or charges for electric~~
130 ~~service to the Commonwealth and its municipalities.~~

131 *§ 56-581.1. Authority to make services competitive.*

132 *A. On or before January 1, 2001, the Commission shall recommend to the Legislative Transition*
133 *Task Force whether metering services, billing services, or both, for which competition has not been*
134 *otherwise authorized by law, may be provided by persons licensed to provide such services. The*
135 *Commission's recommendation under this subsection as to the appropriateness of and date of*
136 *commencement of competition (i) shall include a draft plan for implementation of competition for*
137 *metering services and billing services and (ii) may vary by service, type of seller, region, incumbent*
138 *electric utility, and customer group. Such recommendation and draft plan, which shall be developed*
139 *after notice and an opportunity for hearing, shall:*

140 *1. Be consistent with the goal of facilitating the development of effective competition in electric*
141 *service for all customer classes;*

142 *2. Take into account the readiness of customers and suppliers to buy and sell such services;*

143 *3. Take into account the technological feasibility of furnishing any such services on a competitive*
144 *basis;*

145 *4. Take into account whether reasonable steps have been or will be taken to educate and prepare*
146 *customers for the implementation of competition for any such services;*

147 *5. Not jeopardize the safety, reliability or quality of electric service;*

148 *6. Consider the degree of control exerted over utility operations by utility customers;*

149 *7. Not adversely affect the ability of an incumbent electric utility authorized or obligated to provide*
150 *electric service to customers who do not buy such services from competitors to provide electric service*
151 *to such customers at reasonable rates; and*

152 *8. Give due consideration to the potential effects of such determinations on utility tax collection by*
153 *state and local governments in the Commonwealth.*

154 *B. Competition for metering services, billing services, or both, may be implemented concurrently or*
155 *pursuant to separate schedules as determined by the General Assembly.*

156 *C. If, on or before January 1, 2001, the Commission has not recommended that competition is*
157 *appropriate for (i) metering services, (ii) billing services, or (iii) any portion of either service, the*
158 *Commission shall continue to consider such matters and report thereon to the Legislative Transition*
159 *Task Force no less frequently than annually until such services are made competitive.*

160 *D. Upon enactment of legislation making competitive metering services, billing services, or both, an*
161 *incumbent electric utility shall undertake such coordination, with persons licensed to provide such*
162 *service, as the Commission deems reasonably necessary to the development of such competition,*
163 *provided that the reasonable costs of such coordination are recovered by such utility. The foregoing*
164 *shall apply to an affiliate of an incumbent electric utility if such affiliate controls a resource that is*
165 *necessary to the coordination required of the incumbent electric utility by this subsection.*

166 *E. Any person seeking to sell, offering to sell, or selling competitive metering services, competitive*
167 *billing services, or both, shall be subject to the licensure requirements of § 56-587.*

168 *F. Upon enactment of legislation making competitive a service presently provided by an incumbent*
169 *electric utility, the Commission shall adjust the rates for any noncompetitive services provided by such*
170 *utility so that such rates do not reflect costs associated with or properly allocable to the service made*
171 *subject to competition.*

172 *§ 56-582. Rate caps.*

173 *A. The Commission shall establish capped rates, effective January 1, 2001, and expiring on July 1,*
174 *2007, for each service territory of every incumbent utility as follows:*

175 *1. Capped rates shall be established for customers purchasing bundled electric transmission,*
176 *distribution and generation services from an incumbent electric utility.*

177 *2. Capped rates for electric generation services, only, shall also be established for the purpose of*
178 *effecting customer choice for those retail customers authorized under this chapter to purchase generation*

179 services from a supplier other than the incumbent utility during this period.

