

23103947D

SENATE BILL NO. 1125

Offered January 11, 2023

Prefiled January 10, 2023

A BILL to amend and reenact § 56-585.5 of the Code of Virginia, relating to renewable energy portfolio standard requirements; State Corporation Commission authority; report.

Patrons—Hackworth, Chase, Cosgrove, DeSteph, McDougale, Newman, Peake, Reeves, Ruff and Stanley

Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:**1. That § 56-585.5 of the Code of Virginia is amended and reenacted as follows:****§ 56-585.5. Generation of electricity from renewable and zero carbon sources.**

A. As used in this section:

"Accelerated renewable energy buyer" means a commercial or industrial customer of a Phase I or Phase II Utility, irrespective of generation supplier, with an aggregate load over 25 megawatts in the prior calendar year, that enters into arrangements pursuant to subsection G, as certified by the Commission.

"Aggregate load" means the combined electrical load associated with selected accounts of an accelerated renewable energy buyer with the same legal entity name as, or in the names of affiliated entities that control, are controlled by, or are under common control of, such legal entity or are the names of affiliated entities under a common parent.

"Control" has the same meaning as provided in § 56-585.1:11.

"Falling water" means hydroelectric resources, including run-of-river generation from a combined pumped-storage and run-of-river facility. "Falling water" does not include electricity generated from pumped-storage facilities.

"Low-income qualifying projects" means a project that provides a minimum of 50 percent of the respective electric output to low-income utility customers as that term is defined in § 56-576.

"Phase I Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

"Phase II Utility" has the same meaning as provided in subdivision A 1 of § 56-585.1.

"Previously developed project site" means any property, including related buffer areas, if any, that has been previously disturbed or developed for non-single-family residential, nonagricultural, or nonsilvicultural use, regardless of whether such property currently is being used for any purpose. "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel that has been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii) as the site of a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining that took place before August 3, 1977, or any lands upon which extraction activities have been permitted by the Department of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

"Total electric energy" means total electric energy sold to retail customers in the Commonwealth service territory of a Phase I or Phase II Utility, other than accelerated renewable energy buyers, by the incumbent electric utility or other retail supplier of electric energy in the previous calendar year, excluding an amount equivalent to the annual percentages of the electric energy that was supplied to such customer from nuclear generating plants located within the Commonwealth in the previous calendar year, provided such nuclear units were operating by July 1, 2020, or from any zero-carbon electric generating facilities not otherwise RPS eligible sources and placed into service in the Commonwealth after July 1, 2030.

"Zero-carbon electricity" means electricity generated by any generating unit that does not emit carbon dioxide as a by-product of combusting fuel to generate electricity.

B. 1. By December 31, 2024, except for any coal-fired electric generating units (i) jointly owned with a cooperative utility or (ii) owned and operated by a Phase II Utility located in the coalfield region of the Commonwealth that co-fires with biomass, any Phase I and Phase II Utility shall retire all generating units principally fueled by oil with a rated capacity in excess of 500 megawatts and all coal-fired electric generating units operating in the Commonwealth.

2. By December 31, 2028, each Phase I and II Utility shall retire all biomass-fired electric generating units that do not co-fire with coal.

3. By December 31, 2045, each Phase I and II Utility shall retire all other electric generating units located in the Commonwealth that emit carbon as a by-product of combusting fuel to generate electricity.

4. A Phase I or Phase II Utility ~~may~~ shall petition the Commission for relief from the requirements

INTRODUCED

SB1125

59 of this subsection on the basis that if the requirement would threaten the reliability or security of electric
 60 service to customers. The Commission shall consider in-state and regional transmission entity resources
 61 and shall evaluate the reliability of each proposed retirement on a case-by-case basis in ruling upon any
 62 such petition.

