

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact § 56-594.3 of the Code of Virginia, relating to electric utilities; shared solar
2 programs; Phase II Utility.

3 **Be it enacted by the General Assembly of Virginia:**

4 **1. That § 56-594.3 of the Code of Virginia is amended and reenacted as follows:**

5 **§ 56-594.3. Shared solar programs; Phase II Utility.**

6 A. As used in this section:

7 "Administrative cost" means the reasonable incremental cost to the investor-owned utility to
8 process subscribers' bills for the program.

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

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

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

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

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

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

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

24 "Low-income shared solar facility" means a shared solar facility at least 30 percent of the capacity
25 of which is subscribed by low-income customers or low-income service organizations.

26 "Minimum bill" means an amount determined by the Commission under subsection D that a
27 subscriber is required to, at a minimum, pay on the subscriber's utility bill each month after accounting
28 for any bill credits.

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

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

32 "Shared solar facility" means a facility that:

- 33 1. Generates electricity by means of a solar photovoltaic device with a nameplate capacity rating
34 that does not exceed 5,000 kilowatts of alternating current;
- 35 2. Is interconnected with a Phase II Utility's distribution system within the Commonwealth;
- 36 3. Has at least three subscribers;
- 37 4. Has at least 40 percent of its capacity subscribed by customers with subscriptions of 25 kilowatts
38 or less; and
- 39 5. Is located on a single parcel of land.

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

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

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

50 "Subscribed" means, in relation to a subscription, that a subscriber has made initial payments or
51 provided a deposit to the owner of a shared solar facility for such subscription.

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

55 "Utility" means a Phase II Utility.

56 B. The Commission shall establish by regulation a program that affords customers of a Phase II
57 Utility the opportunity to participate in shared solar projects. Under its shared solar program, ~~a~~ the utility
58 shall provide a bill credit for the proportional output of a shared solar facility attributable to that subscriber.
59 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 and in a standardized electronic format,
67 and pursuant to guidelines established by the Commission, provide to the utility a subscriber list indicating
68 the ~~kilowatt hours of generation~~ percentage of generation capacity attributable to each of the subscribers
69 participating in a shared solar facility in accordance with the subscriber's portion of the output of the
70 shared solar facility.

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

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

77 6. A subscriber organization may accumulate bill credits in the event that all of the electricity
78 generated by a shared solar facility is not allocated to subscribers in a given month. ~~On an annual basis~~

79 ~~and pursuant~~ Pursuant to guidelines established by the Commission, the subscriber organization shall
80 furnish to the utility allocation instructions for distributing excess bill credits to subscribers. A subscriber
81 organization may elect to distribute excess bill credits more frequently than once per year.

82 7. A subscriber organization that registers a shared solar facility in the program within the first 200
83 megawatts alternating current of awarded capacity shall own all environmental attributes associated with
84 a shared solar facility, including renewable energy certificates. At such subscriber organization's direction,
85 such environmental attributes may be distributed to subscribers, sold to load-serving entities with
86 compliance obligations or other buyers, accumulated, or retired. For a shared solar facility registered in
87 the program after the first 200 megawatts alternating current of awarded capacity, the registering
88 subscriber organization shall transfer renewable energy certificates to a Phase II Utility to be retired for
89 compliance with such Phase II Utility's renewable portfolio standard obligations pursuant to subsection C
90 of § 56-585.5.

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

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

99 D. The By December 31, 2026, the Commission shall establish a minimum bill, which shall include
100 the costs of all utility infrastructure and services used to provide electric service and administrative costs
101 of the shared solar program. The Commission may modify the minimum bill over time. In establishing
102 the minimum bill, the Commission shall (i) consider further costs the Commission deems relevant to
103 ensure subscribing customers pay a fair share of the costs of providing electric services and generation
104 sufficient to meet customer needs at all times, (ii) minimize the costs shifted to customers not in a shared
105 solar program, and (iii) calculate the benefits of shared solar to the electric grid and to the Commonwealth

106 and deduct such benefits from other costs. The Commission shall explicitly set forth its findings as to each
107 cost and benefit, or other value used to determine such minimum bill. Low-income customers shall be
108 exempt from the minimum bill.

109 E. The Commission shall approve ~~part one~~ an initial portion of a shared solar program with an
110 aggregate capacity of 200 megawatts. Upon the earlier of (i) a determination that at least 90 percent of the
111 megawatts of the aggregate capacity of such program have been subscribed and that project construction
112 is substantially complete or (ii) July 1, 2026, the Commission shall approve ~~up to an additional 150~~
113 ~~megawatts of capacity as part two of such program, and the utility shall make available additional program~~
114 capacity until the rated generating capacity awarded through the program reaches six percent of the utility's
115 adjusted Virginia peak load forecast for the previous year, 275 megawatts of which additional capacity
116 shall serve projects with up to 100 percent low-income customers and 75 megawatts the remainder of
117 which shall serve no more than 51 percent low-income customers. Subscriber organizations shall be
118 allowed to demonstrate compliance with the low income requirement using either project capacity or
119 project savings methodology. The Commission, in collaboration with the Department of Energy, may
120 adopt mechanisms to ensure low-income customer participation.

