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HOUSE BILL NO. 1172

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Corporations, Insurance and Banking
on February 15, 1998)

(Patron Prior to Substitute—Delegate Plum)

A BILL to establish a schedule for Virginia's transition to retail competition in the electric utility industry.

WHEREAS, other states have begun making modifications to their electric utility industry for the ultimate purpose of permitting competition in the retail sale of electricity, and these regional changes are likely to impact Virginia's electric utilities and their customers irrespective of whether a transition to retail competition is begun in this Commonwealth; and

WHEREAS, it is in the best interest of the citizens of this Commonwealth that preparations begin for Virginia's transition to a competitive retail electricity market to ensure that (i) all Virginians have access to electricity at a reasonable price, and (ii) Virginia's electric utilities are sufficiently prepared to enter and thrive in this new market; and

WHEREAS, the State Corporation Commission may, pursuant to the provisions of Title 56 of the Code of Virginia, approve and impose requirements on electric utilities doing business in the Commonwealth to implement electric energy programs that are intended to benefit the public health, safety and welfare, including programs the purpose of which are to (i) educate consumers; (ii) ensure that each distributor in the Commonwealth provides access to its retail distribution system to each retail customer in its service territory; (iii) promote electric energy efficiency and conservation, protection of the environment, and research and development; (iv) provide minimum standards of training for employees who operate and maintain the facilities of an independent system operator or a regional power exchange; or (v) educate, retrain, or provide outplacement services for employees of electric utilities whose employment will be directly affected by the implementation of competition for the purchase and sale of electric energy pursuant to this act; now, therefore

Be it enacted by the General Assembly of Virginia:

1. § 1. All incumbent electric utilities, power supply cooperatives and persons owning generating facilities that are located in the Commonwealth shall work, in cooperation with the State Corporation Commission and consumers, to establish one or more independent system operators to serve the Commonwealth by January 1, 2001.

§ 2. All incumbent electric utilities, power supply cooperatives, persons owning generating facilities located in the Commonwealth, and persons seeking to sell electric energy in the Commonwealth shall work, in cooperation with the State Corporation Commission and consumers, to establish one or more regional power exchanges to serve the Commonwealth by January 1, 2001.

§ 3. Wholesale competition for the purchase and sale of electricity through the use of any regional power exchange established pursuant to § 2 herein shall commence, as provided by law and conditioned upon wholesale competition commencing within any other states served by such regional power exchange, by January 1, 2001.

§ 4. The transition to retail competition for the purchase and sale of electricity and the deregulation of generation facilities shall commence as provided by law by January 1, 2002, and shall be completed by January 1, 2004.

§ 5. Just and reasonable net stranded costs shall be recovered by incumbent electric utilities and power supply cooperatives, and negative net stranded costs, or stranded value, be returned to consumers as provided by law. The principles for the method of such recovery shall be as provided by law.

§ 6. In implementing the provisions hereof, the General Assembly and the State Corporation Commission shall ensure reliable electric service at reasonable and just rates for electric utility service to all classes of consumers with due regard to the protection of the environment

§ 7. In implementing the provisions hereof, the General Assembly shall also give due regard to the unique regulatory and taxation structures of all incumbent electric utilities and power supply cooperatives, as provided by law.

§ 8. "As provided by law" as used herein shall mean a law or laws enacted by the General Assembly dealing explicitly with the provisions set forth in §§ 3, 4, 5, 6 or 7 hereof, after receiving and considering such recommendations as the State Corporation Commission may make and report to it.

§ 9. This enactment shall have no effect on any pending litigation at the State Corporation Commission or in any court in the Commonwealth, or on any power or duty of the Commission granted by law or the Constitution of Virginia.