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SENATE BILL NO. 1083

Offered January 11, 2023

Prefiled January 9, 2023

A BILL to amend the Code of Virginia by adding a section numbered 56-594.4, relating to shared solar programs; Phase I Utility; report.

Patrons—Edwards and Surovell; Delegate: Kory

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 56-594.4 as follows:
§ 56-594.4. Shared solar programs; Phase I Utility.

A. As used in this section:

"Administrative cost" means the reasonable incremental cost to the investor-owned utility to calculate and allocate bill credits for subscriber utility bills and, if applicable, the distribution of subscription fees to subscriber organizations under net crediting.

"Applicable bill credit rate" means the dollar-per-kilowatt-hour rate used to calculate the subscriber's bill credit.

"Bill credit" means the monetary value of the electricity, in kilowatt-hours, generated by the shared solar facility allocated to a subscriber to offset that subscriber's electricity bill.

"Low-income customer" means any person or household whose income is no more than 80 percent of the median income of the locality in which the customer resides, as determined by the U.S. Department of Housing and Urban Development.

"Low-income service organization" means a nonresidential customer of an investor-owned utility whose primary purpose is to serve low-income individuals and households.

"Minimum bill" means the fixed dollar amount for each rate class determined by the Commission under subsection D that subscribers are required to, at a minimum, pay on their utility bill each month after accounting for any bill credits. A minimum bill is only applicable if and when the bill credit reduces the subscriber's bill below the minimum bill threshold.

"Phase I Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1 and includes any investor-owned utility whose service territory assigned to it by the Commission is located entirely within the Counties of Dickenson, Lee, Russell, Scott, and Wise.

"Shared solar facility" means a facility that:

1. Generates electricity by means of a solar photovoltaic device with a nameplate capacity rating that does not exceed 5,000 kilowatts of alternating current;

2. Is located in the service territory of an investor-owned electric utility;

3. Is connected to the electric distribution grid serving the Commonwealth;

4. Has at least three subscribers;

5. Has at least 40 percent of its capacity subscribed by customers with subscriptions of 25 kilowatts or less; and

6. Has at least 30 percent of its capacity, or savings equivalent, allocated to low-income customers or low-income service organizations.

"Shared solar program" or "program" means the program created through the adoption of rules to allow for the development of shared solar facilities.

"Subscriber" means a retail customer of a utility that (i) is in possession of one or more subscriptions of a shared solar facility that is interconnected with the utility and (ii) receives service in the service territory of the same utility in whose service territory the shared solar facility is located.

"Subscriber organization" means any for-profit or nonprofit entity that owns or operates one or more shared solar facilities. A subscriber organization shall not be considered a utility solely as a result of its ownership or operation of a shared solar facility.

"Subscription" means a contract or other agreement between a subscriber and the owner of a shared solar facility. A subscription shall be sized such that the estimated bill credits do not exceed the subscriber's average annual bill for the customer account to which the subscription is attributed.

"Utility" means a Phase I Utility and any investor-owned utility whose service territory assigned to it by the Commission is located entirely within the Counties of Dickenson, Lee, Russell, Scott, and Wise.

B. The Commission shall establish by regulation a program that affords customers of a Phase I Utility the opportunity to participate in shared solar projects. Under its shared solar program, a utility shall provide a bill credit for the proportional output of a shared solar facility attributable to that

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59 subscriber. The shared solar program shall be administered as follows:

60 1. The value of the bill credit for the subscriber shall be calculated by multiplying the subscriber's
61 portion of the kilowatt-hour electricity production from the shared solar facility by the applicable bill
62 credit rate for the subscriber. Any amount of the bill credit that exceeds the subscriber's monthly bill,
63 minus the minimum bill, shall be carried over and applied to the next month's bill.

64 2. The utility shall provide bill credits to a shared solar facility's subscribers for not less than 25
65 years from the date the shared solar facility becomes commercially operational.

66 3. The subscriber organization shall, on a monthly basis, in a standardized electronic format, and
67 pursuant to guidelines established by the Commission, provide to the utility a subscriber list indicating
68 the kilowatt-hours of generation attributable to each of the subscribers participating in a shared solar
69 facility in accordance with the subscriber's portion of the output of the shared solar facility.

70 4. Subscriber lists may be updated monthly to reflect canceling subscribers and to add new
71 subscribers. The utility shall apply bill credits to subscriber bills within two billing cycles following the
72 cycle during which the energy was generated by the shared solar facility.

73 5. Each utility shall, on a monthly basis and in a standardized electronic format, provide to the
74 subscriber organization a report indicating the total value of bill credits generated by the shared solar
75 facility in the prior month, as well as the amount of the bill credit applied to each subscriber.

76 6. A subscriber organization may accumulate bill credits in the event that all of the electricity
77 generated by a shared solar facility is not allocated to subscribers in a given month. On an annual
78 basis and pursuant to guidelines established by the Commission, the subscriber organization shall
79 furnish to the utility allocation instructions for distributing excess bill credits to subscribers.

80 7. All environmental attributes associated with a shared solar facility, including renewable energy
81 certificates, shall be considered property of the subscriber organization. At the subscriber organization's
82 discretion, such environmental attributes may be distributed to the subscribers, sold to load-serving
83 entities with compliance obligations or other buyers, accumulated, or retired.

