

SENATE BILL NO. 1083

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor

on _____)

(Patrons Prior to Substitute--Senators Edwards and Surovell)

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

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:

"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.

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

"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 an amount 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.

26 "Net bill" means the resulting amount a customer is required to pay the utility after deducting the
27 bill credit from the customer's monthly gross bill.

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

29 "Shared solar facility" means a facility that:

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

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

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

34 4. Has at least three subscribers;

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

37 6. Is located on a single parcel of land.

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

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

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

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

49 "Utility" means a Phase I Utility.

50 B. The Commission shall establish by regulation a program that affords customers of a Phase I
51 Utility the opportunity to participate in shared solar projects. Under its shared solar program, a utility shall

52 provide a bill credit for the proportional output of a shared solar facility attributable to that subscriber.

53 The shared solar program shall be administered as follows:

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

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

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

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

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

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

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

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

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

86 D. The Commission shall establish a minimum bill, below which a subscriber's net bill cannot go.
87 The calculation of an individual customer's minimum bill each month shall be based on the kilowatt hours
88 billed by the utility rather than the subscriber's portion of shared solar utility generation. The Commission
89 may modify the minimum bill over time. In establishing the minimum bill, the Commission shall (i)
90 quantify the benefits that shared solar facilities provide, including (a) transmission system benefits, (b)
91 distribution system benefits, (c) purchased power benefits, (d) fuel factor benefits, (e) economic benefits,
92 and (f) environmental benefits; (ii) consider costs the Commission deems relevant to ensure subscribing
93 customers pay a fair share of the costs of providing electric services; and (iii) minimize the costs shifted
94 to customers not in a shared solar program. Low-income customers shall be exempt from the minimum
95 bill for up to 51 percent of the capacity for each shared solar facility.

96 E. The Commission shall approve a shared solar facility program of 150 megawatts with a
97 minimum requirement of 30 percent low-income customers. The Commission shall approve an additional
98 50 megawatts of capacity upon determining that at least 45 megawatts of the aggregated shared solar
99 capacity in the Commonwealth have been subscribed to by low-income customers. Subscriber
100 organizations shall be allowed to demonstrate compliance with the low-income requirement using either
101 project capacity or project savings methodology. The Commission, in collaboration with the Department
102 of Energy, may adopt mechanisms to ensure low-income customer participation.

103 F. The Commission shall establish by regulation a shared solar program that complies with the
104 provisions of subsections B, C, D, and E by January 31, 2024, and shall require each utility to file any

- 105 tariffs, agreements, or forms necessary for implementation of the program by March 31, 2024. Any rule
106 or utility implementation filings approved by the Commission shall:
- 107 1. Reasonably allow for the creation of shared solar facilities;
 - 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
110 community solar providers, to facilitate low-income customer and low-income service organization
111 participation in 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 of
114 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 utility's
119 service territory;
 - 120 7. Establish standards, fees, and processes for the interconnection of shared solar facilities that
121 allow the utility to recover reasonable interconnection costs for each shared solar facility;
 - 122 8. Adopt standardized consumer disclosure forms;
 - 123 9. Allow the utility the opportunity to recover reasonable costs of administering the program;
 - 124 10. Ensure nondiscriminatory and efficient requirements and utility procedures for interconnecting
125 projects;
 - 126 11. Address the co-location of two or more shared solar facilities on a single parcel of land and
127 provide guidelines for determining when two or more facilities are co-located;
 - 128 12. Include a program implementation schedule;
 - 129 13. Prohibit credit checks as a means of establishing eligibility for residential customers to become
130 subscribers;
 - 131 14. Prohibit early termination fees and credit reporting for any low-income customer;

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

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

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

137 18. Require a Phase I Utility to incorporate net crediting functionality as part of any major update
138 relating to its customer billing software. Under net crediting, the utility shall include the shared solar
139 subscription fee on the customer's utility bill and provide the customer with a net credit equivalent to the
140 total bill credit value for that generation period minus the shared solar subscription fee as set by the
141 subscriber organization. The net crediting fee shall not exceed one percent of the bill credit value. Net
142 crediting shall be optional for subscriber organizations, and any shared solar subscription fees charged via
143 the net crediting model shall be set to ensure that subscribers do not pay more in subscription fees than
144 they receive in bill credits; and

145 19. Allow the utility to recover as the cost of purchased power pursuant to § 56-249.6 any
146 difference between the bill credit provided to the subscriber and the cost of energy injected into the grid
147 by the subscriber organization.

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

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