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SENATE BILL NO. 418

Offered January 11, 2012

Prefiled January 11, 2012

A *BILL to amend and reenact §§ 56-46.1 and 56-265.2 of the Code of Virginia, relating to process for approval for electric transmission lines.*

Patron—Stanley

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-46.1 and 56-265.2 of the Code of Virginia are amended and reenacted as follows:

§ 56-46.1. Commission to consider environmental, economic and improvements in service reliability factors in approving construction of electrical utility facilities; approval required for construction of certain electrical transmission lines; notice and hearings.

A. Whenever the Commission is required to approve the construction of any electrical utility facility, it shall give consideration to the effect of that facility on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact. In order to avoid duplication of governmental activities, any valid permit or approval required for an electric generating plant and associated facilities issued or granted by a federal, state or local governmental entity charged by law with responsibility for issuing permits or approvals regulating environmental impact and mitigation of adverse environmental impact or for other specific public interest issues such as building codes, transportation plans, and public safety, whether such permit or approval is granted prior to or after the Commission's decision, shall be deemed to satisfy the requirements of this section with respect to all matters that (i) are governed by the permit or approval or (ii) are within the authority of, and were considered by, the governmental entity in issuing such permit or approval, and the Commission shall impose no additional conditions with respect to such matters. Nothing in this section shall affect the ability of the Commission to keep the record of a case open. Nothing in this section shall affect any right to appeal such permits or approvals in accordance with applicable law. In the case of a proposed facility located in a region that was designated as of July 1, 2001, as serious nonattainment for the one-hour ozone standard as set forth in the federal Clean Air Act, the Commission shall not issue a decision approving such proposed facility that is conditioned upon issuance of any environmental permit or approval. In every proceeding under this subsection, the Commission shall receive and give consideration to all reports that relate to the proposed facility by state agencies concerned with environmental protection; and if requested by any county or municipality in which the facility is proposed to be built, to local comprehensive plans that have been adopted pursuant to Article 3 (§ 15.2-2223 et seq.) of Chapter 22 of Title 15.2. Additionally, the Commission ~~(i)~~ (a) shall consider the effect of the proposed facility on economic development within the Commonwealth, including but not limited to furtherance of the economic and job creation objectives of the Commonwealth Energy Policy set forth in §§ 67-101 and 67-102, and ~~(ii)~~ (b) shall consider any improvements in service reliability that may result from the construction of such facility.

B. ~~No~~ Subject to the provisions of subsection J, no electrical transmission line of 138 kilovolts or more shall be constructed unless the State Corporation Commission shall, after at least ~~thirty~~ 30 days' advance notice by (i) publication in a newspaper or newspapers of general circulation in the counties and municipalities through which the line is proposed to be built, (ii) written notice to the governing body of each such county and municipality, and (iii) causing to be sent a copy of the notice by first class mail to all owners of property within the route of the proposed line, as indicated on the map or sketch of the route filed with the Commission, which requirement shall be satisfied by mailing the notice to such persons at such addresses as are indicated in the land books maintained by the commissioner of revenue, director of finance or treasurer of the county or municipality, approve such line. Such notices shall include a written description of the proposed route the line is to follow, as well as a map or sketch of the route including a digital geographic information system (GIS) map provided by the public utility showing the location of the proposed route. The Commission shall make GIS maps provided under this subsection available to the public on the Commission's website. Such notices shall be in addition to the advance notice to the chief administrative officer of the county or municipality required pursuant to § 15.2-2202. As a condition to approval the Commission shall determine that the line is needed and that the corridor or route the line is to follow will reasonably minimize adverse impact on the scenic assets, historic districts and environment of the area concerned. To assist the Commission in this determination, as part of the application for Commission approval of the line, the

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59 applicant shall summarize its efforts to reasonably minimize adverse impact on the scenic assets, historic
60 districts, and environment of the area concerned. In making the determinations about need, corridor or
61 route, and method of installation, the Commission shall verify the applicant's load flow modeling,
62 contingency analyses, and reliability needs presented to justify the new line and its proposed method of
63 installation. If the local comprehensive plan of an affected county or municipality designates corridors or
64 routes for electric transmission lines and the line is proposed to be constructed outside such corridors or
65 routes, in any hearing the county or municipality may provide adequate evidence that the existing
66 planned corridors or routes designated in the plan can adequately serve the needs of the company.
67 Additionally, the Commission shall consider, upon the request of the governing body of any county or
68 municipality in which the line is proposed to be constructed, ~~(i)~~ (a) the costs and economic benefits
69 likely to result from requiring the underground placement of the line and ~~(ii)~~ (b) any potential
70 impediments to timely construction of the line.

