

SENATE BILL NO. 508

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Commerce and Labor
on February 5, 2024)

(Patron Prior to Substitute--Senator Surovell)

A BILL to amend and reenact §§ 56-576 and 56-585.5 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 56-585.5:1 and 56-585.5:2, relating to renewable energy portfolio standard; geothermal heating and cooling systems; Strategic Energy Investment Program and Fund established; Geothermal Energy Work Group established; reports.

Be it enacted by the General Assembly of Virginia:

1. That §§ 56-576 and 56-585.5 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 56-585.5:1 and 56-585.5:2 as follows:

§ 56-576. Definitions.

As used in this chapter:

"Affiliate" means any person that controls, is controlled by, or is under common control with an electric utility.

"Aggregator" means a person that, as an agent or intermediary, (i) offers to purchase, or purchases, electric energy or (ii) offers to arrange for, or arranges for, the purchase of electric energy, for sale to, or on behalf of, two or more retail customers not controlled by or under common control with such person.

The following activities shall not, in and of themselves, make a person an aggregator under this chapter:

- (i) furnishing legal services to two or more retail customers, suppliers or aggregators;
- (ii) furnishing educational, informational, or analytical services to two or more retail customers, unless direct or indirect compensation for such services is paid by an aggregator or supplier of electric energy;
- (iii) furnishing educational, informational, or analytical services to two or more suppliers or aggregators;
- (iv) providing default service under § 56-585;
- (v) engaging in activities of a retail electric energy supplier, licensed pursuant to § 56-587, which are authorized by such supplier's license; and
- (vi) engaging in actions of a

27 retail customer, in common with one or more other such retail customers, to issue a request for proposal
28 or to negotiate a purchase of electric energy for consumption by such retail customers.

29 "Business park" means a land development containing a minimum of 100 contiguous acres
30 classified as a Tier 4 site under the Virginia Economic Development Partnership's Business Ready Sites
31 Program that is developed and constructed by a locality, an industrial development authority, or a similar
32 political subdivision of the Commonwealth created pursuant to § 15.2-4903 or other act of the General
33 Assembly, in order to promote business development.

34 "Combined heat and power" means a method of using waste heat from electrical generation to
35 offset traditional processes, space heating, air conditioning, or refrigeration.

36 "Commission" means the State Corporation Commission.

37 "Community in which a majority of the population are people of color" means a U.S. Census tract
38 where more than 50 percent of the population comprises individuals who identify as belonging to one or
39 more of the following groups: Black, African American, Asian, Pacific Islander, Native American, other
40 non-white race, mixed race, Hispanic, Latino, or linguistically isolated.

41 "Cooperative" means a utility formed under or subject to Chapter 9.1 (§ 56-231.15 et seq.).

42 "Covered entity" means a provider in the Commonwealth of an electric service not subject to
43 competition but does not include default service providers.

44 "Covered transaction" means an acquisition, merger, or consolidation of, or other transaction
45 involving stock, securities, voting interests or assets by which one or more persons obtains control of a
46 covered entity.

47 "Curtailment" means inducing retail customers to reduce load during times of peak demand so as
48 to ease the burden on the electrical grid.

49 "Customer choice" means the opportunity for a retail customer in the Commonwealth to purchase
50 electric energy from any supplier licensed and seeking to sell electric energy to that customer.

51 "Demand response" means measures aimed at shifting time of use of electricity from peak-use
52 periods to times of lower demand by inducing retail customers to curtail electricity usage during periods
53 of congestion and higher prices in the electrical grid.

54 "Distribute," "distributing," or "distribution of" electric energy means the transfer of electric
55 energy through a retail distribution system to a retail customer.

56 "Distributor" means a person owning, controlling, or operating a retail distribution system to
57 provide electric energy directly to retail customers.

58 "Electric distribution grid transformation project" means a project associated with electric
59 distribution infrastructure, including related data analytics equipment, that is designed to accommodate or
60 facilitate the integration of utility-owned or customer-owned renewable electric generation resources with
61 the utility's electric distribution grid or to otherwise enhance electric distribution grid reliability, electric
62 distribution grid security, customer service, or energy efficiency and conservation, including advanced
63 metering infrastructure; intelligent grid devices for real time system and asset information; automated
64 control systems for electric distribution circuits and substations; communications networks for service
65 meters; intelligent grid devices and other distribution equipment; distribution system hardening projects
66 for circuits, other than the conversion of overhead tap lines to underground service, and substations
67 designed to reduce service outages or service restoration times; physical security measures at key
68 distribution substations; cyber security measures; energy storage systems and microgrids that support
69 circuit-level grid stability, power quality, reliability, or resiliency or provide temporary backup energy
70 supply; electrical facilities and infrastructure necessary to support electric vehicle charging systems; LED
71 street light conversions; and new customer information platforms designed to provide improved customer
72 access, greater service options, and expanded access to energy usage information.

73 "Electric utility" means any person that generates, transmits, or distributes electric energy for use
74 by retail customers in the Commonwealth, including any investor-owned electric utility, cooperative
75 electric utility, or electric utility owned or operated by a municipality.

