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HOUSE BILL NO. 75

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Labor and Commerce
on February 6, 2020)

(Patron Prior to Substitute—Delegate Kory)

A BILL to amend the Code of Virginia by adding a section numbered 56-585.1:11, relating to electric utility regulation; pilot program for electric school buses.

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. Pilot program for electric school buses.

A. As used in this section:

"Electric school bus" means a school bus, as defined in § 46.2-100, that is powered by an electric motor drawing current from rechargeable storage batteries that are recharged with electric energy from an electric vehicle charging station.

"Electric school bus pilot program" means a pilot program conducted by a Phase II utility pursuant to the provisions of this section.

"Incremental costs of purchasing and deploying electric school buses" means the amount by which the costs of purchasing and deploying electric school buses exceeds the costs of purchasing and deploying diesel school buses.

"Participating school division" means a school division within a Phase II utility's service territory that participates in an electric school bus pilot program pursuant to an agreement between its school board and a Phase II utility.

"Phase II utility" means an investor-owned incumbent electric utility that was, as of July 1, 1999, bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002.

"Program costs" means the incremental costs of purchasing and deploying electric school buses to participating school divisions, including associated administrative and operating costs, that are incurred by a Phase II utility in implementing its electric school bus pilot program.

B. Each electric school bus pilot program shall:

1. Provide for the initial deployment to participating school divisions by December 31, 2020, of not more than 50 electric school buses with program costs that do not exceed \$13.5 million;

2. Authorize a Phase II utility to expand its initial electric school bus pilot program after January 1, 2021, to provide for the deployment in participating school divisions of not more than a total of 200 additional electric school buses per year for each of the following five years, with additional program costs for each of the following five years not exceeding \$54 million per year;

3. Provide that the participating school division shall own the school buses;

4. Permit the Phase II utility to tap into the storage batteries of the electric school buses in order to access the stored electricity through vehicle-to-grid technology at times when the school buses are not in use, including periods of a power outage or emergency, when energy demand is high, or when renewable energy resources are intermittent, without compensation to the school division for such electricity unless otherwise provided in the agreement between the school board and the Phase II utility;

5. Provide for the selection of school divisions that apply to participate in the electric school bus pilot program on the basis of the locational benefits that the school buses' storage batteries are expected to bring to the Phase II utility's electric system; and

6. Provide that the primary purpose of electric school buses is student transportation and if the Phase II utility's use of the battery compromises the school boards' ability to transport the students either through bus unavailability or insufficient charge, then the Phase II utility shall compensate the school board for such unavailability or insufficient charge. The agreement shall specify the terms of such compensation.

C. Each Phase II utility that elects to operate an electric school bus pilot program shall be entitled to recover all reasonable and prudent program costs as operations and maintenance expenses through the Phase II utility's base rates.

D. Any electric school bus pilot program proposed by a Phase II utility that satisfies the requirements of this section is in the public interest.

E. The Commission shall, by December 1, 2020, adopt such rules or establish such guidelines as may be necessary for the general administration of electric school bus pilot programs.

F. Each Phase II utility shall, by December 1, 2021, and annually thereafter, report on the status of its electric school bus pilot program to the Governor, the Commission, and the Chairmen of the House and Senate Commerce and Labor Committees.

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60 *G. The duration of an electric school bus pilot program shall not exceed 10 years. However, at any*
61 *time after filing its initial report on the status of its electric school bus pilot program as required by*
62 *subsection F, a Phase II utility may move the Commission to make its electric school bus pilot program*
63 *permanent. The motion shall include a compliance filing with conforming changes to the participating*
64 *utility's applicable rate schedules. Upon the Commission's granting of the motion, the electric school bus*
65 *pilot program shall become a regular rate schedule of the participating utility.*