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**HOUSE BILL NO. 572**

Offered January 8, 2020

Prefiled January 6, 2020

A *BILL to amend and reenact §§ 56-1.2, 56-594, and 67-102 of the Code of Virginia; to amend the Code of Virginia by adding sections numbered 15.2-2109.4, 56-1.2:2, 56-232.2:2, 56-585.1:11, 56-585.1:12, and 56-594.3; and to repeal Chapters 358 and 382 of the Acts of Assembly of 2013, as amended by Chapter 803 of the Acts of Assembly of 2017, relating to the regulation of sales of electricity under third-party sales agreements; exempt resales of electricity by the owner of a multi-family residential building; net energy metering; installation of solar and wind energy facilities by local governments; and the removal of other barriers to the increased implementation of distributed solar and other renewable energy in the Commonwealth.*

Patrons—Keam, Simon, Carroll Foy, Guy, Guzman, Hudson, Hurst, Simonds and Tran

Referred to Committee on Agriculture, Chesapeake and Natural Resources

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

**1. That §§ 56-1.2, 56-594, and 67-102 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 15.2-2109.4, 56-1.2:2, 56-232.2:2, 56-585.1:11, 56-585.1:12, and 56-594.3 as follows:**

**§ 15.2-2109.4. *Installation by localities of solar and wind energy facilities; use of electricity generated.***

*Notwithstanding any provision of § 56-594 or 56-585.1:8, any locality that is a nonjurisdictional customer of a public electric utility may (i) install solar-powered or wind-powered electric generation facilities with a rated capacity not exceeding five megawatts, whether the facilities are owned by the locality or owned and operated by a third party pursuant to a contract with the locality, on any locality-owned site within the locality and (ii) credit the electricity generated at a facility described in clause (i) as directed by the governing body of the locality to any one or more of the metered accounts of buildings or other facilities of the locality or the locality's public school division that are located within the locality, without regard to whether the buildings and facilities are located at the same site where the electric generation facility is located or at a site contiguous thereto. The amount of the credit for such electricity to the metered accounts of the locality or its public school division shall be identical, with respect to the rate structure, all retail rate components, and monthly charges, to the amount the locality or public school division would otherwise be charged for such amount of electricity under its contract with the public utility, without the assessment by the public utility of any distribution charges, service charges, or fees in connection with or arising out of such crediting.*

**§ 56-1.2. *Persons, localities, and school boards not designated as public utility, public service corporation, etc.***

The terms public utility, public service corporation, or public service company, as used in Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.), 10.1 (§ 56-265.1 et seq.), and 10.2:1 (§ 56-265.13:1 et seq.) of this title, shall not refer to:

1. Any person who owns or operates property and provides electricity, natural gas, water, or sewer service to residents or tenants on the property, provided that (i) the electricity, natural gas, water, or sewer service provided to the residents or tenants is purchased by the person from a public utility, public service corporation, public service company, or person licensed by the Commission as a competitive provider of energy services, or a county, city or town, or other publicly regulated political subdivision or public body, (ii) the person or his agent charges to the resident or tenant on the property only that portion of the person's utility charges for the electricity, natural gas, water, or sewer service which is attributable to usage by the resident or tenant on the property, and additional service charges permitted by § 55.1-1212 or 55.1-1404, as applicable, and (iii) the person maintains three years' billing records for such charges;

2. Any (i) person who is not a public service corporation and who provides electric vehicle charging service at retail, (ii) school board that operates retail fee-based electric vehicle charging stations on school property pursuant to § 22.1-131, (iii) locality that operates a retail fee-based electric vehicle charging station on property owned or leased by the locality pursuant to § 15.2-967.2, or (iv) board of visitors of any baccalaureate public institution of higher education that operates a retail fee-based electric vehicle charging station on the grounds of such institution pursuant to § 23.1-1301.1. The ownership or operation of a facility at which electric vehicle charging service is sold, and the selling of electric vehicle charging service from that facility, does not render such person, school board, locality, or board