71 C. If, prior to such approval, any interested party shall request a public hearing, the Commission
72 shall, as soon as reasonably practicable after such request, hold such hearing or hearings at such place as
73 may be designated by the Commission. In any hearing the public service company shall provide
74 adequate evidence that existing rights-of-way cannot adequately serve the needs of the company.

75 If, prior to such approval, written requests therefor are received from ~~twenty~~ 20 or more interested
76 parties, the Commission shall hold at least one hearing in the area which would be affected by
77 construction of the line, for the purpose of receiving public comment on the proposal. If any hearing is
78 to be held in the area affected, the Commission shall direct that a copy of the transcripts of any
79 previous hearings held in the case be made available for public inspection at a convenient location in the
80 area for a reasonable time before such local hearing.

81 D. ~~For purposes of this section,~~ "interested As used in this section, unless the context requires a
82 different meaning:

83 "Environment" or "environmental" shall be deemed to include in meaning "historic," as well as a
84 consideration of the probable effects of the line on the health and safety of the persons in the area
85 concerned.

86 "Interested parties" shall include the governing bodies of any counties or municipalities through
87 which the line is proposed to be built, and persons residing or owning property in each such county or
88 municipality and "environment" or "environmental" shall be deemed to include in meaning "historic," as
89 well as a consideration of the probable effects of the line on the health and safety of the persons in the
90 area concerned.

91 ~~For purposes of this section,~~ "qualifying

92 "Public utility" means a public utility as defined in § 56-265.1.

93 "Qualifying facilities" means a cogeneration or small power production facility which meets the
94 criteria of 18 C.F.R. Part 292; "public utility" means a public utility as defined in § 56-265.1; and
95 "reasonably.

96 "Reasonably accommodate requests to wheel or transmit power" means:

97 1. That the applicant will make available to new electric generation facilities constructed after
98 January 9, 1991, qualifying facilities and other nonutilities, a minimum of one-fourth of the total
99 megawatts of the additional transmission capacity created by the proposed line, for the purpose of
100 wheeling to public utility purchasers the power generated by such qualifying facilities and other
101 nonutility facilities which are awarded a power purchase contract by a public utility purchaser in
102 compliance with applicable state law or regulations governing bidding or capacity acquisition programs
103 for the purchase of electric capacity from nonutility sources, provided that the obligation of the applicant
104 will extend only to those requests for wheeling service made within the ~~twelve~~ 12 months following
105 certification by the State Corporation Commission of the transmission line and with effective dates for
106 commencement of such service within the ~~twelve~~ 12 months following completion of the transmission
107 line.; and

108 2. That the wheeling service offered by the applicant, pursuant to subdivision D 1 of this section,
109 will reasonably further the purposes of the Public Utilities Regulatory Policies Act of 1978 (P. L.
110 95-617), as demonstrated by submitting to the Commission, with its application for approval of the line,
111 the cost methodologies, terms, conditions, and dispatch and interconnection requirements the applicant
112 intends, subject to any applicable requirements of the Federal Energy Regulatory Commission, to include
113 in its agreements for such wheeling service.

114 E. In the event that, at any time after the giving of the notice required in subsection B of this
115 section, it appears to the Commission that consideration of a route or routes significantly different from
116 the route described in the notice is desirable, the Commission shall cause notice of the new route or
117 routes to be published and mailed in accordance with subsection B of this section. The Commission
118 shall thereafter comply with the provisions of this section with respect to the new route or routes to the
119 full extent necessary to give interested parties in the newly affected areas the same protection afforded
120 interested parties affected by the route described in the original notice.

F. Approval of a transmission line pursuant to this section shall be deemed to satisfy the requirements of § 15.2-2232 and local zoning ordinances with respect to such transmission line.

G. The Commission shall enter into a memorandum of agreement with the Department of Environmental Quality regarding the coordination of their reviews of the environmental impact of electric generating plants and associated facilities.

H. An applicant that is required to obtain (i) a certificate of public convenience and necessity from the Commission for any electric generating facility, electric transmission line, natural or manufactured gas transmission line as defined in 49 Code of Federal Regulations § 192.3, or natural or manufactured gas storage facility (hereafter, an energy facility) and (ii) an environmental permit for the energy facility that is subject to issuance by any agency or board within the Secretariat of Natural Resources, may request a pre-application planning and review process. In any such request to the Commission or the Secretariat of Natural Resources, the applicant shall identify the proposed energy facility for which it requests the pre-application planning and review process. The Commission, the Department of Environmental Quality, the Marine Resources Commission, the Department of Game and Inland Fisheries, the Department of Historic Resources, the Department of Conservation and Recreation, and other appropriate agencies of the Commonwealth shall participate in the pre-application planning and review process. Participation in such process shall not limit the authority otherwise provided by law to the Commission or other agencies or boards of the Commonwealth. The Commission and other participating agencies of the Commonwealth may invite federal and local governmental entities charged by law with responsibility for issuing permits or approvals to participate in the pre-application planning and review process. Through the pre-application planning and review process, the applicant, the Commission, and other agencies and boards shall identify the potential impacts and approvals that may be required and shall develop a plan that will provide for an efficient and coordinated review of the proposed energy facility. The plan shall include (a) a list of the permits or other approvals likely to be required based on the information available, (b) a specific plan and preliminary schedule for the different reviews, (c) a plan for coordinating those reviews and the related public comment process, and (d) designation of points of contact, either within each agency or for the Commonwealth as a whole, to facilitate this coordination. The plan shall be made readily available to the public and shall be maintained on a dedicated website to provide current information on the status of each component of the plan and each approval process including opportunities for public comment.