76 "Energy efficiency program" means a program that reduces the total amount of electricity that is
77 required for the same process or activity implemented after the expiration of capped rates. Energy
78 efficiency programs include equipment, physical, or program change designed to produce measured and
79 verified reductions in the amount of electricity required to perform the same function and produce the
80 same or a similar outcome. Energy efficiency programs may include, but are not limited to, (i) programs

81 that result in improvements in lighting design, heating, ventilation, and air conditioning systems,
82 appliances, building envelopes, and industrial and commercial processes; (ii) measures, such as but not
83 limited to the installation of advanced meters, implemented or installed by utilities, that reduce fuel use or
84 losses of electricity and otherwise improve internal operating efficiency in generation, transmission, and
85 distribution systems; and (iii) customer engagement programs that result in measurable and verifiable
86 energy savings that lead to efficient use patterns and practices. Energy efficiency programs include
87 demand response, combined heat and power and waste heat recovery, curtailment, or other programs that
88 are designed to reduce electricity consumption so long as they reduce the total amount of electricity that
89 is required for the same process or activity. Utilities shall be authorized to install and operate such
90 advanced metering technology and equipment on a customer's premises; however, nothing in this chapter
91 establishes a requirement that an energy efficiency program be implemented on a customer's premises and
92 be connected to a customer's wiring on the customer's side of the inter-connection without the customer's
93 expressed consent.

94 "Generate," "generating," or "generation of" electric energy means the production of electric
95 energy.

96 "Generator" means a person owning, controlling, or operating a facility that produces electric
97 energy for sale.

98 "Geothermal heating and cooling system" means a system that:

99 1. Exchanges thermal energy from groundwater or a shallow ground source to generate thermal
100 energy through an electric geothermal heat pump or a system of electric geothermal heat pumps
101 interconnected with any geothermal extraction facility that is (i) a closed loop or a series of closed loop
102 systems in which fluid is permanently confined within a pipe or tubing and does not come in contact with
103 the outside environment or (ii) an open loop system in which ground or surface water is circulated in an
104 environmentally safe manner directly into the facility and returned to the same aquifer or surface water
105 source;

106 2. Meets or exceeds the current federal Energy Star product specification standards;

107 3. Replaces or displaces less efficient space or water heating systems, regardless of fuel type;

108 4. Replaces or displaces less efficient space cooling systems that do not meet federal Energy Star
109 product specification standards; and

110 5. Does not feed electricity back to the grid.

111 "Historically economically disadvantaged community" means (i) a community in which a majority
112 of the population are people of color or (ii) a low-income geographic area.

113 "Incumbent electric utility" means each electric utility in the Commonwealth that, prior to July 1,
114 1999, supplied electric energy to retail customers located in an exclusive service territory established by
115 the Commission.

116 "Independent system operator" means a person that may receive or has received, by transfer
117 pursuant to this chapter, any ownership or control of, or any responsibility to operate, all or part of the
118 transmission systems in the Commonwealth.

119 "In the public interest," for purposes of assessing energy efficiency programs, describes an energy
120 efficiency program if the Commission determines that the net present value of the benefits exceeds the net
121 present value of the costs as determined by not less than any three of the following four tests: (i) the Total
122 Resource Cost Test; (ii) the Utility Cost Test (also referred to as the Program Administrator Test); (iii) the
123 Participant Test; and (iv) the Ratepayer Impact Measure Test. Such determination shall include an analysis
124 of all four tests, and a program or portfolio of programs shall be approved if the net present value of the
125 benefits exceeds the net present value of the costs as determined by not less than any three of the four
126 tests. If the Commission determines that an energy efficiency program or portfolio of programs is not in
127 the public interest, its final order shall include all work product and analysis conducted by the
128 Commission's staff in relation to that program, including testimony relied upon by the Commission's staff,
129 that has bearing upon the Commission's decision. If the Commission reduces the proposed budget for a
130 program or portfolio of programs, its final order shall include an analysis of the impact such budget
131 reduction has upon the cost-effectiveness of such program or portfolio of programs. An order by the
132 Commission (a) finding that a program or portfolio of programs is not in the public interest or (b) reducing
133 the proposed budget for any program or portfolio of programs shall adhere to existing protocols for
134 extraordinarily sensitive information. In addition, an energy efficiency program may be deemed to be "in

135 the public interest" if the program (1) provides measurable and verifiable energy savings to low-income
136 customers or elderly customers or (2) is a pilot program of limited scope, cost, and duration, that is
137 intended to determine whether a new or substantially revised program or technology would be cost-
138 effective.

139 "Low-income geographic area" means any locality, or community within a locality, that has a
140 median household income that is not greater than 80 percent of the local median household income, or
141 any area in the Commonwealth designated as a qualified opportunity zone by the U.S. Secretary of the
142 Treasury via his delegation of authority to the Internal Revenue Service.

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

146 "Measured and verified" means a process determined pursuant to methods accepted for use by
147 utilities and industries to measure, verify, and validate energy savings and peak demand savings. This may
148 include the protocol established by the United States Department of Energy, Office of Federal Energy
149 Management Programs, Measurement and Verification Guidance for Federal Energy Projects,
150 measurement and verification standards developed by the American Society of Heating, Refrigeration and
151 Air Conditioning Engineers (ASHRAE), or engineering-based estimates of energy and demand savings
152 associated with specific energy efficiency measures, as determined by the Commission.

153 "Municipality" means a city, county, town, authority, or other political subdivision of the
154 Commonwealth.

155 "New underground facilities" means facilities to provide underground distribution service. "New
156 underground facilities" includes underground cables with voltages of 69 kilovolts or less, pad-mounted
157 devices, connections at customer meters, and transition terminations from existing overhead distribution
158 sources.

159 "Peak-shaving" means measures aimed solely at shifting time of use of electricity from peak-use
160 periods to times of lower demand by inducing retail customers to curtail electricity usage during periods
161 of congestion and higher prices in the electrical grid.

162 "Percentage of Income Payment Program (PIPP) eligible utility customer" means any person or
163 household whose income does not exceed 150 percent of the federal poverty level.

164 "Person" means any individual, corporation, partnership, association, company, business, trust,
165 joint venture, or other private legal entity, and the Commonwealth or any municipality.

166 "Post-2019 geothermal system" means a geothermal heating and cooling system that is placed in
167 service on or after January 1, 2020.