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59 of visitors a public utility, public service corporation, or public service company as used in Chapters 1  
60 (§ 56-1 et seq.), 10 (§ 56-232 et seq.), 10.1 (§ 56-265.1 et seq.), and 10.2:1 (§ 56-265.13:1 et seq.) solely  
61 because of that sale, ownership, or operation;

62 3. The Department of Conservation and Recreation when operating a retail fee-based electric vehicle  
63 charging station on property of any existing state park or similar recreational facility the Department  
64 controls pursuant to § 10.1-104.01. The ownership or operation of a facility at which electric vehicle  
65 charging service is sold, or the selling of electric vehicle charging service from that facility, does not  
66 render the Department of Conservation and Recreation a public utility, public service corporation, or  
67 public service company as used in Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.), 10.1 (§ 56-265.1 et  
68 seq.), and 10.2:1 (§ 56-265.13:1 et seq.) solely because of that sale, ownership, or operation;

69 4. The Chancellor of the Virginia Community College System when operating a retail fee-based  
70 electric vehicle charging station on the grounds of any comprehensive community college pursuant to  
71 § 23.1-2908.1. The ownership or operation of a facility at which electric vehicle charging service is sold,  
72 or the selling of electric vehicle charging service from that facility, does not render the Chancellor of  
73 the Virginia Community College System a public utility, public service corporation, or public service  
74 company as used in Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.), 10.1 (§ 56-265.1 et seq.), and  
75 10.2:1 (§ 56-265.13:1 et seq.) solely because of that sale, ownership, or operation;

76 5. The Department of General Services, Department of Motor Vehicles, or Department of  
77 Transportation when operating a retail fee-based electric vehicle charging station on any property or  
78 facility that such agency controls. The ownership or operation of a facility at which electric vehicle  
79 charging service is sold, or the selling of electric vehicle charging service from that facility, does not  
80 render the agency a public utility, public service corporation, or public service company as used in  
81 Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.), 10.1 (§ 56-265.1 et seq.), and 10.2:1 (§ 56-265.13:1 et  
82 seq.) solely because of that sale, ownership, or operation;

83 6. *Any person that is not a public service corporation and that sells electricity generated on site*  
84 *entirely from sources of renewable energy as defined in § 56-576 at retail to a customer pursuant to a*  
85 *third-party power purchase agreement, as defined in § 56-1.2:2, if the sale of electricity is conducted*  
86 *pursuant to § 56-594.3. The ownership or operation of such an onsite facility generating electric energy*  
87 *derived entirely from sources of renewable energy from which electric energy is sold to a customer*  
88 *pursuant to a third-party power purchase agreement, and the selling of electric energy to such a*  
89 *customer from that facility, does not render the person a public utility, public service corporation,*  
90 *public service company, or electric utility as used in Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.),*  
91 *10.1 (§ 56-265.1 et seq.), 10.2:1 (§ 56-265.13:1 et seq.), and 23 (§ 56-576 et seq.) solely because of*  
92 *that sale of electricity or its ownership or operation of such a generation facility; or*

93 7. *Any eligible owner that sells or offers to sell electric power to an eligible customer pursuant to*  
94 *§ 56-585.1:8. The ownership or operation of a renewable energy facility at which electricity is*  
95 *generated for the purpose of sale to eligible purchasers, and the selling of electric power from that*  
96 *facility, pursuant to § 56-585.1:8, does not render such person a public utility, public service*  
97 *corporation, or public service company as used in Chapters 1 (§ 56-1 et seq.), 10 (§ 56-232 et seq.),*  
98 *10.1 (§ 56-265.1 et seq.), 10.2:1 (§ 56-265.13:1 et seq.), and 23 (§ 56-576 et seq.) solely because of*  
99 *that sale, ownership, or operation.*

100 **§ 56-1.2:2. Sale of electricity in connection with the sale of a renewable generation facility**  
101 **pursuant to a third-party power purchase agreement.**

102 A. As used in this section and §§ 56-1.2 and 56-232.2:2, unless the context requires a different  
103 meaning:

104 "Renewable energy facility" means a facility that generates electricity derived entirely from sources  
105 of renewable energy as defined in § 56-576.