121 F. The Commission shall establish by regulation a shared solar program that complies with the
122 provisions of subsections B, C, D, and E by March 1, 2025, and shall require each utility to file any tariffs,
123 agreements, or forms necessary for implementation of the program by December 1, 2025. Any tariffs,
124 agreements, and forms currently in effect at the time of enactment shall remain in effect until such
125 revisions are approved by the Commission. Any rule or utility implementation filings approved by the
126 Commission shall:

- 127 1. Reasonably allow for the creation of shared solar facilities;
- 128 2. Allow all customer classes to participate in the program;
- 129 3. Create a stakeholder working group including low-income community representatives and
130 community solar providers to facilitate low-income customer and low-income service organization
131 participation in the program;

- 132 4. Encourage public-private partnerships to further the Commonwealth's clean energy and equity
133 goals, such as state agency and affordable housing provider participation as subscribers of a shared solar
134 program;
- 135 5. Not remove a customer from its otherwise applicable customer class in order to participate in a
136 shared solar facility;
- 137 6. Reasonably allow for the transferability and portability of subscriptions, including allowing a
138 subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same utility's
139 service territory;
- 140 7. Establish standards, fees, and processes for the interconnection of shared solar facilities that
141 allow the utility to recover reasonable interconnection costs for each shared solar facility;
- 142 8. Adopt standardized consumer disclosure forms;
- 143 9. Allow the utility the opportunity to recover reasonable costs of administering the program;
- 144 10. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting
145 projects;
- 146 11. Address the co-location of two or more shared solar facilities on a single parcel of land and
147 provide guidelines for determining when two or more such facilities are co-located;
- 148 12. Include a program implementation schedule;
- 149 13. Prohibit credit checks as a means of establishing eligibility for residential customers to become
150 subscribers;
- 151 14. Prohibit early termination fees and credit reporting for any low-income customer;
- 152 15. Require a customer's affirmative consent by written or electronic signature before providing
153 access to customer billing and usage data to a subscriber organization;
- 154 16. Establish customer engagement rules and minimum rules for education, contract reviews, and
155 continued engagement;
- 156 17. Require net crediting functionality. Under net crediting, the utility shall include the shared
157 solar subscription fee on the customer's utility bill and provide the customer with a net credit equivalent
158 to the total bill credit value for that generation period minus the shared solar subscription fee as set by the

159 subscriber organization. The net crediting fee shall not exceed one percent of the bill credit value. Net
160 crediting shall be optional for subscriber organizations, and any shared solar subscription fees charged via
161 the net crediting model shall be set to ensure that subscribers do not pay more in subscription fees than
162 they receive in bill credits for any billing period; and

163 18. Allow the utility to recover as the cost of purchased power pursuant to § 56-249.6 any
164 difference between the bill credit provided to the subscriber and the cost of energy injected into the grid
165 by the subscriber organization.

166 ~~G. Within 180 days of finalization of the Commission's adoption of regulations for the shared solar~~
167 ~~program, a utility shall begin crediting subscriber accounts of each shared solar facility interconnected in~~
168 ~~its service territory, subject to the requirements of this section and regulations adopted thereto~~ Beginning
169 the earlier of (i) January 1, 2030, or (ii) the year in which the aggregated rated generating capacity awarded
170 through the program reaches six percent of the utility's adjusted Virginia peak load forecast for the
171 previous year, the Commission shall conduct a shared solar program expansion proceeding to determine
172 future capacity allocations and program design changes and shall hold such proceedings every three years
173 thereafter. In any shared solar program expansion proceeding, the Commission shall base its
174 determinations on the public interest, considering the costs and benefits of the current shared solar
175 program, including the aggregate impact of shared solar on the utility's long-term marginal costs of
176 generation, distribution, and transmission, the direct and indirect economic impact of the shared solar
177 program on the Commonwealth, the environmental, energy resilience, and economic development
178 benefits of shared solar, and any other information deemed relevant by the Commission.

179 **2. That the State Corporation Commission shall update its regulations on shared solar programs to**
180 **comply with the provisions of this act by December 31, 2026, and shall require each participating**
181 **utility to file any tariffs, agreements, or forms necessary for implementation of such shared solar**
182 **programs by March 1, 2027.**

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