168 "Previously developed project site" means any property, including related buffer areas, if any, that
169 has been previously disturbed or developed for non-single-family residential, non-agricultural, or non-
170 silvicultural use, regardless of whether such property currently is being used for any purpose.

171 "Previously developed project site" includes a brownfield as defined in § 10.1-1230 or any parcel
172 that has been previously used (i) for a retail, commercial, or industrial purpose; (ii) as a parking lot; (iii)
173 as the site of a parking lot canopy or structure; (iv) for mining, which is any lands affected by coal mining
174 that took place before August 3, 1977, or any lands upon which extraction activities have been permitted
175 by the Department of Energy under Title 45.2; (v) for quarrying; or (vi) as a landfill.

176 "Qualified waste heat resource" means (i) exhaust heat or flared gas from an industrial process that
177 does not have, as its primary purpose, the production of electricity and (ii) a pressure drop in any gas for
178 an industrial or commercial process.

179 "Renewable energy" means energy derived from sunlight, wind, falling water, biomass,
180 sustainable or otherwise, (the definitions of which shall be liberally construed), energy from waste, landfill
181 gas, municipal solid waste, wave motion, tides, geothermal heating and cooling systems, and geothermal
182 power; and does not include energy derived from coal, oil, natural gas, or nuclear power. "Renewable
183 energy" also includes the proportion of the thermal or electric energy from a facility that results from the
184 co-firing of biomass. "Renewable energy" does not include waste heat from fossil-fired facilities or
185 electricity generated from pumped storage but includes run-of-river generation from a combined pumped-
186 storage and run-of-river facility.

187 "Renewable thermal energy" means the thermal energy output from (i) a renewable-fueled
188 combined heat and power generation facility that is (a) constructed, or renovated and improved, after

189 January 1, 2012, (b) located in the Commonwealth, and (c) utilized in industrial processes other than the
190 combined heat and power generation facility or (ii) a solar energy system, certified to the OG-100 standard
191 of the Solar Ratings and Certification Corporation or an equivalent certification body, that (a) is
192 constructed, or renovated and improved, after January 1, 2013, (b) is located in the Commonwealth, and
193 (c) heats water or air for residential, commercial, institutional, or industrial purposes.

194 "Renewable thermal energy equivalent" means the electrical equivalent in megawatt hours of
195 renewable thermal energy calculated by dividing (i) the heat content, measured in British thermal units
196 (BTUs), of the renewable thermal energy at the point of transfer to a residential, commercial, institutional,
197 or industrial process by (ii) the standard conversion factor of 3.413 million BTUs per megawatt hour.

198 "Renovated and improved facility" means a facility the components of which have been upgraded
199 to enhance its operating efficiency.

200 "Retail customer" means any person that purchases retail electric energy for its own consumption
201 at one or more metering points or nonmetered points of delivery located in the Commonwealth.

202 "Retail electric energy" means electric energy sold for ultimate consumption to a retail customer.

203 "Revenue reductions related to energy efficiency programs" means reductions in the collection of
204 total non-fuel revenues, previously authorized by the Commission to be recovered from customers by a
205 utility, that occur due to measured and verified decreased consumption of electricity caused by energy
206 efficiency programs approved by the Commission and implemented by the utility, less the amount by
207 which such non-fuel reductions in total revenues have been mitigated through other program-related
208 factors, including reductions in variable operating expenses.

209 "Rooftop solar installation" means a distributed electric generation facility, storage facility, or
210 generation and storage facility utilizing energy derived from sunlight, with a rated capacity of not less
211 than 50 kilowatts, that is installed on the roof structure of an incumbent electric utility's commercial or
212 industrial class customer, including host sites on commercial buildings, multifamily residential buildings,
213 school or university buildings, and buildings of a church or religious body.

214 "Solar energy system" means a system of components that produces heat or electricity, or both,
215 from sunlight.

216 "Supplier" means any generator, distributor, aggregator, broker, marketer, or other person who
217 offers to sell or sells electric energy to retail customers and is licensed by the Commission to do so, but it
218 does not mean a generator that produces electric energy exclusively for its own consumption or the
219 consumption of an affiliate.

220 "Supply" or "supplying" electric energy means the sale of or the offer to sell electric energy to a
221 retail customer.

222 "Total annual energy savings" means (i) the total combined kilowatt-hour savings achieved by
223 electric utility energy efficiency and demand response programs and measures installed in that program
224 year, as well as savings still being achieved by measures and programs implemented in prior years, or (ii)
225 savings attributable to newly installed combined heat and power facilities, including waste heat-to-power
226 facilities, and any associated reduction in transmission line losses, provided that biomass is not a fuel and
227 the total efficiency, including the use of thermal energy, for eligible combined heat and power facilities
228 must meet or exceed 65 percent and have a nameplate capacity rating of less than 25 megawatts.

229 "Transmission of," "transmit," or "transmitting" electric energy means the transfer of electric
230 energy through the Commonwealth's interconnected transmission grid from a generator to either a
231 distributor or a retail customer.

232 "Transmission system" means those facilities and equipment that are required to provide for the
233 transmission of electric energy.

234 "Waste heat to power" means a system that generates electricity through the recovery of a qualified
235 waste heat resource.

236 **§ 56-585.5. Generation of electricity from renewable and zero carbon sources.**

237 A. As used in this section:

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

241 "Aggregate load" means the combined electrical load associated with selected accounts of an
242 accelerated renewable energy buyer with the same legal entity name as, or in the names of affiliated

243 entities that control, are controlled by, or are under common control of, such legal entity or are the names
244 of affiliated entities under a common parent.

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

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

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

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

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

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

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

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

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

275 2. By December 31, 2045, except for biomass-fired electric generating units that do not co-fire
276 with coal, each Phase I and II Utility shall retire all other electric generating units located in the
277 Commonwealth that emit carbon as a by-product of combusting fuel to generate electricity.