106 "Third-party power purchase agreement" means a power purchase agreement under which a seller  
107 sells electricity to a customer from a renewable energy facility located on premises owned or leased by  
108 a customer.

109 B. The sale of electricity generated at a renewable energy facility by a person that is not a public  
110 utility, public service corporation, or public service company to a customer that is purchasing or leasing  
111 the renewable energy facility shall not constitute the retail sale of electricity subject to regulation under  
112 this title.

113 **§ 56-232.2:2. Regulation of third-party power purchase agreements.**

114 The Commission shall not regulate or prescribe the rates, charges, and fees for the sale by any  
115 person that is not a public service corporation of electric energy generated on site entirely from sources  
116 of renewable energy to a customer pursuant to a third-party power purchase agreement entered into  
117 pursuant to § 56-594.3. Sales of electricity by public utilities to persons that are not public service  
118 corporations pursuant to third-party power purchase agreements shall continue to be regulated by the  
119 Commission to the same extent as are other services provided by public utilities. The Commission may  
120 adopt regulations implementing this section.

121 **§ 56-585.1:11. Exempt sales of renewable energy to occupants of eligible property.**

122 A. As used in this section:

123 "Eligible owner" means the fee simple owner of an eligible property.

124 "Eligible property" means real estate located in the Commonwealth that is either (i) a multi-family  
125 residential building consisting of rental units or (ii) common elements of a condominium as such terms  
126 are defined in § 55.1-1900.

127 "Eligible purchaser" means (i) a tenant occupying a rental unit in a multi-family residential building  
128 that qualifies as eligible property or (ii) the owner, or a person renting from the owner, of a  
129 condominium unit in a condominium of which common elements qualify as eligible property.

130 "Power purchase agreement" means an agreement under which an eligible owner sells electricity  
131 generated from a renewable energy facility to an eligible purchaser.

132 "Renewable energy facility" means a solar-powered or wind-powered electric generation facility that  
133 is installed on (i) eligible property or (ii) a lot or parcel that is (a) owned by the eligible owner and (b)  
134 adjacent to the eligible property.

135 "Utility" means the investor-owned electric utility or cooperative electric utility that is the certificated  
136 service provider for the eligible property.

137 B. Notwithstanding any provision of this title to the contrary, an eligible owner shall be permitted to  
138 sell the electricity generated from a renewable energy facility exclusively to eligible purchasers under  
139 power purchase agreements, subject to the following:

140 1. The power purchase agreement provides only for the sale of electric power to meet the needs of  
141 an eligible purchaser in the eligible purchaser's rental unit or condominium unit, as applicable, or for  
142 charging an eligible purchaser's electric vehicle regularly garaged or parked at the multi-family  
143 residential building or condominium, as applicable;

144 2. All rates, charges, fees, and other terms of the sale and delivery of electric power by an eligible  
145 owner to an eligible purchaser shall be determined by the terms of the power purchase agreement and  
146 shall not be subject to regulation by the Commission; and

147 3. A utility shall not charge an eligible purchaser rates and charges for service provided to the  
148 eligible purchaser in order to supplement purchases under a power purchase agreement that exceed its  
149 generally applicable rates and charges for electricity and related services provided by the utility to  
150 customers of the same class.

151 C. Nothing in this section shall be construed as rendering an eligible owner, by virtue of its selling  
152 electric power to an eligible purchaser under a power purchase agreement entered into pursuant to this  
153 section, a public utility, public service company, public service corporation, or competitive service  
154 provider that is subject to the provisions of this title.