63 C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard
 64 program (RPS Program) that establishes annual goals for the sale of renewable energy to all retail
 65 customers in the utility's service territory, other than accelerated renewable energy buyers pursuant to
 66 subsection G, regardless of whether such customers purchase electric supply service from the utility or
 67 from suppliers other than the utility. To comply with the RPS Program, each Phase I and Phase II
 68 Utility shall procure and retire Renewable Energy Certificates (RECs) originating from renewable energy
 69 standard eligible sources (RPS eligible sources). For purposes of complying with the RPS Program from
 70 2021 to 2024, a Phase I and Phase II Utility may use RECs from any renewable energy facility, as
 71 defined in § 56-576, provided that such facilities are located in the Commonwealth or are physically
 72 located within the PJM Interconnection, LLC (PJM) region. However, at no time during this period or
 73 thereafter may any Phase I or Phase II Utility use RECs from (i) renewable thermal energy, (ii)
 74 renewable thermal energy equivalent, (iii) biomass-fired facilities that are outside the Commonwealth, or
 75 (iv) biomass-fired facilities operating in the Commonwealth as of January 1, 2020, that supply 10
 76 percent or more of their annual net electrical generation to the electric grid or more than 15 percent of
 77 their annual total useful energy to any entity other than the manufacturing facility to which the
 78 generating source is interconnected. From compliance year 2025 and all years after, each Phase I and
 79 Phase II Utility may only use RECs from RPS eligible sources for compliance with the RPS Program.

80 In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources
 81 that generate electric energy derived from solar or wind located in the Commonwealth or off the
 82 Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the
 83 Commonwealth or physically located within the PJM region; (b) falling water resources located in the
 84 Commonwealth or physically located within the PJM region that were in operation as of January 1,
 85 2020, that are owned by a Phase I or Phase II Utility or for which a Phase I or Phase II Utility has
 86 entered into a contract prior to January 1, 2020, to purchase the energy, capacity, and renewable
 87 attributes of such falling water resources; (c) non-utility-owned resources from falling water that (1) are
 88 less than 65 megawatts, (2) began commercial operation after December 31, 1979, or (3) added
 89 incremental generation representing greater than 50 percent of the original nameplate capacity after
 90 December 31, 1979, provided that such resources are located in the Commonwealth or are physically
 91 located within the PJM region; (d) waste-to-energy or landfill gas-fired generating resources located in
 92 the Commonwealth and in operation as of January 1, 2020, provided that such resources do not use
 93 waste heat from fossil fuel combustion or forest or woody biomass as fuel; or (e) biomass-fired facilities
 94 in operation in the Commonwealth and in operation as of January 1, 2020, that supply no more than 10
 95 percent of their annual net electrical generation to the electric grid or no more than 15 percent of their
 96 annual total useful energy to any entity other than the manufacturing facility to which the generating
 97 source is interconnected. Regardless of any future maintenance, expansion, or refurbishment activities,
 98 the total amount of RECs that may be sold by any RPS eligible source using biomass in any year shall
 99 be no more than the number of megawatt hours of electricity produced by that facility in 2019;
 100 however, in no year may any RPS eligible source using biomass sell RECs in excess of the actual
 101 megawatt-hours of electricity generated by such facility that year. In order to comply with the RPS
 102 Program, each Phase I and Phase II Utility may use and retire the environmental attributes associated
 103 with any existing owned or contracted solar, wind, or falling water electric generating resources in
 104 operation, or proposed for operation, in the Commonwealth or physically located within the PJM region,
 105 with such resource qualifying as a Commonwealth-located resource for purposes of this subsection, as of
 106 January 1, 2020, provided such renewable attributes are verified as RECs consistent with the PJM-EIS
 107 Generation Attribute Tracking System.

