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## SENATE BILL NO. 988

AMENDMENT IN THE NATURE OF A SUBSTITUTE  
(Proposed by the Senate Committee on Commerce and Labor  
on February 9, 2020)

(Patron Prior to Substitute—Senator Lucas)

A BILL to amend and reenact § 58.1-3660 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 56-585.1:11, relating to electric utilities; electric school bus projects.

Be it enacted by the General Assembly of Virginia:

1. That § 58.1-3660 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding a section numbered 56-585.1:11 as follows:

§ 56-585.1:11. *Development of electric school bus projects.*

A. The development of electric school bus projects by a Phase II Utility, as such term is defined in subdivision A 1 of § 56-585.1, is in the public interest, including the public interest in reduced carbon and other emissions from school buses fueled by petroleum-based fuels, the public health benefit to pupils and citizens at large associated with school buses fueled in whole or in part by electricity, and the use of such buses as electric grid stabilization or peak shaving resources. To promote the development and proliferation of electric school bus transportation in the Commonwealth, any Phase II Utility may submit a petition to the Commission, no more than once annually, for a rate adjustment clause to recover the costs of one or more electric school bus projects pursuant to subdivision A 6 of § 56-585.1. Any such electric school bus project capital investment amounts shall, upon the request of the utility in a triennial review proceeding directed by subdivisions A 1 and 3 of § 56-585.1, qualify for a customer credit reinvestment offset pursuant to subdivision A 8 d of § 56-585.1.

B. In developing an electric school bus project, any Phase II Utility shall be authorized, notwithstanding the provisions of § 13.1-620 or the articles of incorporation of such utility, either directly or through an affiliate or subsidiary, to (i) purchase, own, manage, or control school buses powered in whole or in part by electricity, along with associated charging or other infrastructure; (ii) enter into third-party agreements for the purchase, lease, or use of school buses powered in whole or in part by electricity, along with associated charging or other infrastructure; (iii) enter into agreements with any school board of any public school division located in the Commonwealth for joint ownership or for leasing on commercially competitive terms of school buses powered in whole or in part by electricity, along with associated charging or other infrastructure; (iv) provide financial incentives or rebates to any school board of a public school division in the Commonwealth to promote or facilitate the purchase and ownership by such public school board of school buses powered in whole or in part by electricity, along with associated charging or other infrastructure; and (v) engage in other activities, as approved by the Commission, to promote the development and proliferation of electric school bus transportation in the Commonwealth. To the extent that revenues are generated from the leasing of utility-owned school buses or associated charging or other infrastructure to a school board, such revenues shall be applied by the utility to offset the costs of the associated equipment. Any public school board participating in an electric school bus project may retain any operations and maintenance expense savings, including fuel costs savings, that it achieves in connection with such project, and any electric energy from an electric school bus utilized by the utility in connection with grid stability aspects of a project shall be replaced at no cost to the school board. The utility shall not incur any liability for civil damages arising out of acts or omissions relating to the operation or maintenance of a school bus included in an electric school bus project.

C. Any school board of a public school division located within the service territory of a qualifying Phase II Utility shall be eligible to participate in an electric school bus project. Any such utility implementing an electric school bus project shall limit participation in such project to a maximum of 40 percent, in the aggregate, of the annual calendar year school bus purchases by all the school boards of school divisions located in the service territory of the qualifying utility.

D. Any school buses associated with an electric school bus project shall be procured pursuant to a competitive solicitation process conducted by the qualifying utility, a participating school board, or the Commonwealth.

E. Nothing in this section shall authorize a utility to directly engage in student transportation.

F. Any school bus associated with an electric school bus project shall be equipped with an active lap-and-shoulder belt occupant restraint system for each designated passenger seating position.

G. After December 31, 2025, a Phase II Utility shall not develop any new electric school bus projects, and no school board that is not participating in an existing electric school bus project shall participate in an electric school bus project.

H. As used in this section, "electric school bus project" means any project designed to encourage the

60 *proliferation of school buses that are fueled in whole or in part by electricity, along with associated*  
61 *charging and other infrastructure, for the purpose of transporting students of any public school division*  
62 *within the Commonwealth and that may also serve as electric grid stabilization or peak shaving*  
63 *resources.*

64 **§ 58.1-3660. Certified pollution control equipment and facilities.**

65 A. Certified pollution control equipment and facilities, as defined herein, are hereby declared to be a  
66 separate class of property and shall constitute a classification for local taxation separate from other such  
67 classification of real or personal property and such property. Certified pollution control equipment and  
68 facilities shall be exempt from state and local taxation pursuant to Article X, Section 6 (d) of the  
69 Constitution of Virginia.