155 **§ 56-585.1:12. Installation by public bodies of solar or wind energy facilities; use of electricity**  
156 **generated.**

157 A. As used in this section, "public body" means any park authority, any public recreational facilities  
158 authority, any soil and water conservation district, any community development authority formed  
159 pursuant to Article 6 (§ 15.2-5152 et seq.) of Chapter 51 of Title 15.2, or any authority created under  
160 the Virginia Water and Waste Authorities Act (§ 15.2-5100 et seq.).

161 B. Notwithstanding any provision of § 56-594, any public body that is a nonjurisdictional customer  
162 of an electric utility may (i) install solar-powered or wind-powered electric generation facilities with a  
163 rated capacity not exceeding five megawatts, whether the facilities are owned by the public body or  
164 owned and operated by a third party pursuant to a contract with the public body, on any site owned by  
165 the public body and (ii) credit the electricity generated at a facility described in clause (i) as directed  
166 by the public body to any one or more of the metered accounts of buildings or other facilities of the  
167 public body that are located on any property owned by the public body, without regard to whether the  
168 buildings and facilities are located at the same site where the electric generation facility is located or at  
169 a site contiguous thereto. The amount of the credit for such electricity to the metered accounts of the  
170 public body shall be identical, with respect to the rate structure, all retail rate components, and monthly  
171 charges, to the amount the public body would otherwise be charged for such amount of electricity under  
172 its contract with the public utility, without the assessment by the public utility of any distribution  
173 charges, service charges, or fees in connection with or arising out of such crediting.

174 **§ 56-594. Net energy metering provisions.**

175 A. The Commission shall establish by regulation a program that affords eligible customer-generators  
176 the opportunity to participate in net energy metering, and a program, to begin no later than July 1, 2014,  
177 for customers of investor-owned utilities and to begin no later than July 1, 2015, and to end July 1,  
178 2019, for customers of electric cooperatives as provided in subsection G, to afford eligible agricultural  
179 customer-generators the opportunity to participate in net energy metering. The regulations may include,  
180 but need not be limited to, requirements for (i) retail sellers; (ii) owners or operators of distribution or  
181 transmission facilities; (iii) providers of default service; (iv) eligible customer-generators; (v) eligible

182 agricultural customer-generators; or (vi) any combination of the foregoing, as the Commission  
183 determines will facilitate the provision of net energy metering, provided that the Commission determines  
184 that such requirements do not adversely affect the public interest. On and after July 1, 2017, small  
185 agricultural generators or eligible agricultural customer-generators may elect to interconnect pursuant to  
186 the provisions of this section or as small agricultural generators pursuant to § 56-594.2, but not both.  
187 Existing eligible agricultural customer-generators may elect to become small agricultural generators, but  
188 may not revert to being eligible agricultural customer-generators after such election. On and after July 1,  
189 2019, interconnection of eligible agricultural customer-generators shall cease for electric cooperatives  
190 only, and such facilities shall interconnect solely as small agricultural generators. For electric  
191 cooperatives, eligible agricultural customer-generators whose renewable energy generating facilities were  
192 interconnected before July 1, 2019, may continue to participate in net energy metering pursuant to this  
193 section for a period not to exceed 25 years from the date of their renewable energy generating facility's  
194 original interconnection.

195 B. For the purpose of this section:

196 "Eligible agricultural customer-generator" means a customer that operates a renewable energy  
197 generating facility as part of an agricultural business, which generating facility (i) uses as its sole energy  
198 source solar power, wind power, or aerobic or anaerobic digester gas, (ii) does not have an aggregate  
199 generation capacity of more than 500 kilowatts, (iii) is located on land owned or controlled by the  
200 agricultural business, (iv) is connected to the customer's wiring on the customer's side of its  
201 interconnection with the distributor; (v) is interconnected and operated in parallel with an electric  
202 company's transmission and distribution facilities, and (vi) is used primarily to provide energy to  
203 metered accounts of the agricultural business. An eligible agricultural customer-generator may be served  
204 by multiple meters *servicing the eligible agricultural customer-generator* that are located at *the same or*  
205 *separate but contiguous sites, whether or not contiguous*, such that the eligible agricultural  
206 customer-generator may aggregate in a single account the electricity consumption and generation  
207 measured by the meters, provided that the same utility serves all such meters. The aggregated load shall  
208 be served under the appropriate tariff.