278 3. A Phase I or Phase II Utility may petition the Commission for relief from the requirements of
279 this subsection on the basis that the requirement would threaten the reliability or security of electric service
280 to customers. The Commission shall consider in-state and regional transmission entity resources and shall
281 evaluate the reliability of each proposed retirement on a case-by-case basis in ruling upon any such
282 petition.

283 C. Each Phase I and Phase II Utility shall participate in a renewable energy portfolio standard
284 program (RPS Program) that establishes annual goals for the sale of renewable energy to all retail
285 customers in the utility's service territory, other than accelerated renewable energy buyers pursuant to
286 subsection G, regardless of whether such customers purchase electric supply service from the utility or
287 from suppliers other than the utility. To comply with the RPS Program, each Phase I and Phase II Utility
288 shall procure and retire Renewable Energy Certificates (RECs) originating from renewable energy
289 standard eligible sources (RPS eligible sources). For purposes of complying with the RPS Program from
290 2021 to 2024, a Phase I and Phase II Utility may use RECs from any renewable energy facility, as defined
291 in § 56-576, provided that such facilities are located in the Commonwealth or are physically located within
292 the PJM Interconnection, LLC (PJM) region. However, at no time during this period or thereafter may
293 any Phase I or Phase II Utility use RECs from (i) renewable thermal energy, (ii) renewable thermal energy
294 equivalent, or (iii) biomass-fired facilities that are outside the Commonwealth. From compliance year
295 2025 and all years after, each Phase I and Phase II Utility may only use RECs from RPS eligible sources
296 for compliance with the RPS Program.

297 In order to qualify as RPS eligible sources, such sources must be (a) electric-generating resources
298 that generate electric energy derived from solar or wind located in the Commonwealth or off the
299 Commonwealth's Atlantic shoreline or in federal waters and interconnected directly into the
300 Commonwealth or physically located within the PJM region; (b) falling water resources located in the
301 Commonwealth or physically located within the PJM region that were in operation as of January 1, 2020,
302 that are owned by a Phase I or Phase II Utility or for which a Phase I or Phase II Utility has entered into a
303 contract prior to January 1, 2020, to purchase the energy, capacity, and renewable attributes of such falling
304 water resources; (c) non-utility-owned resources from falling water that (1) are less than 65 megawatts,
305 (2) began commercial operation after December 31, 1979, or (3) added incremental generation
306 representing greater than 50 percent of the original nameplate capacity after December 31, 1979, provided
307 that such resources are located in the Commonwealth or are physically located within the PJM region; (d)
308 waste-to-energy or landfill gas-fired generating resources located in the Commonwealth and in operation
309 as of January 1, 2020, provided that such resources do not use waste heat from fossil fuel combustion; ~~or~~
310 (e) geothermal heating and cooling systems located in the Commonwealth; or (f) biomass-fired facilities
311 in operation in the Commonwealth and in operation as of January 1, 2023, that (1) supply no more than
312 10 percent of their annual net electrical generation to the electric grid or no more than 15 percent of their
313 annual total useful energy to any entity other than the manufacturing facility to which the generating
314 source is interconnected and are fueled by forest-product manufacturing residuals, including pulping
315 liquor, bark, paper recycling residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4
316 of § 10.1-1308.1, provided that biomass as described in subdivision A 1 of § 10.1-1308.1 results from
317 harvesting in accordance with best management practices for the sustainable harvesting of biomass
318 developed and enforced by the State Forester pursuant to § 10.1-1105, or (2) are owned by a Phase I or
319 phase II Utility, have less than 52 megawatts capacity, and are fueled by forest-product manufacturing
320 residuals, biowastes, or biomass, as described in subdivisions A 1, 2, and 4 of § 10.1-1308.1, provided
321 that biomass as described in subdivision A 1 of § 10.1-1308.1 results from harvesting in accordance with
322 best management practices for the sustainable harvesting of biomass developed and enforced by the State
323 Forester pursuant to § 10.1-1105. Regardless of any future maintenance, expansion, or refurbishment

324 activities, the total amount of RECs that may be sold by any RPS eligible source using biomass in any
 325 year shall be no more than the number of megawatt hours of electricity produced by that facility in 2022;
 326 however, in no year may any RPS eligible source using biomass sell RECs in excess of the actual
 327 megawatt-hours of electricity generated by such facility that year. In order to comply with the RPS
 328 Program, each Phase I and Phase II Utility may use and retire the environmental attributes associated with
 329 any existing owned or contracted solar, wind, falling water, or biomass electric generating resources in
 330 operation, or proposed for operation, in the Commonwealth or solar, wind, or falling water resources
 331 physically located within the PJM region, with such resource qualifying as a Commonwealth-located
 332 resource for purposes of this subsection, as of January 1, 2020, provided that such renewable attributes
 333 are verified as RECs consistent with the PJM-EIS Generation Attribute Tracking System.

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

a Phase I Utilities		Phase II Utilities	
a Year	RPS Program Requirement	Year	RPS Program Requirement
b 2021	6%	2021	14%
c 2022	7%	2022	17%
d 2023	8%	2023	20%
e 2024	10%	2024	23%
f 2025	14%	2025	26%
g 2026	17%	2026	29%
h 2027	20%	2027	32%
i 2028	24%	2028	35%
j 2029	27%	2029	38%
k 2030	30%	2030	41%
l 2031	33%	2031	45%

m	2032	36%	2032	49%
n	2033	39%	2033	52%
o	2034	42%	2034	55%
p	2035	45%	2035	59%
q	2036	53%	2036	63%
r	2037	53%	2037	67%
s	2038	57%	2038	71%
t	2039	61%	2039	75%
u	2040	65%	2040	79%
v	2041	68%	2041	83%
w	2042	71%	2042	87%
x	2043	74%	2043	91%
y	2044	77%	2044	95%
z	2045	80%	2045 and thereafter	100%
aa	2046	84%		
ab	2047	88%		
ac	2048	92%		
ad	2049	96%		
ae	2050 and thereafter	100%		

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

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

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

352 5. Energy from a geothermal heating and cooling system, including energy from a geothermal
353 heating and cooling system that was placed in service on or before December 31, 2019, and energy from
354 a post-2019 geothermal system, is eligible for inclusion in meeting the renewable energy portfolio
355 standard.