108 The RPS Program requirements shall be a percentage of the total electric energy sold in the previous
 109 calendar year and shall be implemented in accordance with the following schedule:

Phase I Utilities

Phase II Utilities

Year	RPS Program Requirement	Year	RPS Program Requirement
2021	6%	2021	14%
2022	7%	2022	17%
2023	8%	2023	20%
2024	10%	2024	23%
2025	14%	2025	26%
2026	17%	2026	29%
2027	20%	2027	32%
2028	24%	2028	35%
2029	27%	2029	38%

122	2030	30%	2030	41%
123	2031	33%	2031	45%
124	2032	36%	2032	49%
125	2033	39%	2033	52%
126	2034	42%	2034	55%
127	2035	45%	2035	59%
128	2036	53%	2036	63%
129	2037	53%	2037	67%
130	2038	57%	2038	71%
131	2039	61%	2039	75%
132	2040	65%	2040	79%
133	2041	68%	2041	83%
134	2042	71%	2042	87%
135	2043	74%	2043	91%
136	2044	77%	2044	95%
137	2045	80%	2045 and thereafter	100%
138	2046	84%		
139	2047	88%		
140	2048	92%		
141	2049	96%		
142	2050 and thereafter	100%		

143 A Phase II Utility shall meet one percent of the RPS Program requirements in any given compliance
 144 year with solar, wind, or anaerobic digestion resources of one megawatt or less located in the
 145 Commonwealth, with not more than 3,000 kilowatts at any single location or at contiguous locations
 146 owned by the same entity or affiliated entities and, to the extent that low-income qualifying projects are
 147 available, then no less than 25 percent of such one percent shall be composed of low-income qualifying
 148 projects.

149 Beginning with the 2025 compliance year and thereafter, at least 75 percent of all RECs used by a
 150 Phase II Utility in a compliance period shall come from RPS eligible resources located in the
 151 Commonwealth.

152 Any Phase I or Phase II Utility may apply renewable energy sales achieved or RECs acquired in
 153 excess of the sales requirement for that RPS Program to the sales requirements for RPS Program
 154 requirements in the year in which it was generated and the five calendar years after the renewable
 155 energy was generated or the RECs were created. To the extent that a Phase I or Phase II Utility
 156 procures RECs for RPS Program compliance from resources the utility does not own, the utility shall be
 157 entitled to recover the costs of such certificates at its election pursuant to § 56-249.6 or subdivision A 5
 158 d of § 56-585.1.

159 D. Each Phase I or Phase II Utility shall petition the Commission for necessary approvals to procure
 160 zero-carbon electricity generating capacity as set forth in this subsection and energy storage resources as
 161 set forth in subsection E. To the extent that a Phase I or Phase II Utility constructs or acquires new
 162 zero-carbon generating facilities or energy storage resources, the utility shall petition the Commission for
 163 the recovery of the costs of such facilities, at the utility's election, either through its rates for generation
 164 and distribution services or through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1.
 165 All costs not sought for recovery through a rate adjustment clause pursuant to subdivision A 6 of
 166 § 56-585.1 associated with generating facilities provided by sunlight or onshore or offshore wind are
 167 also eligible to be applied by the utility as a customer credit reinvestment offset as provided in
 168 subdivision A 8 of § 56-585.1. Costs associated with the purchase of energy, capacity, or environmental
 169 attributes from facilities owned by the persons other than the utility required by this subsection shall be
 170 recovered by the utility either through its rates for generation and distribution services or pursuant to
 171 § 56-249.6.

172 1. Each Phase I Utility shall petition the Commission for necessary approvals to construct, acquire,
 173 or enter into agreements to purchase the energy, capacity, and environmental attributes of 600 megawatts
 174 of generating capacity using energy derived from sunlight or onshore wind.

175 a. By December 31, 2023, each Phase I Utility shall petition the Commission for necessary approvals
 176 to construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental
 177 attributes of at least 200 megawatts of generating capacity located in the Commonwealth using energy
 178 derived from sunlight or onshore wind, and 35 percent of such generating capacity procured shall be
 179 from the purchase of energy, capacity, and environmental attributes from solar or onshore wind facilities
 180 owned by persons other than the utility, with the remainder, in the aggregate, being from construction or
 181 acquisition by such Phase I Utility.

182 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary approvals
 183 to construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental
 184 attributes of at least 200 megawatts of additional generating capacity located in the Commonwealth

185 using energy derived from sunlight or onshore wind, and 35 percent of such generating capacity
186 procured shall be from the purchase of energy, capacity, and environmental attributes from solar or
187 onshore wind facilities owned by persons other than the utility, with the remainder, in the aggregate,
188 being from construction or acquisition by such Phase I Utility.