209 "Eligible customer-generator" means a customer that owns and operates, or contracts with other  
210 persons to own, operate, or both, an electrical generating facility that (i) has a capacity of not more than  
211 20 kilowatts for residential customers and not more than ~~one megawatt~~ *three megawatts* for  
212 nonresidential customers ~~on an electrical generating facility placed in service after July 1, 2015;~~ (ii) uses  
213 as its total source of fuel renewable energy, as defined in § 56-576; (iii) is located on ~~the customer's~~  
214 ~~premises~~ *land owned or leased by the customer* and is connected to the customer's wiring on the  
215 customer's side of its interconnection with the distributor; (iv) is interconnected and operated in parallel  
216 with an electric company's transmission and distribution facilities; and (v) is intended primarily to offset  
217 all or part of the customer's own electricity requirements. ~~In addition to the electrical generating facility~~  
218 ~~size limitations in clause (i), the capacity of any generating facility installed under this section after July~~  
219 ~~1, 2015, shall not exceed the expected annual energy consumption based on the previous 12 months of~~  
220 ~~billing history or an annualized calculation of billing history if 12 months of billing history is not~~  
221 ~~available~~ *An eligible customer-generator may be served by multiple meters servicing the same eligible*  
222 *customer-generator that are located at the same site or an adjacent site, such that the eligible*  
223 *customer-generator may aggregate in a single account the electricity consumption and generation*  
224 *measured by the meters, provided that the same utility serves all such meters. The three-megawatt*  
225 *limitation in clause (i) on the capacity of electrical generating facilities for nonresidential customers*  
226 *does not apply to electrical generating facilities that are operated pursuant to § 15.2-2109.4 or*  
227 *56-585.1:12.*

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

232 "Net metering period" means the 12-month period following the date of final interconnection of the  
233 eligible customer-generator's or eligible agricultural customer-generator's system with an electric service  
234 provider, and each 12-month period thereafter.

235 "Small agricultural generator" has the same meaning that is ascribed to that term in § 56-594.2.

236 C. The Commission's regulations shall ensure that (i) the metering equipment installed for net  
237 metering shall be capable of measuring the flow of electricity in two directions and (ii) any eligible  
238 customer-generator seeking to participate in net energy metering shall notify its supplier and receive  
239 approval to interconnect prior to installation of an electrical generating facility. The electric distribution  
240 company shall have 30 days from the date of notification for residential facilities, and 60 days from the  
241 date of notification for nonresidential facilities, to determine whether the interconnection requirements  
242 have been met. Such regulations shall allocate fairly the cost of such equipment and any necessary  
243 interconnection. An eligible customer-generator's electrical generating system, and each electrical

244 generating system of an eligible agricultural customer-generator, shall meet all applicable safety and  
 245 performance standards established by the National Electrical Code, the Institute of Electrical and  
 246 Electronics Engineers, and accredited testing laboratories such as Underwriters Laboratories. Beyond the  
 247 requirements set forth in this section and to ensure public safety, power quality, and reliability of the  
 248 supplier's electric distribution system, an eligible customer-generator or eligible agricultural  
 249 customer-generator whose electrical generating system meets those standards and rules shall bear all  
 250 reasonable costs of equipment required for the interconnection to the supplier's electric distribution  
 251 system, including costs, if any, to (a) install additional controls, (b) perform or pay for additional tests,  
 252 and (c) purchase additional liability insurance.