180 3. The capped rates established under this section shall be the rates in effect for each incumbent
 181 utility as of the effective date of this chapter, or rates subsequently placed into effect pursuant to a rate
 182 application filed by an incumbent electric utility with the Commission prior to January 1, 2001, and
 183 subsequently approved by the Commission, and made by an incumbent electric utility that is not
 184 currently bound by a rate case settlement adopted by the Commission that extends in its application
 185 beyond January 1, 2002. *If such rate application is filed, the rates proposed therein shall go into effect*
 186 *on January 1, 2001, but such rates shall be interim in nature and subject to refund until such time as*
 187 *the Commission has completed its investigation of such application. Any amount of the rates found*
 188 *excessive by the Commission shall be subject to refund with interest, as may be ordered by the*
 189 *Commission.* The Commission shall act upon such applications prior to commencement of the period of
 190 transition to customer choice, ~~and capped rates determined pursuant to such applications shall become~~
 191 ~~effective on January 1, 2001.~~ Such rate application and the Commission's approval shall give due
 192 consideration, on a forward-looking basis, to the justness and reasonableness of rates to be effective for
 193 a period of time ending as late as July 1, 2007. The capped rates established under this section, which
 194 include rates, tariffs, electric service contracts, and rate programs (including experimental rates,
 195 regardless of whether they otherwise would expire), shall be such rates, tariffs, contracts, and programs
 196 of each incumbent electric utility, provided that experimental rates and rate programs may be closed to
 197 new customers upon application to the Commission.

198 B. The Commission may adjust such capped rates in connection with (i) utilities' recovery of fuel
 199 costs pursuant to § 56-249.6, (ii) any changes in the taxation by the Commonwealth of incumbent
 200 electric utility revenues, (iii) any financial distress of the utility beyond its control, (iv) respect to
 201 cooperatives that were not members of a power supply cooperative on January 1, 1999, and as long as
 202 they do not become members, their cost of purchased wholesale power, and (v) respect to cooperatives
 203 that were members of a power supply cooperative on January 1, 1999, their recovery of fuel costs,
 204 through the wholesale power cost adjustment clauses of their tariffs pursuant to § 56-226.
 205 Notwithstanding the provisions of § 56-249.6, the Commission may authorize tariffs that include
 206 incentives designed to encourage an incumbent electric utility to reduce its fuel costs by permitting
 207 retention of a portion of cost savings resulting from fuel cost reductions or by other methods determined
 208 by the Commission to be fair and reasonable to the utility and its customers.

209 C. A utility may petition the Commission to terminate the capped rates to all customers anytime after
 210 January 1, 2004, and such capped rates may be terminated upon the Commission finding of an
 211 effectively competitive market for generation services within the service territory of that utility. If the
 212 capped rates are continued after January 1, 2004, an incumbent electric utility which is not, as of the
 213 effective date of this chapter, bound by a rate case settlement adopted by the Commission that extends
 214 in its application beyond January 1, 2002, may petition the Commission for approval of a one-time
 215 change in the nongeneration components of such rates.

216 D. Until the expiration or termination of capped rates as provided in this section, the incumbent
 217 electric utility, consistent with the functional separation plan implemented under § 56-590, shall make
 218 electric service available at capped rates established under this section to any customer in the incumbent
 219 electric utility's service territory, including any customer that, until the expiration or termination of
 220 capped rates, requests such service after a period of utilizing service from another supplier.

221 E. During the period when capped rates are in effect for an incumbent electric utility, such utility
 222 may file with the Commission a plan describing the method used by such utility to assure full funding
 223 of its nuclear decommissioning obligation and specifying the amount of the revenues collected under
 224 either the capped rates, as provided in this section, or the wires charges, as provided in § 56-583, that
 225 are dedicated to funding such nuclear decommissioning obligation under the plan. The Commission shall
 226 approve the plan upon a finding that the plan is not contrary to the public interest.

227 § 56-583. Wires charges.

228 A. To provide the opportunity for competition and consistent with § 56-584, the Commission shall
 229 ~~establish~~ *calculate* wires charges for each incumbent electric utility, effective upon the commencement
 230 of customer choice, which shall be the ~~sum (i) of the difference between~~ *excess, if any, of the incumbent*
 231 ~~utilities' electric utility's~~ capped unbundled rates for generation ~~and over the~~ projected market prices for
 232 generation, as determined by the Commission; ~~and (ii) any transition costs incurred by the incumbent~~
 233 ~~electric utility determined by the Commission to be just and reasonable;~~ however, *where there is such*
 234 *excess*, the sum of such wires charges, the unbundled charge for transmission and ancillary services, the
 235 applicable distribution rates established by the Commission and the above projected market prices for
 236 generation shall not exceed the capped rates established under § 56-582 A 1 applicable to such
 237 incumbent electric utility. The Commission shall adjust such wires charges not more frequently than
 238 annually and shall seek to coordinate adjustments of wires charges with any adjustments of capped rates
 239 pursuant to § 56-582. *No wires charge shall be less than zero. The projected market prices for*

240 generation, when determined under this subsection, shall be adjusted for any projected cost of
 241 transmission, transmission line losses, and ancillary services subject to the jurisdiction of the Federal
 242 Energy Regulatory Commission which the incumbent electric utility (i) must incur to sell its generation
 243 and (ii) cannot otherwise recover in rates subject to state or federal jurisdiction.

