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**HOUSE BILL NO. 108**

Offered January 10, 2024

Prefiled January 1, 2024

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

Patrons—Sullivan, Bennett-Parker, Callsen, Price, Shin and Watts

Referred to Committee on Labor and Commerce

**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 process subscribers' bills for the program.

"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.

"Dual-use agricultural facility" means agricultural production and electricity production from solar photovoltaic panels occurring simultaneously on the same property.

"Gross bill" means the amount that a customer would pay to the utility based on the customer's monthly energy consumption before any bill credits are applied.

"Incremental cost" means any cost directly caused by the implementation of the shared solar program that would not have occurred absent the implementation of the shared solar program.

"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. The median income of the locality is 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 an amount determined by the Commission under subsection D that a subscriber is required to, at a minimum, pay on the subscriber's utility bill each month after accounting for any bill credits.

"Net bill" means the resulting amount a customer must pay the utility after deducting the bill credit from the customer's monthly gross bill.

"Net credit" means the difference between the total bill credit value and the shared solar subscription fee as set by the subscriber organization. The subscriber organization shall specify the subscription fee as a percentage of the bill credit for each subscriber.

"Net crediting" means a method of consolidated billing by which a utility calculates and applies a net credit to the customer's utility bill. The utility shall first subtract the shared solar subscription fee from the monthly bill credit and remit payment to the applicable subscriber organization and then apply the net credit to the customer's utility bill. The utility shall not use the portion of the bill credit otherwise disbursed to the subscriber organization for the subscription fee to cover utility charges.

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

"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 interconnected with the distribution system of an investor-owned electric utility within the Commonwealth;

3. Has at least three subscribers;

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

5. Has at least 30 percent of its capacity subscribed by low-income customers; and

6. Is located on a single parcel or adjacent parcels of land.

"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) owns 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

59 same utility in whose service territory the shared solar facility is interconnected.

60 "Subscriber organization" means any for-profit or nonprofit entity that owns or operates one or more  
61 shared solar facilities. A subscriber organization shall not be considered a utility solely as a result of its  
62 ownership or operation of a shared solar facility. A subscriber organization licensed with the  
63 Commission shall be eligible to own or operate shared solar facilities in more than one investor-owned  
64 utility service territory.

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

68 "Utility" means a Phase I Utility.

69 B. The Commission shall establish by regulation a program that affords customers of a Phase I  
70 Utility the opportunity to participate in shared solar projects. Under its shared solar program, a utility  
71 shall provide a bill credit for the proportional output of a shared solar facility attributable to that  
72 subscriber. The shared solar program shall be administered as follows:

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

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

79 3. The subscriber organization shall, on a monthly basis and in a standardized electronic format,  
80 and pursuant to guidelines established by the Commission, provide to the utility a subscriber list  
81 indicating the percentage of shared solar capacity attributable to each of the subscribers participating  
82 in a shared solar facility in accordance with the subscriber's portion of the output of the shared solar  
83 facility.

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

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

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

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

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

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

106 D. The Commission shall establish a minimum bill, below which a subscriber's net bill cannot go.  
107 The calculation of an individual customer's minimum bill each month shall be based on the amount of  
108 kilowatt-hours billed by the utility. The Commission may modify the minimum bill over time. In  
109 establishing the minimum bill, the Commission shall include the basic customer charge, non-bypassable  
110 charges, and administrative costs of the shared solar program. Low-income customers shall be exempt  
111 from the minimum bill.

112 E. The Commission shall approve a shared solar program of at least 10 percent of each utility's  
113 adjusted Virginia peak load. The Commission, in collaboration with the Department of Energy, may  
114 adopt mechanisms to ensure low-income customer participation.

115 F. The Commission shall establish by regulation a shared solar program that complies with the  
116 provisions of subsections B, C, D, and E by January 1, 2025, and shall require each utility to file any  
117 tariffs, agreements, or forms necessary for implementation of the program by July 1, 2025. Any rule or  
118 utility implementation filings approved by the Commission shall:

119 1. Reasonably allow for the creation of shared solar facilities;

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

3. Create a stakeholder working group including low-income community representatives and community solar providers to facilitate low-income customer and low-income service organization participation in the program. The Commission may utilize the existing stakeholder working group instituted pursuant to § 56-594.3 and its findings;

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

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

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

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;

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. Allow for the co-location of two or more shared solar facilities on a single parcel of land or on adjacent parcels of land up to five megawatts;

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 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. 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. The net crediting fee shall not exceed one percent of the bill credit value remitted to the subscriber organization and shall be charged to the subscriber organization. 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 seek recovery of bill credit costs, net of avoided costs and the other benefits provided by shared solar facilities, in the utility's base review conducted pursuant to subsection A of § 56-585.1, only if such costs would result in the utility being unable to meet its revenue requirement after accounting for all avoided costs that can be realized by ratepayers.

G. Within 180 days of finalization of the Commission's adoption of regulations for the shared solar program, a utility shall 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, pursuant to subdivision B 8 of § 56-594.4 of the Code of Virginia, as created by this act, the Department of Energy (the Department) shall convene a stakeholder work group to determine the amounts and forms of project incentives and shall document the proceedings of the stakeholder work group, submit a written report to the Chairs of the House Committee on Commerce and Energy and the Senate Committee on Commerce and Labor no later than November 30, 2024, and make copies of such report publicly available on the Department's website at the same time as submission to the House and Senate committees. In establishing such project incentives, the Department shall give special consideration to projects seeking to leverage funding from the Virginia Brownfield and Coal Mine Renewable Energy Grant Program established pursuant to Article 7 (§ 45.2-1725) of Title 45.2 of the Code of Virginia.