189 c. By December 31, 2030, each Phase I Utility shall petition the Commission for necessary approvals
190 to construct, acquire, or enter into agreements to purchase the energy, capacity, and environmental
191 attributes of at least 200 megawatts of additional generating capacity located in the Commonwealth
192 using energy derived from sunlight or onshore wind, and 35 percent of such generating capacity
193 procured shall be from the purchase of energy, capacity, and environmental attributes from solar or
194 onshore wind facilities owned by persons other than the utility, with the remainder, in the aggregate,
195 being from construction or acquisition by such Phase I Utility.

196 d. Nothing in this subdivision 1 shall prohibit such Phase I Utility from constructing, acquiring, or
197 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 600
198 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
199 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and
200 56-585.1.

201 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary
202 approvals to (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and
203 environmental attributes of 16,100 megawatts of generating capacity located in the Commonwealth using
204 energy derived from sunlight or onshore wind, which shall include 1,100 megawatts of solar generation
205 of a nameplate capacity not to exceed three megawatts per individual project and 35 percent of such
206 generating capacity procured shall be from the purchase of energy, capacity, and environmental attributes
207 from solar facilities owned by persons other than a utility, including utility affiliates and deregulated
208 affiliates and (ii) pursuant to § 56-585.1:11, construct or purchase one or more offshore wind generation
209 facilities located off the Commonwealth's Atlantic shoreline or in federal waters and interconnected
210 directly into the Commonwealth with an aggregate capacity of up to 5,200 megawatts. At least 200
211 megawatts of the 16,100 megawatts shall be placed on previously developed project sites.

212 a. By December 31, 2024, each Phase II Utility shall petition the Commission for necessary
213 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
214 environmental attributes of at least 3,000 megawatts of generating capacity located in the
215 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
216 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from
217 solar or onshore wind facilities owned by persons other than the utility, with the remainder, in the
218 aggregate, being from construction or acquisition by such Phase II Utility.

219 b. By December 31, 2027, each Phase II Utility shall petition the Commission for necessary
220 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
221 environmental attributes of at least 3,000 megawatts of additional generating capacity located in the
222 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
223 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from
224 solar or onshore wind facilities owned by persons other than the utility, with the remainder, in the
225 aggregate, being from construction or acquisition by such Phase II Utility.

226 c. By December 31, 2030, each Phase II Utility shall petition the Commission for necessary
227 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
228 environmental attributes of at least 4,000 megawatts of additional generating capacity located in the
229 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
230 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from
231 solar or onshore wind facilities owned by persons other than the utility, with the remainder, in the
232 aggregate, being from construction or acquisition by such Phase II Utility.

233 d. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary
234 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
235 environmental attributes of at least 6,100 megawatts of additional generating capacity located in the
236 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
237 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from
238 solar or onshore wind facilities owned by persons other than the utility, with the remainder, in the
239 aggregate, being from construction or acquisition by such Phase II Utility.

240 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring, or
241 entering into agreements to purchase the energy, capacity, and environmental attributes of more than
242 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from
243 sunlight or onshore wind, provided the utility receives approval from the Commission pursuant to
244 §§ 56-580 and 56-585.1.

245 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or
246 acquire zero-carbon electricity or from entering into contracts to procure the energy, capacity, and

environmental attributes of zero-carbon electricity generating resources in excess of the requirements in subsection B. The Commission shall determine whether to approve such petitions on a stand-alone basis pursuant to §§ 56-580 and 56-585.1, provided that the Commission's review shall also consider whether the proposed generating capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower customer fuel costs, (iii) will provide economic development opportunities in the Commonwealth, and (iv) serves a need that cannot be more affordably met with demand-side or energy storage resources.