I. The provisions of this section shall not apply to the construction and operation of a small renewable energy project, as defined in § 10.1-1197.5, by a utility regulated pursuant to this title for which the Department of Environmental Quality has issued a permit by rule pursuant to Article 5 (§ 10.1-1197.5 et seq.) of Chapter 11.1 of Title 10.1.

J. Approval under this section shall not be required for any transmission line for which a certificate of public convenience and necessity is not required pursuant to subdivision A of § 56-265.2.

§ 56-265.2. Certificate of convenience and necessity required for acquisition, etc., of new facilities.

A. ~~It~~ 1. *Subject to the provisions of subdivision 2, it* shall be unlawful for any public utility to construct, enlarge or acquire, by lease or otherwise, any facilities for use in public utility service, except ordinary extensions or improvements in the usual course of business, without first having obtained a certificate from the Commission that the public convenience and necessity require the exercise of such right or privilege. Any certificate required by this section shall be issued by the Commission only after opportunity for a hearing and after due notice to interested parties. The certificate for overhead electrical transmission lines of ~~450~~ 138 kilovolts or more shall be issued by the Commission only after compliance with the provisions of § 56-46.1.

2. *For construction of any transmission line of 138 kilovolts, a public utility shall either (i) obtain a certificate pursuant to subdivision 1 or (ii) obtain approval pursuant to the requirements of (a) § 15.2-2232 and (b) any applicable local zoning ordinances by the locality or localities in which the transmission line will be located.*

B. In exercising its authority under this section, the Commission, notwithstanding the provisions of § 56-265.4, may permit the construction and operation of electrical generating facilities, which shall not be included in the rate base of any regulated utility whose rates are established pursuant to Chapter 10 (§ 56-232 et seq.) ~~of this title~~, upon a finding that such generating facility and associated facilities including transmission lines and equipment (i) will have no material adverse effect upon the rates paid by customers of any regulated public utility in the Commonwealth; (ii) will have no material adverse effect upon reliability of electric service provided by any such regulated public utility; and (iii) are not otherwise contrary to the public interest. In review of its petition for a certificate to construct and operate a generating facility described in this subsection, the Commission shall give consideration to the effect of the facility and associated facilities, including transmission lines and equipment, on the environment and establish such conditions as may be desirable or necessary to minimize adverse environmental impact as provided in § 56-46.1. Facilities authorized by a certificate issued pursuant to

182 this subsection may be exempted by the Commission from the provisions of Chapter 10 (§ 56-232 et
183 seq.) of Title 56.

184 C. A map showing the location of any proposed ordinary extension or improvement outside of the
185 territory in which the public utility is lawfully authorized to operate shall be filed with the Commission,
186 and prior notice of such ordinary extension shall be given to the public utility or other entity authorized
187 to provide the same utility service within said territory. Ordinary extensions outside the service territory
188 of a public utility shall be undertaken only for use in providing its public utility service and shall be
189 constructed and operated so as not to interfere with the service or facilities of any public utility or other
190 entity authorized to provide utility service within any other territory. If, upon objection of the affected
191 utility or entity filed within ~~thirty~~ 30 days of the aforesaid notice and after investigation and opportunity
192 for a hearing the Commission finds an ordinary extension would not comply with this section, it may
193 alter or amend the plan for such activity or prohibit its construction.

194 D. Whenever a certificate is required under this section for a pipeline for the transmission or
195 distribution of natural or manufactured gas, the Commission may issue such a certificate only after
196 compliance with the provisions of § 56-265.2:1. As used in this section and § 56-265.2:1, "pipeline for
197 the transmission or distribution of manufactured or natural gas" shall include the pipeline and any
198 related facilities incidental or necessary to the operation of the pipeline.

199 E. This section shall be subject to the requirements of § 56-265.3, if any, and nothing herein shall be
200 construed to supersede § 56-265.3.