244 B. Customers that choose suppliers of electric energy, other than the incumbent *electric* utility, or are
 245 subject to *and receiving* default service, prior to the expiration of the period for capped rates, as
 246 provided for in § 56-582, shall pay a wires charge determined pursuant to subsection A based upon
 247 actual usage of electricity distributed by the incumbent *electric* utility to the customer (i) during the
 248 period from the time ~~it~~ *the customer* chooses a supplier of electric energy other than the incumbent
 249 electric utility or (ii) during the period from the time the customer is subject to and receives default
 250 service until capped rates expire or are terminated, as provided in § 56-582.

251 C. The Commission shall permit any customer, at its option, to pay the wires charges owed to an
 252 incumbent electric utility on an accelerated or deferred basis upon a finding that such method is not (i)
 253 prejudicial to the incumbent electric utility or its ratepayers or (ii) inconsistent with the development of
 254 effective competition, provided, however, that all deferred wires charges shall be paid in full by July 1,
 255 2007.

256 D. A supplier of retail electric energy may pay any or all of the wires charge owed by any customer
 257 to an incumbent electric utility. The supplier may not only pay such wires charge on behalf of any
 258 customer, but also contract with any customer to finance such payments. Further, on request of a
 259 supplier, the incumbent electric utility shall enter into a contract allowing such supplier to pay such
 260 wires charge on an accelerated or deferred basis. Such contract shall contain terms and conditions,
 261 specified in rules and regulations promulgated by the Commission to implement the provisions of this
 262 subsection, that fully compensate the incumbent electric utility for such wires charge, including
 263 reasonable compensation for the time value of money.

264 § 56-585. Default service.

265 A. The Commission shall, after notice and opportunity for hearing, (i) determine the components of
 266 default service and (ii) establish one or more programs making such services available to retail
 267 customers requiring them commencing with the date of customer choice for all retail customers
 268 established pursuant to § 56-577. For purposes of this chapter, "default service" means service made
 269 available under this section to retail customers who (i) do not affirmatively select a supplier, (ii) are
 270 unable to obtain service from an alternative supplier, or (iii) have contracted with an alternative supplier
 271 who fails to perform.

272 B. The Commission shall designate the providers of default service. In doing so, the Commission:

273 1. Shall take into account the characteristics and qualifications of prospective providers, including
 274 cost, experience, safety, reliability, corporate structure, access to electric energy resources necessary to
 275 serve customers requiring such services, and other factors deemed necessary to protect the public
 276 interest;

277 2. May, upon a finding that the public interest will be served, designate one or more willing
 278 providers to provide one or more components of such services, in one or more regions of the
 279 Commonwealth, to one or more classes of customers; and

280 3. In the absence of a finding under subdivision 2, may require an incumbent electric utility or
 281 distribution utility to provide one or more components of such services, or to form an affiliate to do so,
 282 in one or more regions of the Commonwealth, at rates which are fairly compensatory to the utility and
 283 which reflect any cost of energy prudently procured, including energy procured from the competitive
 284 market; however, the Commission may not require an incumbent electric utility or distribution utility, or
 285 affiliate thereof, to provide any such services outside the territory in which such utility provides service.

286 C. The Commission shall, after notice and opportunity for hearing, determine the rates, terms and
 287 conditions for such services consistent with the provisions of subdivision B 3 and Chapter 10 (§ 56-232
 288 et seq.) of this title and shall establish such requirements for providers and customers as it finds
 289 necessary to promote the reliable and economic provision of such services and to prevent the inefficient
 290 use of such services. The Commission may use any rate method that promotes the public interest and
 291 may establish different rates, terms and conditions for different classes of customers.