Each Phase I and Phase II Utility shall, at least once every year, conduct a request for proposals for new solar and wind resources. Such requests shall quantify and describe the utility's need for energy, capacity, or renewable energy certificates. The requests for proposals shall be publicly announced and made available for public review on the utility's website at least 45 days prior to the closing of such request for proposals. The requests for proposals shall provide, at a minimum, the following information: (a) the size, type, and timing of resources for which the utility anticipates contracting; (b) any minimum thresholds that must be met by respondents; (c) major assumptions to be used by the utility in the bid evaluation process, including environmental emission standards; (d) detailed instructions for preparing bids so that bids can be evaluated on a consistent basis; (e) the preferred general location of additional capacity; and (f) specific information concerning the factors involved in determining the price and non-price criteria used for selecting winning bids. A utility may evaluate responses to requests for proposals based on any criteria that it deems reasonable but shall at a minimum consider the following in its selection process: (1) the status of a particular project's development; (2) the age of existing generation facilities; (3) the demonstrated financial viability of a project and the developer; (4) a developer's prior experience in the field; (5) the location and effect on the transmission grid of a generation facility; (6) benefits to the Commonwealth that are associated with particular projects, including regional economic development and the use of goods and services from Virginia businesses; and (7) the environmental impacts of particular resources, including impacts on air quality within the Commonwealth and the carbon intensity of the utility's generation portfolio.

4. In connection with the requirements of this subsection, each Phase I and Phase II Utility shall, commencing in 2020 and concluding in 2035, submit annually a plan and petition for approval for the development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate and over its duration, the requirements of subsection D concerning the allocation percentages for construction or purchase of such capacity. Such petition shall contain any request for approval to construct such facilities pursuant to subsection D of § 56-580 and a request for approval or update of a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such plan shall also include the utility's plan to meet the energy storage project targets of subsection E, including the goal of installing at least 10 percent of such energy storage projects behind the meter. In determining whether to approve the utility's plan and any associated petition requests, the Commission shall determine whether they are reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide reduction requirements in this section, (ii) the promotion of new renewable generation and energy storage resources within the Commonwealth, and associated economic development, and (iii) fuel savings projected to be achieved by the plan. Notwithstanding any other provision of this title, the Commission's final order regarding any such petition and associated requests shall be entered by the Commission not more than six months after the date of the filing of such petition.

5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the RPS Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to \$45 for each megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment for any shortfall in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth shall be \$75 per megawatts hour for resources one megawatt and lower. The amount of any deficiency payment shall increase by one percent annually after 2021. A Phase I or Phase II Utility shall be entitled to recover the costs of such payments as a cost of compliance with the requirements of this subsection pursuant to subdivision A 5 d of § 56-585.1. All proceeds from the deficiency payments shall be deposited into an interest-bearing account administered by the Department of Energy. In administering this account, the Department of Energy shall manage the account as follows: (i) 50 percent of total revenue shall be directed to job training programs in historically economically disadvantaged communities; (ii) 16 percent of total revenue shall be directed to energy efficiency measures for public facilities; (iii) 30 percent of total revenue shall be directed to renewable energy programs located in historically economically disadvantaged communities; and (iv) four percent of total revenue shall be directed to administrative costs.

For any project constructed pursuant to this subsection or subsection E, a utility shall, subject to a competitive procurement process, procure equipment from a Virginia-based or United States-based manufacturer using materials or product components made in Virginia or the United States, if reasonably

308 available and competitively priced.

309 E. To enhance reliability and performance of the utility's generation and distribution system, each
310 Phase I and Phase II Utility shall petition the Commission for necessary approvals to construct or
311 acquire new, utility-owned energy storage resources.

312 1. By December 31, 2035, each Phase I Utility shall petition the Commission for necessary approvals
313 to construct or acquire 400 megawatts of energy storage capacity. Nothing in this subdivision shall
314 prohibit a Phase I Utility from constructing or acquiring more than 400 megawatts of energy storage,
315 provided that the utility receives approval from the Commission pursuant to §§ 56-580 and 56-585.1.

316 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary
317 approvals to construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this
318 subdivision shall prohibit a Phase II Utility from constructing or acquiring more than 2,700 megawatts
319 of energy storage, provided that the utility receives approval from the Commission pursuant to
320 §§ 56-580 and 56-585.1.

