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## HOUSE BILL NO. 1705

Offered January 14, 2009

Prefiled January 5, 2009

A *BILL to amend and reenact § 56-594 of the Code of Virginia, relating to community net energy metering.*

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Patron—Poisson

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Referred to Committee on Commerce and Labor

**Be it enacted by the General Assembly of Virginia:****1. That § 56-594 of the Code of Virginia is amended and reenacted as follows:**

§ 56-594. Net energy metering provisions.

A. The Commission shall establish by regulation a program, to begin no later than July 1, 2000, ~~which that~~ affords eligible customer-generators the opportunity to participate in net energy metering, ~~and a program, to begin no later than July 1, 2010, that affords eligible community customers the opportunity to participate in net energy metering.~~ The regulations may include, but need not be limited to, requirements for (i) retail sellers; (ii) owners and/or operators of distribution or transmission facilities; (iii) providers of default service; (iv) eligible customer-generators; (v) *eligible community customers*; or (v) any combination of the foregoing, as the Commission determines will facilitate the provision of net energy metering, provided that the Commission determines that such requirements do not adversely affect the public interest.

B. For the purpose of this section:

"Eligible community customer" means a legal entity that represents a group of customers acting collectively in the production of renewable energy for their own use. An eligible community customer may include multiple residential, small commercial, and other customers, each with one or more separate utility meters, who are at separate physical sites and may be on separate tariffs, but who function together as a single aggregated entity in their development of a net metered system that provides that excess generation by some members of the group is used to offset consumption by other members within the same group, provided the eligible community customer owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility that (i) uses as its total source of fuel renewable energy, as defined in § 56-576; (ii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; and (iii) is interconnected and operated in parallel with an electric company's transmission and distribution facilities. The generating capacity of an eligible community customer's facility shall not exceed two megawatts at a single site, but may exceed the amount of electricity provided by the incumbent electric utility over a net metering period at the site that hosts the generation facility. Any number of customers may join to become a member of an eligible community customer, provided all the members are within the service territory of the incumbent electric utility. The incumbent electric utility shall treat an eligible community customer as the customer for purposes of billing and the application of all net metering provisions of this section.

"Eligible customer-generator" means a customer that owns and operates, or contracts with other persons to own, operate, or both, an electrical generating facility that (i) has a capacity of not more than 10 kilowatts for residential customers and 500 kilowatts for nonresidential customers; (ii) uses as its total source of fuel renewable energy, as defined in § 56-576; (iii) is located on the customer's premises and is connected to the customer's wiring on the customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel with an electric company's transmission and distribution facilities; and (v) is intended primarily to offset all or part of the customer's own electricity requirements.

"Net energy metering" means measuring the difference, over the net metering period, between (i) electricity supplied to an eligible customer-generator, *or eligible community customer*, from the electric grid and (ii) the electricity generated and fed back to the electric grid by the eligible customer-generator *or eligible community customer*, as appropriate.

"Net metering period" means the 12-month period following the date of final interconnection of the eligible customer-generator's system *or eligible community customer system*, as appropriate, with an electric service provider, and each 12-month period thereafter.

C. The Commission's regulations shall ensure that the metering equipment installed for net metering shall be capable of measuring the flow of electricity in two directions, and shall allocate fairly the cost of such equipment and any necessary interconnection. An eligible customer-generator's electrical

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59 generating system, *and each electrical generating system of the members of an eligible community*  
60 *customer*, shall meet all applicable safety and performance standards established by the National  
61 Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories  
62 such as Underwriters Laboratories. Beyond the requirements set forth in this section, an eligible  
63 customer-generator *or eligible community customer, as appropriate*, whose electrical generating system  
64 meets those standards and rules shall bear the reasonable cost, if any, as determined by the Commission,  
65 to (i) install additional controls, (ii) perform or pay for additional tests, or (iii) purchase additional  
66 liability insurance.

67 D. The Commission shall establish minimum requirements for contracts to be entered into by the  
68 parties to net metering arrangements. Such requirements shall protect the customer-generator *and the*  
69 *eligible community customer and each of its members, as appropriate*, against discrimination by virtue  
70 of its status as a customer-generator *or eligible community customer*.

71 E. If electricity generated by an eligible customer-generator over the net metering period exceeds the  
72 electricity consumed by the customer-generator, the customer-generator shall be compensated for the  
73 excess electricity if the entity contracting to receive such electric energy and the customer-generator  
74 enter into a power purchase agreement for such excess electricity. If the eligible customer-generator  
75 receives generation service from a default service provider, the default service provider, upon the written  
76 request of the customer-generator, shall enter into a power purchase agreement with the requesting  
77 eligible customer-generator that is consistent with the minimum requirements for contracts established by  
78 the Commission pursuant to subsection D. The power purchase agreement shall obligate the default  
79 service provider to purchase such excess electricity at the rate that is provided for such purchases in a  
80 net metering standard contract or tariff approved by the Commission, unless the parties agree to a higher  
81 rate. The net metering standard contract or tariff shall be available to eligible customer-generators on a  
82 first-come, first-served basis in each electric distribution company's Virginia service area until the rated  
83 generating capacity owned and operated by eligible customer-generators in the state reaches one percent  
84 of each electric distribution company's adjusted Virginia peak-load forecast for the previous year, and  
85 shall require the default service provider to pay the eligible customer-generator for such excess  
86 electricity in a timely manner at a rate to be established by the Commission.

87 F. *If electricity generated by the generation facility or facilities within the eligible community*  
88 *customer group over the net metering period exceeds the sum of the net electricity consumption by the*  
89 *members of the eligible community customer group, the incumbent electric utility shall reduce the*  
90 *eligible community customer's bill for the next monthly billing period by the dollar amount value*  
91 *assessed to the excess electricity at the full residential retail rate from the eligible community customer*  
92 *in the previous billing period, as applied to the bill rendered to the eligible community customer and*  
93 *not to its individual members.*

94 G. *An incumbent electric utility shall assess charges to an eligible community customer, reflecting*  
95 *the net difference in dollars between all consuming members of the eligible community customer, at*  
96 *their usual tariff rate, with identical rate structure, retail rate components, and any monthly charges,*  
97 *and net energy producers within the group at the standard residential tariff rate with identical rate*  
98 *structure, retail rate component, and any monthly charges. Individual members of the eligible community*  
99 *customer shall receive a notice of charges monthly from the incumbent electric utility, which notice shall*  
100 *not require payment directly from members, and the eligible community customer shall receive an*  
101 *aggregated bill showing charges assessed to its members, and the net balance due, or credit, from the*  
102 *eligible community customer acting on behalf of its members.*