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SENATE BILL NO. 625

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the Senate Committee on Commerce and Labor
on January 31, 2022)

(Patron Prior to Substitute—Senator Favola)

A BILL to amend and reenact §§ 45.2-1912 through 45.2-1917 of the Code of Virginia, relating to the Low-to-Moderate Income Solar Financial Incentives Fund and Program; financial incentives.

Be it enacted by the General Assembly of Virginia:

1. That §§ 45.2-1912 through 45.2-1917 of the Code of Virginia are amended and reenacted, as follows:

§ 45.2-1912. Definitions.

As used in this article, unless the context requires a different meaning:

"Board" means the Clean Energy Advisory Board created pursuant to § 45.2-1913.

"Financial incentive" means any grants, loans, rebates, or any other inducement paid out of the Fund.

"Fund" means the Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Fund created pursuant to § 45.2-1916.

"Program" means the Low-to-Moderate Income Solar ~~Loan and Rebate~~ Financial Incentives Pilot Program created pursuant to § 45.2-1917.

§ 45.2-1913. Clean Energy Advisory Board; purpose.

The Clean Energy Advisory Board is established as an advisory board in the executive branch of state government. The purpose of the Board is to establish a pilot program for disbursing ~~loans or rebates~~ financial incentives for the installation of solar energy infrastructure in low-income and moderate-income households.

§ 45.2-1914. Membership; terms; quorum; meetings.

A. The Board shall have a total membership of 17 members that shall consist of 16 nonlegislative citizen members and one ex officio member. Members may reside within or ~~without~~ outside the Commonwealth. Nonlegislative citizen members shall be appointed as follows:

1. Six nonlegislative citizen members to be appointed by the Speaker of the House of Delegates upon consideration of the recommendations of the Board of Directors of the ~~Maryland-DC-Delaware-Virginia Solar Energy Industries~~ Chesapeake Energy Storage and Solar Association (the ~~MDV-SEIA~~ ~~CHESSA~~ Board) and the Governor's Advisory Council on Environmental Justice (the Council), one of whom shall be a designee of the Virginia Housing Development Authority, created pursuant to the provisions of Chapter 1.2 (§ 36-55.24 et seq.) of Title 36; one of whom shall be a rooftop solar energy professional or employer or representative of rooftop solar energy professionals; one of whom shall be a current or former member of the Council; one of whom shall be a member or representative of the Virginia, Maryland and Delaware Association of Electric Cooperatives (VMDAEC); one of whom shall be an expert with experience developing low-income or moderate-income incentive and loan programs for distributed renewable energy resources; and one of whom shall be an attorney who is licensed to practice in the Commonwealth and maintains a legal practice dedicated to rural development, rural electrification, and energy policy;

2. Three nonlegislative citizen members to be appointed by the Senate Committee on Rules upon consideration of the recommendations of the ~~MDV-SEIA~~ ~~CHESSA~~ Board, one of whom shall be a solar energy professional or employer or representative of solar energy professionals, one of whom shall work for or with an investor-owned electric utility company based in the Commonwealth, and one of whom shall be a member or representative of VMDAEC; and

3. Seven nonlegislative citizen members to be appointed by the Governor upon consideration of the recommendations of the ~~MDV-SEIA~~ ~~CHESSA~~ Board and the Council and subject to confirmation by the General Assembly, one of whom shall be an attorney who is licensed to practice in the Commonwealth and maintains a legal practice in renewable energy law and transactions, one of whom shall be an attorney who is licensed to practice in the Commonwealth and specializes in tax law and energy transactions, one of whom shall be an attorney with the Division of Consumer Counsel created pursuant to the provisions of § 2.2-517, one of whom shall be an employee of a community development financial institution who specializes in impact investing, one of whom shall be a member of a Virginia environmental organization, and two of whom shall be designees of the Department of Housing and Community Development, created pursuant to the provisions of Chapter 8 (§ 36-131 et seq.) of Title 36.