321 3. No single energy storage project shall exceed 500 megawatts in size, except that a Phase II Utility
322 may procure a single energy storage project up to 800 megawatts.

323 4. All energy storage projects procured pursuant to this subsection shall meet the competitive
324 procurement protocols established in subdivision D 3.

325 5. After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall be
326 (i) purchased by the public utility from a party other than the public utility or (ii) owned by a party
327 other than a public utility, with the capacity from such facilities sold to the public utility. By January 1,
328 2021, the Commission shall adopt regulations to achieve the deployment of energy storage for the
329 Commonwealth required in subdivisions 1 and 2, including regulations that set interim targets and
330 update existing utility planning and procurement rules. The regulations shall include programs and
331 mechanisms to deploy energy storage, including competitive solicitations, behind-the-meter incentives,
332 non-wires alternatives programs, and peak demand reduction programs.

333 F. All costs incurred by a Phase I or Phase II Utility related to compliance with the requirements of
334 this section or pursuant to § 56-585.1:11, including (i) costs of generation facilities powered by sunlight
335 or onshore or offshore wind, or energy storage facilities, that are constructed or acquired by a Phase I or
336 Phase II Utility after July 1, 2020, (ii) costs of capacity, energy, or environmental attributes from
337 generation facilities powered by sunlight or onshore or offshore wind, or falling water, or energy storage
338 facilities purchased by the utility from persons other than the utility through agreements after July 1,
339 2020, and (iii) all other costs of compliance, including costs associated with the purchase of RECs
340 associated with RPS Program requirements pursuant to this section shall be recovered from all retail
341 customers in the service territory of a Phase I or Phase II Utility as a non-bypassable charge,
342 irrespective of the generation supplier of such customer, except (a) as provided in subsection G for an
343 accelerated renewable energy buyer or (b) as provided in subdivision C 3 of § 56-585.1:11, with respect
344 to the costs of an offshore wind generation facility, for a PIPP eligible utility customer or an advanced
345 clean energy buyer or qualifying large general service customer, as those terms are defined in
346 § 56-585.1:11. If a Phase I or Phase II Utility serves customers in more than one jurisdiction, such
347 utility shall recover all of the costs of compliance with the RPS Program requirements from its Virginia
348 customers through the applicable cost recovery mechanism, and all associated energy, capacity, and
349 environmental attributes shall be assigned to Virginia to the extent that such costs are requested but not
350 recovered from any system customers outside the Commonwealth.

351 By September 1, 2020, the Commission shall direct the initiation of a proceeding for each Phase I
352 and Phase II Utility to review and determine the amount of such costs, net of benefits, that should be
353 allocated to retail customers within the utility's service territory which have elected to receive electric
354 supply service from a supplier of electric energy other than the utility, and shall direct that tariff
355 provisions be implemented to recover those costs from such customers beginning no later than January
356 1, 2021. Thereafter, such charges and tariff provisions shall be updated and trued up by the utility on an
357 annual basis, subject to continuing review and approval by the Commission.

358 G. 1. An accelerated renewable energy buyer may contract with a Phase I or Phase II Utility, or a
359 person other than a Phase I or Phase II Utility, to obtain (i) RECs from RPS eligible resources or (ii)
360 bundled capacity, energy, and RECs from solar or wind generation resources located within the PJM
361 region and initially placed in commercial operation after January 1, 2015, including any contract with a
362 utility for such generation resources that does not allocate to or recover from any other customer of the
363 utility the cost of such resources. Such an accelerated renewable energy buyer may offset all or a
364 portion of its electric load for purposes of RPS compliance through such arrangements. An accelerated
365 renewable energy buyer shall be exempt from the assignment of non-bypassable RPS compliance costs
366 pursuant to subsection F, with the exception of the costs of an offshore wind generating facility pursuant
367 to § 56-585.1:11, based on the amount of RECs obtained pursuant to this subsection in proportion to the
368 customer's total electric energy consumption, on an annual basis. An accelerated renewable energy buyer
369 obtaining RECs only shall not be exempt from costs related to procurement of new solar or onshore