292 D. On or before July 1, 2004, and annually thereafter, the Commission shall determine, after notice
 293 and opportunity for hearing, whether there is a sufficient degree of competition such that the elimination
 294 of default service for particular customers, particular classes of customers or particular geographic areas
 295 of the Commonwealth will not be contrary to the public interest. The Commission shall report its
 296 findings and recommendations concerning modification or termination of default service to the General
 297 Assembly and to the Legislative Transition Task Force, not later than December 1, 2004, and annually
 298 thereafter.

299 E. A distribution electric cooperative, or one or more affiliates thereof, shall have the obligation and
 300 right to be the supplier of default services in its certificated service territory. *Such default services, for*

301 *the purposes of this subsection, shall include the supply of electric energy and all services made*
 302 *competitive pursuant to § 56-581.1.* If a distribution electric cooperative, or one or more affiliates
 303 thereof, elects or seeks to be a default supplier of another electric utility, then the Commission shall
 304 designate the default supplier for that distribution electric cooperative, or any affiliate thereof, pursuant
 305 to subsection B.

306 § 56-587. Licensure of retail electric energy suppliers and persons providing other competitive
 307 services.

308 A. As a condition of doing business in the Commonwealth, each person *except a default service*
 309 *provider* seeking to sell, offering to sell, or selling (i) electric energy to any retail customer in the
 310 Commonwealth, on and after January 1, 2002 or (ii) *any service that, pursuant to § 56-581.1, may be*
 311 *provided by persons licensed to provide such service*, shall obtain a license from the Commission to do
 312 so. A license shall not be required solely for the leasing or financing of property used in the sale of
 313 electricity to any retail customer in the Commonwealth.

314 The license shall authorize that person to engage in the activities authorized by such license until the
 315 license expires or is otherwise terminated, suspended or revoked.

316 B. 1. As a condition of obtaining, retaining and renewing any license issued pursuant to this section,
 317 a person shall satisfy such reasonable and nondiscriminatory requirements as may be specified by the
 318 Commission, which may include requirements that such person (i) demonstrate, in a manner satisfactory
 319 to the Commission, financial responsibility; (ii) post a bond as deemed adequate by the Commission to
 320 ensure that financial responsibility; (iii) pay an annual license fee to be determined by the Commission;
 321 and (iv) pay all taxes and fees lawfully imposed by the Commonwealth or by any municipality or other
 322 political subdivision of the Commonwealth. In addition, as a condition of obtaining, retaining and
 323 renewing any license pursuant to this section, a person shall satisfy such reasonable and
 324 nondiscriminatory requirements as may be specified by the Commission, including but not limited to
 325 requirements that such person demonstrate (i) technical capabilities as the Commission may deem
 326 appropriate; (ii) *in the case of a person seeking to sell, offering to sell, or selling electric energy to any*
 327 *retail customer in the Commonwealth*, access to generation and generation reserves; and (iii) adherence
 328 to minimum market conduct standards.

329 2. Any license issued by the Commission pursuant to this section *to a person seeking to sell, offering*
 330 *to sell, or selling electric energy to any retail customer in the Commonwealth* may be conditioned upon
 331 the licensee furnishing to the Commission prior to the provision of electric energy to consumers proof of
 332 adequate access to generation and generation reserves.

333 C. 1. The Commission shall establish a reasonable period within which any retail customer may
 334 cancel, without penalty or cost, any contract entered into with a ~~supplier~~ *any person* licensed pursuant to
 335 this section.

336 2. The Commission may adopt other rules and regulations governing the requirements for obtaining,
 337 retaining, and renewing a license ~~to supply electric energy to retail customers~~ *issued pursuant to this*
 338 *section* and may, as appropriate, refuse to issue a license to, or suspend, revoke, or refuse to renew the
 339 license of, any person that does not meet those requirements.

340 D. Notwithstanding the provisions of § 13.1-620, a public service company may, through an affiliate
 341 or subsidiary, conduct one or more of the following businesses, even if such business is not related to or
 342 incidental to its stated business as a public service company: (i) become licensed as a retail electric
 343 energy supplier pursuant to this section, or for purposes of participation in an approved pilot program
 344 encompassing retail customer choice of electric energy suppliers; (ii) become licensed as an aggregator
 345 pursuant to § 56-588, or for purposes of participation in an approved pilot program encompassing retail
 346 customer choice of electric energy suppliers; (iii) *become licensed to furnish any service that, pursuant*
 347 *to § 56-581.1, may be provided by persons licensed to provide such service*; or ~~(iii)~~ (iv) own, manage or
 348 control any plant or equipment or any part of a plant or equipment used for the generation of electric
 349 energy.