B. The Director or his designee shall serve ex officio with voting privileges and shall assist in convening the meetings of the Board.

C. Nonlegislative citizen members of the Board shall be citizens of the Commonwealth. The ex

60 officio member of the Board shall serve a term coincident with his term of office. Nonlegislative citizen
61 members shall be appointed for a term of three years. Appointments to fill vacancies, other than by
62 expiration of a term, shall be for the unexpired terms. Vacancies shall be filled in the same manner as
63 the original appointments. All members may be reappointed.

64 D. The Board shall elect a chairman and vice-chairman from among its membership. A majority of
65 the members shall constitute a quorum. The meetings of the Board shall be held at the call of the
66 chairman or whenever the majority of the members so request.

67 **§ 45.2-1915. Powers and duties of the Board; report.**

68 The Board has the powers and duties to:

69 1. Advise the Director on the management of the Fund pursuant to the provisions of § 45.2-1916;

70 2. ~~Develop, establish, and operate, with the approval of the Director, the Program pursuant to the~~
71 ~~provisions of § 45.2-1917;~~

72 3. Advise the Director on the possibility of working with a community development financial
73 institution or other financial institutions to further the purposes of the Program;

74 4. 3. Advise the Director on the distribution of moneys in the Fund in the form of ~~loans or rebates~~
75 *financial incentives* pursuant to the provisions of § 45.2-1917; and

76 5. 4. Submit to the Governor and the General Assembly an annual report for publication as a report
77 document as provided in the procedures of the Division of Legislative Automated Systems for the
78 processing of legislative documents and reports. The chairman shall submit to the Governor and the
79 General Assembly an annual executive summary of the interim activity and work of the Board no later
80 than the first day of each regular session of the General Assembly. The executive summary shall be
81 submitted for publication as a report document as provided in the procedures of the Division of
82 Legislative Automated Systems for the processing of legislative documents and reports and shall be
83 posted on the General Assembly's website.

84 **§ 45.2-1916. Low-to-Moderate Income Solar Financial Incentives Fund.**

85 There is hereby established in the state treasury a special nonreverting fund to be known as the
86 Low-to-Moderate Income Solar ~~Loan and Rebate Financial Incentives~~ Fund. The Fund shall be
87 established on the books of the Comptroller. All funds appropriated for such purpose and any gifts,
88 donations, grants, bequests, and other funds received on its behalf shall be paid into the state treasury
89 and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be
90 credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal
91 year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used
92 solely for the purposes of ~~extending loans or paying rebates~~ *providing financial incentives* to electric
93 customers who complete solar installations ~~or~~ *and* energy efficiency improvements pursuant to the
94 provisions of § 45.2-1917. Expenditures and disbursements from the Fund shall be made by the State
95 Treasurer on warrants issued by the Comptroller upon written request signed by the Director.

96 **§ 45.2-1917. Low-to-Moderate Income Solar Financial Incentives Pilot Program.**

97 A. The Board, with the approval of the Director, shall develop and establish a Low-to-Moderate
98 Income Solar ~~Loan and Rebate Financial Incentives~~ Pilot Program and ~~rules guidelines~~ for the ~~loan or~~
99 ~~rebate financial incentive~~ application process. The Program shall be open to any Virginia resident whose
100 household income is at or below 80 percent of the state median income or regional median income,
101 whichever is greater. The Program shall allow only one ~~loan financial incentive~~ per residence,
102 irrespective of the ownership of the solar energy system that is installed. Such ~~loan financial incentive~~
103 shall be available only for a solar installation or energy efficiency improvements pursuant to the
104 provisions of Chapter 1.2 (§ 36-55.24 et seq.) of Title 36.

105 B. The ~~Board~~ Director shall accept an application only from the installer of the solar installation or
106 the agent of the customer.

