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## SENATE BILL NO. 1420

Offered January 13, 2021

A *BILL to amend and reenact § 1 of the first enactment of Chapters 358 and 382 of the Acts of Assembly of 2013, as amended by Chapter 803 of the Acts of Assembly of 2017, and as amended by Chapters 1187, 1188, 1189, 1193, 1194, and 1239 of the Acts of Assembly of 2020, relating to electric utilities; nonjurisdictional customers; third party power purchase agreements.*

Patrons—Edwards and McClellan

Referred to Committee on Commerce and Labor

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

**1. That § 1 of the first enactment of Chapters 358 and 382 of the Acts of Assembly of 2013, as amended by Chapter 803 of the Acts of Assembly of 2017, and as amended by Chapters 1187, 1188, 1189, 1193, 1194, and 1239 of the Acts of Assembly of 2020, is amended and reenacted as follows:**

§ 1. That the State Corporation Commission (Commission) shall conduct pilot programs under which a person that owns or operates a solar-powered or wind-powered electricity generation facility located on premises owned or leased by an eligible customer-generator, as defined in § 56-594 of the Code of Virginia, shall be permitted to sell the electricity generated from such facility exclusively to such eligible customer-generator under a power purchase agreement used to provide third party financing of the costs of such a renewable generation facility (third party power purchase agreement), subject to the following terms, conditions, and restrictions:

a. Notwithstanding subsection G of § 56-580 of the Code of Virginia or any other provision of law, a pilot program shall be conducted within the certificated service territory of each investor-owned electric utility ("Pilot Utility");

b. *Except as provided in this subdivision, both jurisdictional and nonjurisdictional customers may participate in such pilot programs on a first-come, first-serve basis.* The aggregated capacity of all generation facilities that are subject to such third party power purchase agreements at any time during the pilot program shall not exceed 500 megawatts for Virginia jurisdictional customers and 500 megawatts for Virginia nonjurisdictional customers for an investor-owned utility that was bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002, or 40 megawatts for an investor-owned utility that was not bound by a rate case settlement adopted by the Commission that extended in its application beyond January 1, 2002. Such limitation on the aggregated capacity of such facilities shall constitute a portion of the existing limit of six percent of each Pilot Utility's adjusted Virginia peak-load forecast for the previous year that is available to eligible customer-generators pursuant to subsection E of § 56-594 of the Code of Virginia. Notwithstanding any provision of this act that incorporates provisions of § 56-594, the seller and the customer shall elect either to (i) enter into their third party power purchase agreement subject to the conditions and provisions of the Pilot Utility's net energy metering program under § 56-594 or (ii) provide that electricity generated from the generation facilities subject to the third party power purchase agreement will not be net metered under § 56-594, provided that an election not to net meter under § 56-594 shall not exempt the third party power purchase agreement and the parties thereto from the requirements of this act that incorporate provisions of § 56-594;

c. A solar-powered or wind-powered generation facility with a capacity of no less than 50 kilowatts and no more than three megawatts shall be eligible for a third party power purchase agreement under a pilot program; however, if the customer under such agreement is an entity with tax-exempt status in accordance with § 501(c) of the Internal Revenue Code of 1954, as amended, then such facility is eligible for the pilot program even if it does not meet the 50 kilowatts minimum size requirement. The maximum generation capacity of three megawatts shall not affect the limits on the capacity of electrical generating capacities of 25 kilowatts for residential customers and three megawatts for nonresidential customers set forth in subsection B of § 56-594 of the Code of Virginia, which limitations shall continue to apply to net energy metering generation facilities regardless of whether they are the subject of a third party power purchase agreement under the pilot program;

d. A generation facility that is the subject of a third party power purchase agreement under the pilot program shall serve only one customer, and a third party power purchase agreement shall not serve multiple customers;

e. The customer under a third party power purchase agreement under the pilot program shall be subject to the interconnection and other requirements imposed on eligible customer-generators pursuant

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59 to subsection C of § 56-594 of the Code of Virginia, including the requirement that the customer bear  
60 the reasonable costs, as determined by the Commission, of the items described in clauses (i), (ii), and  
61 (iii) of such subsection;

62 f. A third party power purchase agreement under the pilot program shall not be valid unless it  
63 conforms in all respects to the requirements of the pilot program conducted under the provisions of this  
64 act and unless the Commission and the Pilot Utility are provided written notice of the parties' intent to  
65 enter into a third party power purchase agreement not less than 30 days prior to the agreement's  
66 proposed effective date; and

67 g. An affiliate of the Pilot Utility shall be permitted to offer and enter into third party power  
68 purchase arrangements on the same basis as may any other person that satisfies the requirements of  
69 being a seller under a third party power purchase agreement under the pilot program.