350 § 56-588. Licensing of aggregators.

351 A. As a condition of doing business in the Commonwealth, each person seeking to ~~aggregate electric~~
 352 ~~energy~~ *act as an aggregator* within this Commonwealth on and after January 1, 2002, shall obtain a
 353 license from the Commission to do so. The license shall authorize that person to act as an aggregator
 354 until the license expires or is otherwise terminated, suspended or revoked. Licensing pursuant to this
 355 section, however, shall not relieve any person seeking to act as a supplier of electric energy from their
 356 obligation to obtain a license as a supplier pursuant to § 56-587.

357 B. As a condition of obtaining, retaining and renewing any license issued pursuant to this section, a
 358 person shall satisfy such reasonable and nondiscriminatory requirements as may be specified by the
 359 Commission, which may include requirements that such person (i) provide background information; (ii)
 360 demonstrate, in a manner satisfactory to the Commission, financial responsibility; (iii) post a bond as
 361 deemed adequate by the Commission to ensure that financial responsibility; (iv) pay an annual license

362 fee to be determined by the Commission; and (v) pay all taxes and fees lawfully imposed by the
 363 Commonwealth or by any municipality or other political subdivision of the Commonwealth. In addition,
 364 as a condition of obtaining, retaining and renewing any license pursuant to this section, a person shall
 365 satisfy such reasonable and nondiscriminatory requirements as may be specified by the Commission,
 366 including, but not limited to, requirements that such person demonstrate technical capabilities as the
 367 Commission may deem appropriate. Any license issued by the Commission pursuant to this section may
 368 be conditioned upon the licensee, if acting as a supplier, furnishing to the Commission prior to the
 369 provision of electricity to consumers proof of adequate access to generation and generation reserves.

370 C. In establishing aggregator licensing schemes and requirements applicable to the same, the
 371 Commission may differentiate between (i) those aggregators representing retail customers only, (ii) those
 372 aggregators representing suppliers only, and (iii) those aggregators representing both retail customers and
 373 suppliers.

374 D. 1. The Commission shall establish a reasonable period within which any retail customer may
 375 cancel, without penalty or cost, any contract entered into with a ~~supplier~~ *an aggregator* licensed
 376 pursuant to this section.

377 2. The Commission may adopt other rules and regulations governing the requirements for obtaining,
 378 retaining, and renewing a license to aggregate electric energy to retail customers, and may, as
 379 appropriate, refuse to issue a license to, or suspend, revoke, or refuse to renew the license of, any
 380 person that does not meet those requirements.

381 § 56-589. Municipal and state aggregation.

382 A. Counties, cities and towns (hereafter municipalities) and other political subdivisions of the
 383 Commonwealth may, at their election and upon authorization by majority votes of their governing
 384 bodies, aggregate electrical energy and demand requirements for the purpose of negotiating the purchase
 385 of electrical energy requirements from any licensed supplier within this Commonwealth, as follows:

386 1. Any municipality or other political subdivision of the Commonwealth may aggregate the electric
 387 energy load of residential, commercial and industrial retail customers within its boundaries on a
 388 voluntary, opt-in basis in which each such customer must affirmatively select such municipality or other
 389 political subdivision as its aggregator. The municipality or other political subdivision may not earn a
 390 profit but must recover the actual costs incurred in such aggregation.

391 2. Any municipality or other political subdivision of the Commonwealth may aggregate the electric
 392 energy load of its governmental buildings, facilities and any other governmental operations requiring the
 393 consumption of electric energy. *Aggregation pursuant to this subdivision shall not require licensure*
 394 *pursuant to § 56-588.*

395 3. Two or more municipalities or other political subdivisions within this Commonwealth may
 396 aggregate the electric energy load of their governmental buildings, facilities and any other governmental
 397 operations requiring the consumption of electric energy. *Aggregation pursuant to this subdivision shall*
 398 *not require licensure pursuant to § 56-588 when such municipalities or other political subdivisions are*
 399 *acting jointly to negotiate or arrange for themselves agreements for their energy needs directly with*
 400 *licensed suppliers or aggregators.*

401 B. The Commonwealth, at its election, may aggregate the electric energy load of its governmental
 402 buildings, facilities, and any other government operations requiring the consumption of electric energy
 403 for the purpose of negotiating the purchase of electricity from any licensed supplier within this
 404 Commonwealth. *Aggregation pursuant to this subsection shall not require licensure pursuant to*
 405 *§ 56-588.*

406 § 56-590. Divestiture, functional separation and other corporate relationships.