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

262 E. If electricity generated by an eligible customer-generator or eligible agricultural customer-generator  
 263 over the net metering period exceeds the electricity consumed by the eligible customer-generator or  
 264 eligible agricultural customer-generator, the customer-generator or eligible agricultural  
 265 customer-generator shall be compensated for the excess electricity if the entity contracting to receive  
 266 such electric energy and the eligible customer-generator or eligible agricultural customer-generator enter  
 267 into a power purchase agreement for such excess electricity. Upon the written request of the eligible  
 268 customer-generator or eligible agricultural customer-generator, the supplier that serves the eligible  
 269 customer-generator or eligible agricultural customer-generator shall enter into a power purchase  
 270 agreement with the requesting eligible customer-generator or eligible agricultural customer-generator that  
 271 is consistent with the minimum requirements for contracts established by the Commission pursuant to  
 272 subsection D. The power purchase agreement shall obligate the supplier to purchase such excess  
 273 electricity at the rate that is provided for such purchases in a net metering standard contract or tariff  
 274 approved by the Commission, unless the parties agree to a higher rate. The eligible customer-generator  
 275 or eligible agricultural customer-generator owns any renewable energy certificates associated with its  
 276 electrical generating facility; however, at the time that the eligible customer-generator or eligible  
 277 agricultural customer-generator enters into a power purchase agreement with its supplier, the eligible  
 278 customer-generator or eligible agricultural customer-generator shall have a one-time option to sell the  
 279 renewable energy certificates associated with such electrical generating facility to its supplier and be  
 280 compensated at an amount that is established by the Commission to reflect the value of such renewable  
 281 energy certificates. Nothing in this section shall prevent the eligible customer-generator or eligible  
 282 agricultural customer-generator and the supplier from voluntarily entering into an agreement for the sale  
 283 and purchase of excess electricity or renewable energy certificates at mutually-agreed upon prices if the  
 284 eligible customer-generator or eligible agricultural customer-generator does not exercise its option to sell  
 285 its renewable energy certificates to its supplier at Commission-approved prices at the time that the  
 286 eligible customer-generator or eligible agricultural customer-generator enters into a power purchase  
 287 agreement with its supplier. All costs incurred by the supplier to purchase excess electricity and  
 288 renewable energy certificates from eligible customer-generators or eligible agricultural  
 289 customer-generators shall be recoverable through its Renewable Energy Portfolio Standard (RPS) rate  
 290 adjustment clause, if the supplier has a Commission-approved RPS plan. If not, then all costs shall be  
 291 recoverable through the supplier's fuel adjustment clause. For purposes of this section, "all costs" shall  
 292 be defined as the rates paid to the eligible customer-generator or eligible agricultural customer-generator  
 293 for the purchase of excess electricity and renewable energy certificates and any administrative costs  
 294 incurred to manage the eligible customer-generator's or eligible agricultural customer-generator's power  
 295 purchase arrangements. The net metering standard contract or tariff shall be available to eligible  
 296 customer-generators or eligible agricultural customer-generators on a first-come, first-served basis in  
 297 each electric distribution company's Virginia service area until the rated generating capacity owned and  
 298 operated by eligible customer-generators, eligible agricultural customer-generators, and small agricultural  
 299 generators in the Commonwealth reaches one percent of each electric distribution company's adjusted  
 300 Virginia peak-load forecast for the previous year (the systemwide cap), and shall require the supplier to  
 301 pay the eligible customer-generator or eligible agricultural customer-generator for such excess electricity  
 302 in a timely manner at a rate to be established by the Commission.

