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**HOUSE BILL NO. 1983**

Offered January 12, 2011

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

Patrons—Kilgore, Filler-Corn, Kory and Toscano

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, that affords eligible customer-generators 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; 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 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 40 25 kilowatts for residential customers and 500 kilowatts for nonresidential customers unless a utility elects a higher capacity limit for such a facility; (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. *An electrical generating facility shall be deemed to be intended primarily to offset all or part of the customer's own electricity requirements if it is sized to produce no more than 125 percent of the customer's cumulative load as measured over the 12 months that precede the customer's interconnection with the distributor or, if the customer's premises is newly constructed, no more than 125 percent of a reasonable prediction of the customer's cumulative load based on usage by customers of the same class and in similar premises.*

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

"Net metering period" means the 12-month period following the date of final interconnection of the eligible customer-generator's system 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 generating system shall meet all applicable safety and performance standards established by the National Electrical Code, the Institute of Electrical and Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. Beyond the requirements set forth in this section, an eligible customer-generator whose electrical generating system meets those standards and rules shall bear the reasonable cost, if any, as determined by the Commission, to (i) install additional controls, (ii) perform or pay for additional tests, or (iii) purchase additional liability insurance.

D. The Commission shall establish minimum requirements for contracts to be entered into by the parties to net metering arrangements. Such requirements shall protect the customer-generator against discrimination by virtue of its status as a customer-generator, and permit customers that are served on time-of-use tariffs that have electricity supply demand charges contained within the electricity supply portion of the time-of-use tariffs to participate as an eligible customer-generator. Notwithstanding the cost allocation provisions of subsection C, eligible customer-generators served on demand charge-based time-of-use tariffs shall bear the incremental metering costs required to net meter such customers.

E. If electricity generated by an eligible customer-generator over the net metering period exceeds the electricity consumed by the customer-generator, the customer-generator shall be compensated for the excess electricity if the entity contracting to receive such electric energy and the customer-generator

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59 enter into a power purchase agreement for such excess electricity. Upon the written request of the  
60 customer-generator, the supplier that serves the eligible customer-generator shall enter into a power  
61 purchase agreement with the requesting eligible customer-generator that is consistent with the minimum  
62 requirements for contracts established by the Commission pursuant to subsection D. The power purchase  
63 agreement shall obligate the supplier to purchase such excess electricity at the rate that is provided for  
64 such purchases in a net metering standard contract or tariff approved by the Commission, unless the  
65 parties agree to a higher rate. The eligible customer-generator owns the renewable energy certificates  
66 associated with its electrical generating facility, however, at the time that the eligible customer-generator  
67 enters into a power purchase agreement with its supplier, the customer-generator shall have a one-time  
68 option to sell the renewable energy certificates associated with such electrical generating facility to its  
69 supplier and be compensated at an amount that is established by the Commission to reflect the value of  
70 such renewable energy certificates. Nothing in this section shall prevent the eligible customer-generator  
71 and the supplier from voluntarily entering into an agreement for the sale and purchase of excess  
72 electricity or renewable energy certificates at mutually-agreed upon prices if the eligible  
73 customer-generator does not exercise its option to sell its renewable energy certificates to its supplier at  
74 Commission-approved prices at the time that the eligible customer-generator enters into a power  
75 purchase agreement with its supplier. All costs incurred by the supplier to purchase excess electricity  
76 and renewable energy certificates from eligible customer-generators shall be recoverable through its  
77 Renewable Energy Portfolio Standard (RPS) rate adjustment clause, if the supplier has a  
78 Commission-approved RPS plan. If not, then all costs shall be recoverable through the supplier's fuel  
79 adjustment clause. For purposes of this section, "all costs" shall be defined as the rates paid to the  
80 eligible customer-generator for the purchase of excess electricity and renewable energy certificates and  
81 any administrative costs incurred to manage the eligible customer-generator's power purchase  
82 arrangements. The net metering standard contract or tariff shall be available to eligible  
83 customer-generators on a first-come, first-served basis in each electric distribution company's Virginia  
84 service area until the rated generating capacity owned and operated by eligible customer-generators in  
85 the state reaches one percent of each electric distribution company's adjusted Virginia peak-load forecast  
86 for the previous year, and shall require the supplier to pay the eligible customer-generator for such  
87 excess electricity in a timely manner at a rate to be established by the Commission.