407 A. The Commission shall not require any incumbent electric utility to divest itself of any generation,
 408 transmission or distribution assets pursuant to any provision of this chapter.

409 B. 1. The Commission shall, however, direct the functional separation of generation, retail
 410 transmission and distribution of all incumbent electric utilities in connection with the provisions of this
 411 chapter to be completed by January 1, 2002.

412 2. By January 1, 2001, each incumbent electric utility shall submit to the Commission a plan for
 413 such functional separation which may be accomplished through the creation of affiliates, or through such
 414 other means as may be acceptable to the Commission.

415 3. Consistent with this chapter, the Commission may impose conditions, as the public interest
 416 requires, upon its approval of ~~the~~ *any* incumbent electric utility's plan for functional separation, including
 417 requirements that (i) the incumbent electric utility's generation assets or their equivalent remain available
 418 for electric service during the capped rate period as provided in § 56-582 and, if applicable, during any
 419 period the incumbent electric utility serves as a default provider as provided for in § 56-585, and (ii) the
 420 incumbent electric utility receive Commission approval for the sale, transfer or other disposition of
 421 generation assets during the capped rate period and, if applicable, during any period the incumbent
 422 electric utility serves as a default provider.

423 *C. Whenever pursuant to § 56-581.1 services are made subject to competition, the Commission shall*
 424 *direct the functional separation of such services to the extent necessary to achieve the purposes of this*
 425 *section. Each affected incumbent electric utility shall, by dates prescribed by the Commission, submit for*
 426 *the Commission's approval a plan for such functional separation.*

427 *C. D. The Commission shall, to the extent necessary to promote effective competition in the*
 428 *Commonwealth, promulgate rules and regulations to carry out the provisions of this section, which rules*
 429 *and regulations shall include provisions:*

- 430 1. Prohibiting cost-shifting or cross-subsidies between functionally separate units;
- 431 2. Prohibiting functionally separate units from engaging in anticompetitive behavior or self-dealing;
- 432 3. Prohibiting affiliated entities from engaging in discriminatory behavior towards nonaffiliated units;
- 433 and
- 434 4. Establishing codes of conduct detailing permissible relations between functionally separate units.

435 *D. E. Neither a covered entity nor an affiliate thereof may be a party to a covered transaction*
 436 *without the prior approval of the Commission. Any such person proposing to be a party to such*
 437 *transaction shall file an application with the Commission. The Commission shall approve or disapprove*
 438 *such transaction within sixty days after the filing of a completed application; however, the sixty-day*
 439 *period may be extended by Commission order for a period not to exceed an additional 120 days. The*
 440 *application shall be deemed approved if the Commission fails to act within such initial or extended*
 441 *period. The Commission shall approve such application if it finds, after notice and opportunity for*
 442 *hearing, that the transaction will comply with the requirements of subsection E F, and may, as a part of*
 443 *its approval, establish such conditions or limitations on such transaction as it finds necessary to ensure*
 444 *compliance with subsection E F.*

445 *E. F. A transaction described in subsection D E shall not:*

- 446 1. Substantially lessen competition among the actual or prospective providers of noncompetitive
- 447 electric service or of a service which is, or is likely to become, a competitive electric service; or
- 448 2. Jeopardize or impair the safety or reliability of electric service in the Commonwealth, or the
- 449 provision of any noncompetitive electric service at just and reasonable rates.