84 8. Projects shall be entitled to receive incentives when they are located on rooftops, brownfields, or
85 landfills; are dual-use agricultural facilities; or meet the definition of another category established by
86 the Department of Energy pursuant to this section.

87 C. Each subscriber shall pay a minimum bill, established pursuant to subsection D, and shall receive
88 an applicable bill credit based on the subscriber's customer class of residential, commercial, or
89 industrial. Each class's applicable credit rate shall be calculated by the Commission annually by
90 dividing revenues to the class by sales, measured in kilowatt-hours, to that class to yield a bill credit
91 rate for the class (\$/kWh).

92 D. The Commission shall establish a minimum bill, which may include the basic customer charge,
93 charges associated with non-bypassable riders, and administrative costs of the shared solar program,
94 but the total amount of the minimum bill shall not exceed \$20. The Commission may modify the
95 minimum bill over time. Low-income customers shall be exempt from the minimum bill.

96 E. The Commission shall approve a shared solar facility program of at least 10 percent of the peak
97 load for customers of a Phase I Utility. Capacity for the program shall be available to shared solar
98 facilities on a first-come, first-served basis. Subscriber organizations shall be allowed to demonstrate
99 compliance with the low income requirement using either project capacity or project savings
100 methodology. The Commission, in collaboration with the Department of Energy, may adopt mechanisms
101 to ensure low-income customer participation.

102 F. The Commission shall establish by regulation a shared solar program that complies with the
103 provisions of subsections B, C, D, and E by January 31, 2024, and shall require each utility to file any
104 tariffs, agreements, or forms necessary for implementation of the program by March 31, 2024. Any rule
105 or utility implementation filings approved by the Commission shall:

106 1. Reasonably allow for the creation of shared solar facilities that are financeable and provide
107 reasonable customer savings;

108 2. Allow all jurisdictional and nonjurisdictional customer classes to participate in the program;

109 3. Create a stakeholder work group, including low-income community representatives and community
110 solar providers, to facilitate low-income customer and low-income service organization participation in
111 the program;

112 4. Encourage public-private partnerships to further the Commonwealth's clean energy and equity
113 goals, such as state agency and affordable housing provider participation in the program as subscribers
114 of shared solar projects;

115 5. Not remove a customer from its otherwise applicable customer class in order to participate in a
116 shared solar facility;

117 6. Reasonably allow for the transferability and portability of subscriptions, including allowing a
118 subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same
119 utility's service territory;

120 7. Establish standards, fees, and processes for the interconnection of shared solar facilities that

allow the utility to recover reasonable interconnection costs for each shared solar facility consistent with the requirements of subsection G;

8. Adopt standardized consumer disclosure forms;

9. Allow the utility the opportunity to recover reasonable costs of administering the program;

10. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting projects;

11. Address the co-location of two or more shared solar facilities on a single parcel of land and provide guidelines for determining when two or more facilities are co-located;

12. Include a program implementation schedule;

13. Prohibit credit checks as a means of establishing eligibility for residential customers to become subscribers;

14. Prohibit early termination fees and credit reporting for any low-income customer;

15. Require net financial savings for low-income subscribers relative to the subscription fee;

16. Require a customer's affirmative consent by written or electronic signature before providing access to customer billing and usage data to a subscriber organization;

17. Establish customer engagement rules and minimum rules for education, contract reviews, and continued engagement;

18. Require net crediting functionality as part of any new customer information platform approved by the Commission. Under net crediting, the utility shall include the shared solar subscription fee on the customer's utility bill and provide the customer with a net credit equivalent to the total bill credit value for that generation period minus the shared solar subscription fee as set by the subscriber organization. Costs of net crediting shall be recovered through the minimum bill as administrative costs. Net crediting shall be optional for subscriber organizations, and any shared solar subscription fees charged via the net crediting model shall be set to ensure that subscribers do not pay more in subscription fees than they receive in bill credits; and

19. Allow the utility to recover (i) as the cost of purchased power pursuant to § 56-249.6 any difference between the bill credit provided to the subscriber and the cost of energy injected into the grid by the subscriber organization and (ii) the cost of incentives established pursuant to subdivision B 8.

G. Any requirements or costs associated with interconnection upgrades or studies imposed on shared solar facilities shall be consistent with generally accepted industry practices in markets with significant penetration levels of distributed generation.

H. Within 180 days of finalization of the Commission's adoption of regulations for the shared solar program, a utility shall, provided that the utility has successfully implemented its customer information platform, begin crediting subscriber accounts of each shared solar facility interconnected in its service territory, subject to the requirements of this section and regulations adopted thereto.

2. That the Department of Energy (the Department) shall convene a stakeholder work group to determine the amounts and form of incentives for shared solar projects that are located on rooftops, brownfields, or landfills; that are dual-use agricultural facilities; or that meet the definition of another category established by the Department pursuant to subdivision B 8 of § 56-594.4 of the Code of Virginia, as created by this act. In establishing such incentives, the Department and work group shall give special consideration to projects seeking to leverage funding from the Virginia Brownfield and Coal Mine Renewable Energy Grant Program. The Department shall document the proceedings of the stakeholder work group and submit a written report to the Chairmen of the House Committee on Commerce and Energy and the Senate Committee on Commerce and Labor no later than November 30, 2023, and simultaneously make copies of the report publicly available on the Department's website.