70 B. As used in this section:

71 "Certified pollution control equipment and facilities" shall mean any property, including real or  
72 personal property, equipment, facilities, or devices, used primarily for the purpose of abating or  
73 preventing pollution of the atmosphere or waters of the Commonwealth and which the state certifying  
74 authority having jurisdiction with respect to such property has certified to the Department of Taxation as  
75 having been constructed, reconstructed, erected, or acquired in conformity with the state program or  
76 requirements for abatement or control of water or atmospheric pollution or contamination. Such property  
77 shall include, but is not limited to, any equipment used to grind, chip, or mulch trees, tree stumps,  
78 underbrush, and other vegetative cover for reuse as mulch, compost, landfill gas, synthetic or natural gas  
79 recovered from waste or other fuel, and equipment used in collecting, processing, and distributing, or  
80 generating electricity from, landfill gas or synthetic or natural gas recovered from waste, whether or not  
81 such property has been certified to the Department of Taxation by a state certifying authority. Such  
82 property shall also include solar energy equipment, facilities, or devices owned or operated by a business  
83 that collect, generate, transfer, or store thermal or electric energy whether or not such property has been  
84 certified to the Department of Taxation by a state certifying authority. For solar photovoltaic (electric  
85 energy) systems, this exemption applies only to (i) projects equaling 20 megawatts or less, as measured  
86 in alternating current (AC) generation capacity, for which an initial interconnection request form has  
87 been filed with an electric utility or a regional transmission organization on or before December 31,  
88 2018; (ii) projects equaling 20 megawatts or less, as measured in alternating current (AC) generation  
89 capacity, that serve any of the public institutions of higher education listed in § 23.1-100 or any private  
90 college as defined in § 23.1-105; (iii) 80 percent of the assessed value of projects for which an initial  
91 interconnection request form has been filed with an electric utility or a regional transmission  
92 organization (a) between January 1, 2015, and June 30, 2018, for projects greater than 20 megawatts or  
93 (b) on or after July 1, 2018, for projects greater than 20 megawatts and less than 150 megawatts, as  
94 measured in alternating current (AC) generation capacity, and that are first in service on or after January  
95 1, 2017; (iv) projects equaling five megawatts or less, as measured in alternating current (AC)  
96 generation capacity, for which an initial interconnection request form has been filed with an electric  
97 utility or a regional transmission organization on or after January 1, 2019; and (v) 80 percent of the  
98 assessed value of all other projects equaling more than five megawatts and less than 150 megawatts, as  
99 measured in alternating current (AC) generation capacity for which an initial interconnection request  
100 form has been filed with an electric utility or a regional transmission organization on or after January 1,  
101 2019. The exemption for solar photovoltaic (electric energy) projects greater than 20 megawatts, as  
102 measured in alternating current (AC) generation capacity, shall not apply to projects upon which  
103 construction begins after January 1, 2024. *Such property shall also include electric school buses and*  
104 *associated charging and other infrastructure that is related or incidental to an electric school bus*  
105 *project authorized pursuant to § 56-585.1:11.* For pollution control equipment and facilities certified by  
106 the Virginia Department of Health, this exemption applies only to onsite sewage systems that serve 10  
107 or more households, use nitrogen-reducing processes and technology, and are constructed, wholly or  
108 partially, with public funds. All such property as described in this definition shall not include the land  
109 on which such equipment or facilities are located.

110 "State certifying authority" shall mean the State Water Control Board or the Virginia Department of  
111 Health, for water pollution; the State Air Pollution Control Board, for air pollution; the Department of  
112 Mines, Minerals and Energy, for solar energy projects and for coal, oil, and gas production, including  
113 gas, natural gas, and coalbed methane gas; and the Virginia Waste Management Board, for waste  
114 disposal facilities, natural gas recovered from waste facilities, and landfill gas production facilities, and  
115 shall include any interstate agency authorized to act in place of a certifying authority of the  
116 Commonwealth.