450 *F. G. Nothing in this chapter shall be deemed to abrogate or modify the Commission's authority*
 451 *under Chapter 3 (§ 56-55 et seq.), 4 (§ 56-76 et seq.) or 5 (§ 56-88 et seq.) of this title. However, any*
 452 *person subject to the requirements of subsection D E that is also subject to the requirements of Chapter*
 453 *5 of this title may be exempted from compliance with the requirements of Chapter 5 of this title.*

454 *§ 56-592.1. Consumer education program; scope and funding.*

455 *A. The Commission shall establish and implement a consumer education program in conjunction with*
 456 *the implementation of this chapter. In establishing such a program, the Commission shall take into*
 457 *account findings and recommendations in the Commission's December 1, 1999, report to the Legislative*
 458 *Transition Task Force made pursuant to § 56-592.*

459 *B. The program shall be designed to (i) enable consumers to make rational and informed choices*
 460 *about energy providers in a competitive retail market, (ii) help consumers reduce transaction costs in*
 461 *selecting energy suppliers, and (iii) foster compliance with the consumer protection provisions of this*
 462 *chapter, and those contained in other laws of this Commonwealth, by all participants in a competitive*
 463 *retail market.*

464 *C. The Commission shall regularly consult with representatives of consumer organizations,*
 465 *community-based groups, state agencies, incumbent utilities, competitive suppliers and other interested*
 466 *parties throughout the program's implementation and operation.*

467 *D. Pursuant to the provisions of § 56-595, the Commission shall provide periodic updates to the*
 468 *Legislative Transition Task Force concerning the program's implementation and operation.*

469 *E. The Commission shall fund the establishment and operation of such consumer education program*
 470 *through the special regulatory revenue tax currently authorized by § 58.1-2660 and the special*
 471 *regulatory tax authorized by Chapter 29 (§ 58.1-2900 et seq.) of Title 58.1.*

472 *§ 56-593. Retail customers' private right of action; marketing practices.*

473 *A. No entity subject to this chapter shall use any deception, fraud, false pretense, misrepresentation,*
 474 *or any deceptive or unfair practices in providing, distributing or marketing electric service.*

475 *B. 1. Any person who suffers loss (i) as the result of marketing practices, including telemarketing*
 476 *practices, engaged in by any public service company, licensed supplier, aggregator or any other provider*
 477 *of any service made competitive under this chapter, and in violation of subsection C of § 56-592,*
 478 *including any rule or regulation adopted by the Commission pursuant thereto, or (ii) as the result of any*
 479 *violation of subsection A, shall be entitled to initiate an action to recover actual damages, or \$500,*
 480 *whichever is greater. If the trier of fact finds that the violation was willful, it may increase damages to*
 481 *an amount not exceeding three times the actual damages sustained, or \$1,000, whichever is greater.*

482 *2. Upon referral from the Commission, the Attorney General, the attorney for the Commonwealth, or*
 483 *the attorney for any city, county, or town may cause an action to be brought in the appropriate circuit*

484 court for relief of violations within the scope of (i) subsection C of § 56-592, including any rule or
485 regulation adopted by the Commission pursuant thereto or (ii) subsection A.

486 C. Notwithstanding any other provision of law to the contrary, in addition to any damages awarded,
487 such person, or any governmental agency initiating such action, also may be awarded reasonable
488 attorney's fees and court costs.

489 D. Any action pursuant to this section shall be commenced within two years after its accrual. The
490 cause of action shall accrue as provided in § 8.01-230. However, if the Commission initiates
491 proceedings, or any other governmental agency files suit for the purpose of enforcing subsection A *of*
492 *this section* or the provisions of subsection C of § 56-592, the time during which such proceeding or
493 governmental suit and all appeals therefrom is pending shall not be counted as any part of the period
494 within which an action under this section shall be brought.

495 E. The circuit court may make such additional orders or decrees as may be necessary to restore to
496 any identifiable person any money or property, real, personal, or mixed, tangible or intangible, which
497 may have been acquired from such person by means of any act or practice violative of subsection A *of*
498 *this section* or subsection C of § 56-592, provided, that such person shall be identified by order of the
499 court within 180 days from the date of any order permanently enjoining the unlawful act or practice.

500 F. In any case arising under this section, no liability shall be imposed upon any licensed supplier,
501 aggregator or any other provider of any service made competitive under this chapter, who shows by a
502 preponderance of the evidence that (i) the act or practice alleged to be in violation of subsection A *of*
503 *this section* or subsection C of § 56-592 was an act or practice over which the same had no control or
504 (ii) the alleged violation resulted from a bona fide error notwithstanding the maintenance of procedures
505 reasonably adopted to avoid a violation. However, nothing in this section shall prevent the court from
506 ordering restitution and payment of reasonable attorney's fees and court costs pursuant to subsection C
507 to individuals aggrieved as a result of an unintentional violation of subsection A *of this section* or
508 subsection C of § 56-592.