356 a. A person shall receive a renewable energy credit equal to the amount of energy, converted from
357 BTUs to kilowatt-hours, that is generated by a geothermal heating and cooling system for space heating
358 and cooling or water heating if the person (i) owns and operates the system; (ii) leases and operates the
359 system; or (iii) contracts with a third party who owns and operates the portion of the system that consists
360 of (a) a closed loop or a series of closed loop systems in which fluid is permanently confined within a pipe
361 or tubing and does not come in contact with the outside environment or (b) an open loop system in which
362 ground or surface water is circulated in an environmentally safe manner directly into the facility and
363 returned to the same aquifer or surface water source.

364 b. To determine the energy savings of a geothermal heating and cooling system for a residence,
365 the Commission shall (i) identify available energy consumption calculators developed by the geothermal
366 heating and cooling industry; (ii) collect data provided in the renewable energy credit application that (a)
367 describes the name of the applicant and the address at which the geothermal heating and cooling system
368 is installed and (b) provides the annual BTU energy savings attributable to home heating, cooling, and
369 water heating; and (iii) in determining the annual amount of renewable energy credits awarded for the

370 geothermal heating and cooling system, convert the annual BTUs into annual megawatt hours. A
371 geothermal installer or third-party aggregator may file the application on behalf of the person receiving
372 geothermal renewable energy credits.

373 c. To determine the energy savings of a nonresidential geothermal heating and cooling system, the
374 Commission shall (i) use the geothermal heating and cooling engineering technical system designs
375 provided with the renewable energy credit application and (ii) in determining the annual amount of
376 renewable energy credits awarded for the geothermal heating and cooling system, convert the annual
377 BTUs into annual megawatt hours.

378 d. A geothermal heating and cooling system shall be installed in accordance with applicable state
379 well construction and local building code standards.

380 D. Each Phase I or Phase II Utility shall petition the Commission for necessary approvals to
381 procure zero-carbon electricity generating capacity as set forth in this subsection and energy storage
382 resources as set forth in subsection E. To the extent that a Phase I or Phase II Utility constructs or acquires
383 new zero-carbon generating facilities or energy storage resources, the utility shall petition the Commission
384 for the recovery of the costs of such facilities, at the utility's election, either through its rates for generation
385 and distribution services or through a rate adjustment clause pursuant to subdivision A 6 of § 56-585.1.
386 All costs not sought for recovery through a rate adjustment clause pursuant to subdivision A 6 of § 56-
387 585.1 associated with generating facilities provided by sunlight or onshore or offshore wind are also
388 eligible to be applied by the utility as a customer credit reinvestment offset as provided in subdivision A
389 8 of § 56-585.1. Costs associated with the purchase of energy, capacity, or environmental attributes from
390 facilities owned by the persons other than the utility required by this subsection shall be recovered by the
391 utility either through its rates for generation and distribution services or pursuant to § 56-249.6.

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

395 a. By December 31, 2023, each Phase I Utility shall petition the Commission for necessary
396 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and

397 environmental attributes of at least 200 megawatts of generating capacity located in the Commonwealth
398 using energy derived from sunlight or onshore wind, and 35 percent of such generating capacity procured
399 shall be from the purchase of energy, capacity, and environmental attributes from solar or onshore wind
400 facilities owned by persons other than the utility, with the remainder, in the aggregate, being from
401 construction or acquisition by such Phase I Utility.

402 b. By December 31, 2027, each Phase I Utility shall petition the Commission for necessary
403 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
404 environmental attributes of at least 200 megawatts of additional generating capacity located in the
405 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
406 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from solar
407 or onshore wind facilities owned by persons other than the utility, with the remainder, in the aggregate,
408 being from construction or acquisition by such Phase I Utility.

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

416 d. Nothing in this subdivision 1 shall prohibit such Phase I Utility from constructing, acquiring, or
417 entering into agreements to purchase the energy, capacity, and environmental attributes of more than 600
418 megawatts of generating capacity located in the Commonwealth using energy derived from sunlight or
419 onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-580 and 56-
420 585.1.

421 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary
422 approvals to (i) construct, acquire, or enter into agreements to purchase the energy, capacity, and
423 environmental attributes of 16,100 megawatts of generating capacity located in the Commonwealth using

424 energy derived from sunlight or onshore wind, which shall include 1,100 megawatts of solar generation
425 of a nameplate capacity not to exceed three megawatts per individual project and 35 percent of such
426 generating capacity procured shall be from the purchase of energy, capacity, and environmental attributes
427 from solar facilities owned by persons other than a utility, including utility affiliates and deregulated
428 affiliates and (ii) pursuant to § 56-585.1:11, construct or purchase one or more offshore wind generation
429 facilities located off the Commonwealth's Atlantic shoreline or in federal waters and interconnected
430 directly into the Commonwealth with an aggregate capacity of up to 5,200 megawatts. At least 200
431 megawatts of the 16,100 megawatts shall be placed on previously developed project sites.

