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## SENATE BILL NO. 350

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Commerce and Labor  
on February 3, 2014)

(Patron Prior to Substitute—Senator Edwards)

*A BILL to amend and reenact § 56-589 of the Code of Virginia, relating to electric utility regulation; renewable energy incentives through net energy metering programs; municipal net metering.*

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

**1. That § 56-589 of the Code of Virginia are amended and reenacted as follows:**

**§ 56-589. Municipal and state aggregation.**

A. Subject to the provisions of subdivision A 3 of § 56-577, counties, cities, and towns (hereafter municipalities) and other political subdivisions of the Commonwealth may, at their election and upon authorization by majority votes of their governing bodies, aggregate electrical energy and demand requirements for the purpose of negotiating the purchase of electrical energy requirements from any licensed supplier within this Commonwealth, as follows:

1. Any municipality or other political subdivision of the Commonwealth may aggregate the electric energy load of residential, commercial, and industrial retail customers within its boundaries on an opt-in or opt-out basis.

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

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

Nothing in this subsection shall prohibit the Commission's development and implementation of pilot programs for opt-in, opt-out, or any other type of municipal aggregation, as provided in § 56-577.

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

C. Nothing in this section shall preclude municipalities from aggregating the electric energy load of their governmental buildings, facilities, and any other governmental operations requiring the consumption of electric energy for the purpose of negotiating rates and terms, and conditions of service from the electric utility certificated by the Commission to serve the territory in which such buildings, facilities, and operations are located, provided, however, that no such electric energy load shall be aggregated for this purpose unless all such buildings, facilities, and operations to be aggregated are served by the same electric utility.

D. Nothing in this section shall preclude municipalities from aggregating the electric energy load of their governmental buildings, facilities, and any other governmental operations requiring the consumption of electric energy for the purpose of net energy metering from a renewable energy generating facility that (i) uses as its sole energy source solar power, wind power, or aerobic or anaerobic digester gas and landfill gas; (ii) does not have an aggregate generation capacity of more than five megawatts unless a utility elects a higher capacity limit for such a facility; (iii) is located on land owned or controlled by the municipality; (iv) is interconnected and operated in parallel with an electric utility's transmission and distribution facilities; and (v) is used primarily to provide energy to metered accounts of the municipality. The aggregated municipal net metered accounts may be served by multiple meters that are located at separate contiguous or non-contiguous sites, such that the eligible municipality may aggregate in a single account the electricity consumption and generation measured by the meters, provided that the same electric utility serves all such meters. The electricity generated by the eligible municipal customer-generator's renewable electrical generation facility shall be allocated to each of the municipal net-metered accounts in proportion to the electrical load served by those meters and credited to kilowatt hours purchased. The aggregated load shall be served under the appropriate rate schedules. The terms of municipal net metering service shall be included in rates, terms, and conditions of service as provided in subsection C.

SENATE SUBSTITUTE

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