303 F. Any residential eligible customer-generator or eligible agricultural customer-generator who owns  
 304 and operates, or contracts with other persons to own, operate, or both, an electrical generating facility

305 with a capacity that exceeds 10 kilowatts shall pay to its supplier, in addition to any other charges  
 306 authorized by law, a monthly standby charge. The amount of the standby charge and the terms and  
 307 conditions under which it is assessed shall be in accordance with a methodology developed by the  
 308 supplier and approved by the Commission. The Commission shall approve a supplier's proposed standby  
 309 charge methodology if it finds that the standby charges collected from all such eligible  
 310 customer-generators and eligible agricultural customer-generators allow the supplier to recover only the  
 311 portion of the supplier's infrastructure costs that are properly associated with serving such eligible  
 312 customer-generators or eligible agricultural customer-generators. Such an eligible customer-generator or  
 313 eligible agricultural customer-generator shall not be liable for a standby charge until the date specified in  
 314 an order of the Commission approving its supplier's methodology.

315 G. On and after the later of July 1, 2019, or the effective date of regulations that the Commission is  
 316 required to adopt pursuant to § 56-594.01, (i) net energy metering in the service territory of each electric  
 317 cooperative shall be conducted as provided in a program implemented pursuant to § 56-594.01 and (ii)  
 318 the provisions of this section shall not apply to net energy metering in the service territory of an electric  
 319 cooperative except as provided in § 56-594.01.

320 **§ 56-594.3. Third-party power purchase agreements.**

321 A. As used in this section, unless the context requires a different meaning:

322 "Renewable energy facility" means a facility that generates electricity derived entirely from sources  
 323 of renewable energy as defined in § 56-576.

324 "Seller" means a person that owns or operates a renewable energy facility located on premises  
 325 owned or leased by a customer.

326 "Third-party power purchase agreement" means a power purchase agreement under which a seller  
 327 sells electricity to a customer from a renewable energy facility located on premises owned or leased by  
 328 a customer.

329 B. A seller shall be permitted to sell the electricity generated from a renewable energy facility  
 330 exclusively to the customer on whose premises the renewable energy facility is located under a  
 331 third-party power purchase agreement, subject to the following terms, conditions, and restrictions:

332 1. A renewable energy facility that is the subject of a third-party power purchase agreement shall  
 333 serve only one customer, and a third-party power purchase agreement shall not serve multiple  
 334 customers;

335 2. The customer under a third-party power purchase agreement shall be subject to the  
 336 interconnection and other requirements imposed on eligible customer-generators pursuant to subsection  
 337 C of § 56-594, including the requirement that the customer bear the reasonable costs, as determined by  
 338 the Commission, of the items described in clauses (a), (b), and (c) of subsection C of § 56-594;

339 3. A third-party power purchase agreement shall not be valid unless it conforms in all respects to  
 340 the requirements of this section; and

341 4. An affiliate of an electric utility shall be permitted to offer and enter into third-party power  
 342 purchase agreements on the same basis as may any other person that satisfies the requirements of being  
 343 a seller under a third-party power purchase agreement.

344 C. Except as necessary to ensure compliance with the provisions of this section and the provisions of  
 345 § 56-594 if the renewable energy facility is operated by an eligible customer-generator under a net  
 346 energy metering program, the Commission shall not have jurisdiction to regulate the terms and  
 347 conditions of a third-party power purchase agreement.

348 D. Nothing in this section shall be construed as (i) rendering any person, by virtue of its selling  
 349 electric power to a customer under a third-party power purchase agreement entered into pursuant to  
 350 this section, a public utility or a competitive service provider; (ii) imposing a requirement that such a  
 351 person meet 100 percent of the load requirements for each retail customer account it serves; or (iii)  
 352 affecting third-party power purchase agreements in effect prior to July 1, 2020.

353 E. The Commission may adopt such rules or establish such guidelines as may be necessary for its  
 354 general administration of this section.

