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HOUSE BILL NO. 1664

Offered January 17, 2020

A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:11, relating to electric utilities; development of offshore wind.

Patrons—Hayes, Lindsey, Carroll Foy, Jenkins and Samirah

Referred to Committee on Labor and Commerce

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-585.1:11 as follows: § 56-585.1:11. Development of offshore wind.

A. As used in this section:

"BOEM" means the federal Bureau of Ocean Energy Management.

"Qualified developer" means a company with experience developing offshore wind projects in the United States.

"Virginia Wind Energy Area" means the area off the Commonwealth's Atlantic shoreline on the Outer Continental Shelf designated by BOEM as the Virginia Wind Energy Area.

B. Notwithstanding the provisions of § 56-585.1:4 or any other provision of law, prior to January 1, 2034, (i) the construction or purchase by an electric utility of one or more offshore wind generation facilities located in federal waters that interconnect directly into the Commonwealth, each having a rated capacity of at least one megawatt and having in the aggregate a rated capacity of at least 5,200 megawatts, or (ii) the purchase by an electric utility of energy, capacity, and environmental attributes from offshore wind generation facilities described in clause (i) owned by persons other than an electric utility is in the public interest, and the Commission shall so find if required to make a finding regarding whether such construction or purchase is in the public interest.

C. Any project found to be in the public interest pursuant to this section, subject to guidelines established by the Commission, shall (i) be subject to competitive procurement, (ii) involve at least one qualified developer, and (iii) demonstrate significant economic development benefits within the Commonwealth, including capital investments and job creation.

D. In order to enable project ownership and development in the Virginia Wind Energy Area by a third party, an electric utility that entered into a commercial lease with BOEM for the Virginia Wind Energy Area that went into effect on November 1, 2013, may sublease up to 50 percent of the Virginia Wind Energy Area to a third party at a rate equivalent to the utility's lease payments to BOEM.

E. For any project developed outside the Virginia Wind Energy Area and found to be in the public interest pursuant to this section, an electric utility described in subsection D may own up to 50 percent equity of such a project provided that a qualified and experienced developer owns the balance of the equity in the project.

F. Subject to guidelines established by the Commission, an electric utility shall be entitled to recover the reasonable and prudent costs of a project found to be in the public interest pursuant to this section through the utility's base rates or a rate adjustment clause on a nondiscriminatory basis, a third-party power purchase agreement, or a combination of both. No jurisdictional customer class shall be excluded for the purposes of the recovery of reasonable and prudently incurred costs within the service territory of the electric utility seeking to recover costs of a project as determined by the Commission.

G. The Commission shall establish guidelines for the competitive procurement and for the recovery of costs for projects found to be in the public interest pursuant to this section.

INTRODUCED

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