wind generation capacity, energy, or environmental attributes, or energy storage facilities, by the utility pursuant to subsections D and E, however, an accelerated renewable energy buyer that is a customer of a Phase II Utility and was subscribed, as of March 1, 2020, to a voluntary companion experimental tariff offering of the utility for the purchase of renewable attributes from renewable energy facilities that requires a renewable facilities agreement and the purchase of a minimum of 2,000 renewable attributes annually, shall be exempt from allocation of the net costs related to procurement of new solar or onshore wind generation capacity, energy, or environmental attributes, or energy storage facilities, by the utility pursuant to subsections D and E, based on the amount of RECs associated with the customer's renewable facilities agreements associated with such tariff offering as of that date in proportion to the customer's total electric energy consumption, on an annual basis. To the extent that an accelerated renewable energy buyer contracts for the capacity of new solar or wind generation resources pursuant to this subsection, the aggregate amount of such nameplate capacity shall be offset from the utility's procurement requirements pursuant to subsection D. All RECs associated with contracts entered into by an accelerated renewable energy buyer with the utility, or a person other than the utility, for an RPS Program shall not be credited to the utility's compliance with its RPS requirements, and the calculation of the utility's RPS Program requirements shall not include the electric load covered by customers certified as accelerated renewable energy buyers.

2. Each Phase I or Phase II Utility shall certify, and verify as necessary, to the Commission that the accelerated renewable energy buyer has satisfied the exemption requirements of this subsection for each year, or an accelerated renewable energy buyer may choose to certify satisfaction of this exemption by reporting to the Commission individually. The Commission may promulgate such rules and regulations as may be necessary to implement the provisions of this subsection.

3. Provided that no incremental costs associated with any contract between a Phase I or Phase II Utility and an accelerated renewable energy buyer is allocated to or recovered from any other customer of the utility, any such contract with an accelerated renewable energy buyer that is a jurisdictional customer of the utility shall not be deemed a special rate or contract requiring Commission approval pursuant to § 56-235.2.

H. No customer of a Phase II Utility with a peak demand in excess of 100 megawatts in 2019 that elected pursuant to subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior to April 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that the customer is not purchasing electric energy from the utility, and such customer's electric load shall not be included in the utility's RPS Program requirements. No customer of a Phase I Utility that elected pursuant to subdivision A 3 of § 56-577 to purchase electric energy from a competitive service provider prior to February 1, 2019, shall be allocated any non-bypassable charges pursuant to subsection F for such period that the customer is not purchasing electric energy from the utility, and such customer's electric load shall not be included in the utility's RPS Program requirements.

I. Nothing in this section shall apply to any entity organized under Chapter 9.1 (§ 56-231.15 et seq.).

J. The Commission shall adopt such rules and regulations as may be necessary to implement the provisions of this section, including a requirement that participants verify whether the RPS Program requirements are met in accordance with this section.

2. That the State Corporation Commission may defer the requirements of subsection C of § 56-585.5 of the Code of Virginia, as amended by this act, if compliance with such requirements would increase costs for utility customers in excess of available generation alternatives.

3. That by December 1, 2024, and annually thereafter, each investor-owned electric utility subject to the jurisdiction of the State Corporation Commission shall submit a report to the Governor and the General Assembly on the impact of potential power generation retirements and the effect those retirements will have on power generation infrastructure in the Commonwealth as it relates to the reliability and affordability of electric power for citizens of the Commonwealth.

4. That by December 1, 2025, and annually thereafter, the State Corporation Commission shall review §§ 10.1-1308, 56-585.1, 56-585.1:4, 56-585.1:11, 56-585.5, as amended by this act, 56-585.6, 56-594, and 56-596.2 of the Code of Virginia and submit a report to the Governor and the General Assembly with recommendations for revisions to such sections of the Code of Virginia to improve energy reliability, reduce electricity rates, and incorporate available and emerging electric energy generation technologies.