355 **§ 67-102. Commonwealth Energy Policy.**

356 A. To achieve the objectives enumerated in § 67-101, it shall be the policy of the Commonwealth to:

357 1. Support research and development of, and promote the use of, renewable energy sources;

358 2. Ensure that the combination of energy supplies and energy-saving systems are sufficient to support  
 359 the demands of economic growth;

360 3. Promote research and development of clean coal technologies, including but not limited to  
 361 integrated gasification combined cycle systems;

362 4. Promote cost-effective conservation of energy and fuel supplies;

363 5. Ensure the availability of affordable natural gas throughout the Commonwealth by expanding  
 364 Virginia's natural gas distribution and transmission pipeline infrastructure; developing coalbed methane  
 365 gas resources and methane hydrate resources; encouraging the productive use of landfill gas; and siting  
 366 one or more liquefied natural gas terminals;

367 6. Promote the generation of electricity through technologies that do not contribute to greenhouse  
 368 gases and global warming;

369 7. Facilitate the development of new, and the expansion of existing, petroleum refining facilities  
 370 within the Commonwealth;

371 8. Promote the use of motor vehicles that utilize alternate fuels and are highly energy efficient;

372 9. Support efforts to reduce the demand for imported petroleum by developing alternative  
 373 technologies, including but not limited to the production of synthetic and hydrogen-based fuels, and the  
 374 infrastructure required for the widespread implementation of such technologies;

375 10. Promote the sustainable production and use of biofuels produced from silvicultural and  
 376 agricultural crops grown in the Commonwealth, and support the delivery infrastructure needed for  
 377 statewide distribution to consumers;

378 11. Ensure that development of new, or expansion of existing, energy resources or facilities does not  
 379 have a disproportionate adverse impact on economically disadvantaged or minority communities; ~~and~~

380 12. Ensure that energy generation and delivery systems that may be approved for development in the  
 381 Commonwealth, including liquefied natural gas and related delivery and storage systems, should be  
 382 located so as to minimize impacts to pristine natural areas and other significant onshore natural  
 383 resources, and as near to compatible development as possible; *and*

384 13. *Support the distributed generation of renewable electricity by:*

385 *a. Encouraging private sector investments in distributed renewable energy;*

386 *b. Increasing the security of the electricity grid by supporting distributed renewable energy projects*  
 387 *with the potential to supply electric energy to critical facilities during a widespread power outage; and*

388 *c. Augmenting the exercise of private property rights by landowners desiring to generate their own*  
 389 *energy from renewable energy sources on their lands.*

390 B. The elements of the policy set forth in subsection A shall be referred to collectively in this title as  
 391 the Commonwealth Energy Policy.

392 C. All agencies and political subdivisions of the Commonwealth, in taking discretionary action with  
 393 regard to energy issues, shall recognize the elements of the Commonwealth Energy Policy and where  
 394 appropriate, shall act in a manner consistent therewith.

395 D. The Commonwealth Energy Policy is intended to provide guidance to the agencies and political  
 396 subdivisions of the Commonwealth in taking discretionary action with regard to energy issues, and shall  
 397 not be construed to amend, repeal, or override any contrary provision of applicable law. The failure or  
 398 refusal of any person to recognize the elements of the Commonwealth Energy Policy, to act in a manner  
 399 consistent with the Commonwealth Energy Policy, or to take any other action whatsoever, shall not  
 400 create any right, action, or cause of action or provide standing for any person to challenge the action of  
 401 the Commonwealth or any of its agencies or political subdivisions.

402 **2. That Chapters 358 and 382 of the Acts of Assembly of 2013, as amended by Chapter 803 of the**  
 403 **Acts of Assembly of 2017, are repealed.**

404 **3. That the repeal of Chapters 358 and 382 of the Acts of Assembly of 2013, as amended by**  
 405 **Chapter 803 of the Acts of Assembly of 2017, shall not affect the validity of any third-party power**  
 406 **purchase agreement entered into prior to July 1, 2020, under a pilot project authorized pursuant**  
 407 **to Chapters 358 and 382 of the Acts of Assembly of 2013.**