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

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

446 c. By December 31, 2030, each Phase II Utility shall petition the Commission for necessary
447 approvals to construct, acquire, or enter into agreements to purchase the energy, capacity, and
448 environmental attributes of at least 4,000 megawatts of additional generating capacity located in the
449 Commonwealth using energy derived from sunlight or onshore wind, and 35 percent of such generating
450 capacity procured shall be from the purchase of energy, capacity, and environmental attributes from solar

451 or onshore wind facilities owned by persons other than the utility, with the remainder, in the aggregate,
452 being from construction or acquisition by such Phase II Utility.

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

460 e. Nothing in this subdivision 2 shall prohibit such Phase II Utility from constructing, acquiring,
461 or entering into agreements to purchase the energy, capacity, and environmental attributes of more than
462 16,100 megawatts of generating capacity located in the Commonwealth using energy derived from
463 sunlight or onshore wind, provided the utility receives approval from the Commission pursuant to §§ 56-
464 580 and 56-585.1.

465 3. Nothing in this section shall prohibit a utility from petitioning the Commission to construct or
466 acquire zero-carbon electricity or from entering into contracts to procure the energy, capacity, and
467 environmental attributes of zero-carbon electricity generating resources in excess of the requirements in
468 subsection B. The Commission shall determine whether to approve such petitions on a stand-alone basis
469 pursuant to §§ 56-580 and 56-585.1, provided that the Commission's review shall also consider whether
470 the proposed generating capacity (i) is necessary to meet the utility's native load, (ii) is likely to lower
471 customer fuel costs, (iii) will provide economic development opportunities in the Commonwealth, and
472 (iv) serves a need that cannot be more affordably met with demand-side or energy storage resources.

473 Each Phase I and Phase II Utility shall, at least once every year, conduct a request for proposals
474 for new solar and wind resources. Such requests shall quantify and describe the utility's need for energy,
475 capacity, or renewable energy certificates. The requests for proposals shall be publicly announced and
476 made available for public review on the utility's website at least 45 days prior to the closing of such request
477 for proposals. The requests for proposals shall provide, at a minimum, the following information: (a) the

478 size, type, and timing of resources for which the utility anticipates contracting; (b) any minimum
479 thresholds that must be met by respondents; (c) major assumptions to be used by the utility in the bid
480 evaluation process, including environmental emission standards; (d) detailed instructions for preparing
481 bids so that bids can be evaluated on a consistent basis; (e) the preferred general location of additional
482 capacity; and (f) specific information concerning the factors involved in determining the price and non-
483 price criteria used for selecting winning bids. A utility may evaluate responses to requests for proposals
484 based on any criteria that it deems reasonable but shall at a minimum consider the following in its selection
485 process: (1) the status of a particular project's development; (2) the age of existing generation facilities;
486 (3) the demonstrated financial viability of a project and the developer; (4) a developer's prior experience
487 in the field; (5) the location and effect on the transmission grid of a generation facility; (6) benefits to the
488 Commonwealth that are associated with particular projects, including regional economic development and
489 the use of goods and services from Virginia businesses; and (7) the environmental impacts of particular
490 resources, including impacts on air quality within the Commonwealth and the carbon intensity of the
491 utility's generation portfolio.

492 4. In connection with the requirements of this subsection, each Phase I and Phase II Utility shall,
493 commencing in 2020 and concluding in 2035, submit annually a plan and petition for approval for the
494 development of new solar and onshore wind generation capacity. Such plan shall reflect, in the aggregate
495 and over its duration, the requirements of subsection D concerning the allocation percentages for
496 construction or purchase of such capacity. Such petition shall contain any request for approval to construct
497 such facilities pursuant to subsection D of § 56-580 and a request for approval or update of a rate
498 adjustment clause pursuant to subdivision A 6 of § 56-585.1 to recover the costs of such facilities. Such
499 plan shall also include the utility's plan to meet the energy storage project targets of subsection E, including
500 the goal of installing at least 10 percent of such energy storage projects behind the meter. In determining
501 whether to approve the utility's plan and any associated petition requests, the Commission shall determine
502 whether they are reasonable and prudent and shall give due consideration to (i) the RPS and carbon dioxide
503 reduction requirements in this section; (ii) the promotion of new renewable generation and energy storage
504 resources within the Commonwealth, and associated economic development; and (iii) fuel savings

505 projected to be achieved by the plan. Notwithstanding any other provision of this title, the Commission's
506 final order regarding any such petition and associated requests shall be entered by the Commission not
507 more than six months after the date of the filing of such petition.

508 5. If, in any year, a Phase I or Phase II Utility is unable to meet the compliance obligation of the
509 RPS Program requirements or if the cost of RECs necessary to comply with RPS Program requirements
510 exceeds \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to
511 \$45 for each megawatt-hour shortfall for the year of noncompliance, except that the deficiency payment
512 for any shortfall in procuring RECs for solar, wind, or anaerobic digesters located in the Commonwealth
513 shall be \$75 per megawatts hour for resources one megawatt and lower. The amount of any deficiency
514 payment shall increase by one percent annually after 2021. A Phase I or Phase II Utility shall be entitled
515 to recover the costs of such payments as a cost of compliance with the requirements of this subsection
516 pursuant to subdivision A 5 d of § 56-585.1. All proceeds from the deficiency payments shall be deposited
517 ~~into an interest-bearing account administered by the Department of Energy. In administering this account,~~
518 ~~the Department of Energy shall manage the account as follows: (i) 50 percent of total revenue shall be~~
519 ~~directed to job training programs in historically economically disadvantaged communities; (ii) 16 percent~~
520 ~~of total revenue shall be directed to energy efficiency measures for public facilities; (iii) 30 percent of~~
521 ~~total revenue shall be directed to renewable energy programs located in historically economically~~
522 ~~disadvantaged communities; and (iv) four percent of total revenue shall be directed to administrative costs~~
523 the Strategic Energy Investment Fund established under § 56-585.5:1.

