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## HOUSE BILL NO. 1686

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Commerce and Labor  
on February 14, 2011)

(Patron Prior to Substitute—Delegate Toscano)

A BILL to direct the State Corporation Commission to consider for approval distributed solar generation facilities and to offer special tariffs as alternatives to net energy metering.

**Be it enacted by the General Assembly of Virginia:**

§ 1. That in order to promote solar energy through distributed generation, the State Corporation Commission shall exercise its existing authority to consider for approval, after notice to all affected parties and opportunity for hearing, petitions filed by a utility to construct and operate distributed solar generation facilities and to offer special tariffs to facilitate customer-owned distributed solar generation as alternatives to net energy metering, with an aggregate amount of rated generating capacity of up to 0.20 percent of each electric utility's adjusted Virginia peak load for the calendar year 2010. Such petitions may be made during the period of July 1, 2011, through July 1, 2015, and the Commission, on its own motion, may extend this period an additional year for good cause. Each distributed solar generation installation approved pursuant to this section shall be considered to be part of a demonstration program to assess benefits to the utility's distribution system, including constrained or high load growth circuits, for a period of five years from the date each installation becomes operational. Thereafter each installation shall cease to be part of a demonstration program and, in the case of a utility-owned installation, shall continue to operate as a utility-owned generating facility, and in the case of a customer-owned installation, shall continue to provide power to the utility pursuant to the terms of the agreed upon tariff arrangement. Subject to review by the Commission, such utility-owned distributed solar generation facilities and tariffs for power generated from customer-owned distributed solar installations shall be prioritized in areas identified by the utility as areas where localized solar generation would provide benefits to the utility's distribution system, including constrained or high-growth areas. The Commission shall approve such programs or distributed generation facilities if it determines that the programs or facilities, including those targeting constrained or high load growth areas, are reasonably designed to be in furtherance of the public interest.

§ 2. A utility participating in demonstration programs pursuant to this section shall use reasonable efforts to ensure that at least four of the distributed solar installation sites included in the demonstration projects shall be in a community setting, which shall include, but not be limited to, to the extent permitted by law, participation by local governments, schools, community associations, neighborhood associations, or nonprofit organizations. The capacity of each such community installation shall not exceed 500 kilowatts.

§ 3. When a utility proposes solar distributed generation resources as permitted in § 1 of this act comprised of multiple installations combined collectively, the Commission shall consider such projects as one small non-combustible renewable power generation facility for purposes of project approval pursuant to §§ 10.1-1197.5, 10.1-1197.8, 56-265.2, 56-580 and 56-585.1 of the Code of Virginia. A "small non-combustible renewable power generation facility" is a small renewable energy project that generates electricity from sunlight and may consist of one or more installations distributed on separate structures or facilities, whether such installations are treated each as a stand-alone small renewable energy project or are combined and treated collectively as one small renewable energy project.

§ 4. The Commission shall provide annual reports on any demonstration programs approved pursuant to this act to the Governor and the chairmen of the House and Senate Committees on Commerce and Labor.