107 Each application shall include (i) ~~12 months of the customer's utility bills prior to installation of the~~
108 ~~solar energy system and an agreement to provide 12 months of utility bills to the Board following the~~
109 ~~installation~~ *evidence demonstrating that the household has been weatherized within the past five years*
110 *by an authorized weatherization assistance provider or other provider approved by the Department of*
111 *Housing and Community Development*; (ii) the customer's permission for the Director to (a) create a
112 customer profile for the customer if he becomes an eligible loan or rebate customer, (b) aggregate the
113 data provided by such eligible loan or rebate customers, and (c) use such aggregate data for the purpose
114 of lowering energy costs and implementing effective programs; (iii) evidence of the completion of a
115 home performance audit, conducted by a qualified local weatherization service provider *or provider*
116 *approved by the Department of Housing and Community Development*, before and after installation of
117 energy efficiency services such as lighting or insulation improvements, attic tents, weatherization, air
118 sealing of openings in the building envelope, sealing of ducts, or thermostat upgrades, to demonstrate
119 that such energy efficiency services were completed ~~and resulted in a reduction in consumption of at~~
120 ~~least 12 percent~~; and (iv) an affidavit attesting to the receipt of a public benefit at the time the solar
121 energy system is to be installed.

122 C. The ~~Board~~ *Director* shall review each application submitted to it on a first-come, first-served basis
 123 and shall recommend to the Director the approval or denial of each such application within 30 days of
 124 receipt. If the Director approves an application, he shall hold a reservation of funds for as long as 180
 125 days for final loan or rebate claim and disbursement *program guidelines require*.

126 D. A customer whose application is approved may install an energy system that is interconnected
 127 pursuant to the provisions of § 56-594 or any section in Title 56 that addresses net energy metering
 128 provisions for electric cooperative service territories.

129 E. All of the work of installing the energy system shall be completed by a licensed contractor that (i)
 130 possesses an Alternative Energy System (AES) Contracting specialty as defined by the Board for
 131 Contractors pursuant to the provisions of Chapter 11 (§ 54.1-1100 et seq.) of Title 54.1; (ii) possesses
 132 certification for solar installation from the North American Board of Certified Energy Practitioners, Solar
 133 Energy International, Roof Integrated Solar Energy, or a similar installer certification program; (iii)
 134 possesses a rating of "A" or higher from the local Better Business Bureau; and (iv) has installed a
 135 minimum of 150 net-metered residential solar systems in the Commonwealth. If the work of installing
 136 the solar energy system requires electrical work, such work shall be completed by an electrical
 137 contractor licensed by the Department of Professional and Occupational Regulation. All photovoltaic
 138 panels, inverters, and other electrical apparatus used in the solar energy system shall be tested and
 139 certified by a federal Occupational Safety and Health Administration Nationally Recognized Testing
 140 Laboratory such as UL LLC and installed in compliance with manufacturer specifications and all
 141 applicable building and electrical codes.

142 F. The customer or the installer, acting on behalf of the customer, shall submit any loan or rebate
 143 claim within 90 days of completion of the installation of the solar energy system, with completion
 144 deemed to have occurred once the solar energy system's bi-directional meter or net meter, or the
 145 respective utility's revenue grade meter, has been installed and the system has been electrified. Each
 146 rebate claim shall include, at a minimum, a date of system electrification and a time-stamped and
 147 date-stamped verification of (i) bi-directional net meter delivery or (ii) the operation of a compatible
 148 programmed smart meter capable of tracking net metering activity.

149 G. The Director shall review and approve or deny a loan or rebate claim within 60 days of receipt
 150 and shall provide a written explanation of each denial to the respective claimant. The Director shall
 151 disburse from the Fund created pursuant to § 45.2-1916 the loan or rebate *financial incentive* for each
 152 approved claim within 60 days of its receipt of the claim and according to the order in which its
 153 respective application was approved. Any ~~rebate or grant~~ *financial incentive* shall be in the amount of no
 154 more than \$2 per DC watt for up to six kilowatts of solar capacity installed *a maximum of \$12,000*. The
 155 customer may use a rebate in addition to any federal tax credits or state incentives or enhancements
 156 earned for the same solar installation.