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

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

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

535 2. By December 31, 2035, each Phase II Utility shall petition the Commission for necessary
536 approvals to construct or acquire 2,700 megawatts of energy storage capacity. Nothing in this subdivision
537 shall prohibit a Phase II Utility from constructing or acquiring more than 2,700 megawatts of energy
538 storage, provided that the utility receives approval from the Commission pursuant to §§ 56-580 and 56-
539 585.1.

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

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

544 5. After July 1, 2020, at least 35 percent of the energy storage facilities placed into service shall
545 be (i) purchased by the public utility from a party other than the public utility or (ii) owned by a party
546 other than a public utility, with the capacity from such facilities sold to the public utility. By January 1,
547 2021, the Commission shall adopt regulations to achieve the deployment of energy storage for the
548 Commonwealth required in subdivisions 1 and 2, including regulations that set interim targets and update
549 existing utility planning and procurement rules. The regulations shall include programs and mechanisms
550 to deploy energy storage, including competitive solicitations, behind-the-meter incentives, non-wires
551 alternatives programs, and peak demand reduction programs.

552 F. All costs incurred by a Phase I or Phase II Utility related to compliance with the requirements
553 of this section or pursuant to § 56-585.1:11, including (i) costs of generation facilities powered by sunlight
554 or onshore or offshore wind, or energy storage facilities, that are constructed or acquired by a Phase I or
555 Phase II Utility after July 1, 2020, (ii) costs of capacity, energy, or environmental attributes from
556 generation facilities powered by sunlight or onshore or offshore wind, or falling water, or energy storage
557 facilities purchased by the utility from persons other than the utility through agreements after July 1, 2020,

558 and (iii) all other costs of compliance, including costs associated with the purchase of RECs associated
559 with RPS Program requirements pursuant to this section shall be recovered from all retail customers in
560 the service territory of a Phase I or Phase II Utility as a non-bypassable charge, irrespective of the
561 generation supplier of such customer, except (a) as provided in subsection G for an accelerated renewable
562 energy buyer or (b) as provided in subdivision C 3 of § 56-585.1:11, with respect to the costs of an offshore
563 wind generation facility, for a PIPP eligible utility customer or an advanced clean energy buyer or
564 qualifying large general service customer, as those terms are defined in § 56-585.1:11. If a Phase I or
565 Phase II Utility serves customers in more than one jurisdiction, such utility shall recover all of the costs
566 of compliance with the RPS Program requirements from its Virginia customers through the applicable
567 cost recovery mechanism, and all associated energy, capacity, and environmental attributes shall be
568 assigned to Virginia to the extent that such costs are requested but not recovered from any system
569 customers outside the Commonwealth.

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

577 G. 1. An accelerated renewable energy buyer may contract with a Phase I or Phase II Utility, or a
578 person other than a Phase I or Phase II Utility, to obtain (i) RECs from RPS eligible resources or (ii)
579 bundled capacity, energy, and RECs from solar or wind generation resources located within the PJM
580 region and initially placed in commercial operation after January 1, 2015, including any contract with a
581 utility for such generation resources that does not allocate to or recover from any other customer of the
582 utility the cost of such resources. Such an accelerated renewable energy buyer may offset all or a portion
583 of its electric load for purposes of RPS compliance through such arrangements. An accelerated renewable
584 energy buyer shall be exempt from the assignment of non-bypassable RPS compliance costs pursuant to

585 subsection F, with the exception of the costs of an offshore wind generating facility pursuant to § 56-
586 585.1:11, based on the amount of RECs obtained pursuant to this subsection in proportion to the
587 customer's total electric energy consumption, on an annual basis. An accelerated renewable energy buyer
588 obtaining RECs only shall not be exempt from costs related to procurement of new solar or onshore wind
589 generation capacity, energy, or environmental attributes, or energy storage facilities, by the utility pursuant
590 to subsections D and E, however, an accelerated renewable energy buyer that is a customer of a Phase II
591 Utility and was subscribed, as of March 1, 2020, to a voluntary companion experimental tariff offering of
592 the utility for the purchase of renewable attributes from renewable energy facilities that requires a
593 renewable facilities agreement and the purchase of a minimum of 2,000 renewable attributes annually,
594 shall be exempt from allocation of the net costs related to procurement of new solar or onshore wind
595 generation capacity, energy, or environmental attributes, or energy storage facilities, by the utility pursuant
596 to subsections D and E, based on the amount of RECs associated with the customer's renewable facilities
597 agreements associated with such tariff offering as of that date in proportion to the customer's total electric
598 energy consumption, on an annual basis. To the extent that an accelerated renewable energy buyer
599 contracts for the capacity of new solar or wind generation resources pursuant to this subsection, the
600 aggregate amount of such nameplate capacity shall be offset from the utility's procurement requirements
601 pursuant to subsection D. All RECs associated with contracts entered into by an accelerated renewable
602 energy buyer with the utility, or a person other than the utility, for an RPS Program shall not be credited
603 to the utility's compliance with its RPS requirements, and the calculation of the utility's RPS Program
604 requirements shall not include the electric load covered by customers certified as accelerated renewable
605 energy buyers.

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

611 3. Provided that no incremental costs associated with any contract between a Phase I or Phase II
612 Utility and an accelerated renewable energy buyer is allocated to or recovered from any other customer of
613 the utility, any such contract with an accelerated renewable energy buyer that is a jurisdictional customer
614 of the utility shall not be deemed a special rate or contract requiring Commission approval pursuant to §
615 56-235.2.

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

625 I. In any petition by a Phase I or Phase II Utility for a certificate of public convenience and
626 necessity to construct and operate an electrical generating facility that generates electric energy derived
627 from sunlight submitted pursuant to § 56-580, such utility shall demonstrate that the proposed facility was
628 subject to competitive procurement or solicitation as set forth in subdivision D 3.

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

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

634 **§ 56-585.5:1. Strategic Energy Investment Fund and Program.**

635 A. There is hereby created in the state treasury a special nonreverting fund to be known as the
636 Strategic Energy Investment Fund, referred to in this section as "the Fund." The Fund shall be established
637 on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants,

638 bequests, and other funds received on its behalf shall be paid into the state treasury and credited to the
639 Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys
640 remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the
641 general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purpose of
642 implementing the Strategic Energy Investment Program (the Program) and associated administrative
643 costs. The purposes of the Program are to establish and support the implementation of job training
644 programs in historically economically disadvantaged communities, energy efficiency measures for public
645 facilities, and renewable energy programs located in historically economically disadvantaged
646 communities. Expenditures and disbursements from the Fund shall be made by the State Treasurer on
647 warrants issued by the Comptroller upon written request signed by the Director of the Department of
648 Energy or his designee.

649 B. In administering the Fund, the Department of Energy shall manage the account as follows: (i)
650 50 percent of total revenue shall be directed to job training programs in historically economically
651 disadvantaged communities; (ii) 16 percent of total revenue shall be directed to energy efficiency measures
652 for public facilities; (iii) 30 percent of total revenue shall be directed to renewable energy programs located
653 in historically economically disadvantaged communities; and (iv) four percent of total revenue shall be
654 directed to administrative costs.

655 **§ 56-585.5:2. Geothermal Energy Work Group; report.**

656 A. There is hereby established a Geothermal Energy Work Group (the Work Group) consisting of
657 the following members:

658 1. One member of the Senate Committee on Commerce and Labor who also serves on the
659 Commission on Electric Utility Regulation, to be appointed by the Senate Committee on Rules;

660 2. One member of the House Committee on Labor and Commerce who also serves on the
661 Commission on Electric Utility Regulation, to be appointed by the Speaker of the House of Delegates;

662 3. One nonlegislative citizen member to be appointed by the Senate Committee on Rules upon the
663 recommendation of the Chairman of the Senate Committee on Commerce and Labor and one

664 nonlegislative citizen member to be appointed by the Speaker of the House of Delegates upon the
665 recommendation of the Chairman of the House Committee on Labor and Commerce; and

666 4. The following nonlegislative members selected by the Commission on Electric Utility
667 Regulation: (i) at least one representative of an environmental advocacy organization, (ii) at least one
668 representative of an environmental justice organization, (iii) at least one representative of the geothermal
669 industry, and (iv) at least one representative of a Phase I Utility as defined in subdivision A 1 of § 56-
670 585.1 and at least one representative of a Phase II Utility as defined in subdivision A 1 of § 56-585.1.

671 One member of the Commission or his designee shall serve as the chairman of the Work Group,
672 and the Commission shall provide staffing and administrative support for the Work Group.

673 B. No member of the Work Group shall receive compensation as a member of the Work Group,
674 but members are entitled to reimbursement for expenses as provided in § 2.2-2825.

675 C. The Work Group shall (i) study the status and impact of increasing the use of geothermal heating
676 and cooling systems in the Commonwealth; (ii) examine methods for growing the geothermal industry in
677 the Commonwealth, with a focus on increasing the use of geothermal heating and cooling systems in
678 environmental justice communities; (iii) examine methods for ensuring that any jobs created in the
679 geothermal industry offer benefits and family-sustaining wages; (iv) examine methods for the Department
680 of Labor and Industry to require that geothermal installers adhere to the labor and apprenticeship
681 requirements for large-scale geothermal projects required; (v) examine methods to promote increased
682 opportunities for the growth and development of small, minority-owned, women-owned, and veteran-
683 owned businesses in the Commonwealth that will install geothermal systems in the Commonwealth and
684 will promote career training opportunities in the geothermal industry for local residents, minorities,
685 women, and veterans, including developing a baseline survey of the current levels of participation of these
686 businesses and workers in the Commonwealth; and (vi) develop recommendations for legislation that will
687 encourage and incentivize the use of geothermal heating and cooling systems in the Commonwealth.

688 D. Beginning in 2025, the Work Group shall submit an annual report to the Chairmen of the Senate
689 Committee on Commerce and Labor, the House Committee on Labor and Commerce, and the Commission
690 on Electric Utility Regulation no later than December 1 of each year. The annual report shall include the

691 Work Group's findings from its study, any updates to information from previous annual reports, and any
692 legislative recommendations.

693 **2. That the State Corporation Commission and the Geothermal Energy Work Group established**
694 **pursuant to § 56-585.5:2 of the Code of Virginia, as created by this act, shall examine the feasibility**
695 **of establishing RPS program requirements that require each Phase I and Phase II Utility to procure**
696 **and retire renewable energy certificates from post-2019 geothermal heating and cooling systems as**
697 **a percentage of the number of renewable energy credits used for RPS program compliance. The**
698 **State Corporation Commission and the Geothermal Energy Work Group shall report their findings**
699 **and recommendations to the Chairmen of the Senate Committee on Commerce and Labor, the**
700 **House Committee on Labor and Commerce, and the Commission on Electric Utility Regulation no**
701 **later than December 1, 2024.**

702 **3. That nothing in this act shall be construed to impair or limit a presently existing contract**
703 **obligation or contract right.**

704 **4. That the provisions of the first enactment of this act shall become effective on January 1, 2025,**
705 **except that the provisions of § 56-585.5:2 of the Code of Virginia, as created by this act, shall become**
706 **effective in due course.**

707 #