

1 HOUSE BILL NO. 118
2 AMENDMENT IN THE NATURE OF A SUBSTITUTE
3 (Proposed by the House Committee on Labor and Commerce
4 on _____)
5 (Patron Prior to Substitute--Delegate Sullivan)

6 A BILL to amend the Code of Virginia by adding a section numbered 56-581.2, relating to electric utilities;
7 cost recovery for electric vehicle charging infrastructure.

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

9 **1. That the Code of Virginia is amended by adding a section numbered 56-581.2 as follows:**

10 **§ 56-581.2. Transportation electrification.**

11 A. As used in this section, unless the context requires a different meaning:

12 "Community of color" has the same meaning as provided in § 2.2-234.

13 "Electrical distribution infrastructure" means equipment, structures, and associated engineering
14 and civil construction work designed to support electric vehicle charging stations, including poles, vaults,
15 service drops, transformers, mounting pads, trenching, conduit, wire, cable, meters, and other necessary
16 equipment.

17 "Environmental justice community" has the same meaning as provided in § 2.2-234.

18 "Fast-charging station" means a charging system capable of delivering at least fifty kilowatts of
19 direct current electrical power to an electric vehicle's rechargeable battery at a voltage of two hundred
20 volts or greater.

21 "Fenceline community" has the same meaning as provided in § 2.2-234.

22 "Low-income community" has the same meaning as provided in § 2.2-234.

23 "Phase I Utility" and "Phase II Utility" have the same meaning as provided for those terms in §
24 56-585.1.

25 "Transportation electrification" means the use of electricity from external sources to power all or
26 part of passenger vehicles, trucks, buses, trains, boats, or other equipment that transport material, goods,
27 or people.

28 B. The Commission shall require each Phase I and Phase II Utility to maintain accurate and full
29 accounting of all expenses related to electrical distribution infrastructure as it relates to this section.

30 C. A Phase I or Phase II Utility may file a proposed tariff or rule with the Commission to provide
31 utility-owned and utility-operated electrical distribution infrastructure between the main overhead or
32 underground lines and the customer electrical revenue meter available to customers installing separately
33 metered infrastructure to support electric vehicle charging stations, other than those in single-family
34 residences. The Commission shall approve and authorize or modify and approve such tariff or rule within
35 six months after such filing. Such proposal and such tariff or rule shall provide that related costs incurred
36 by such utility shall be tracked and reported separately and subject to recovery in accordance with the
37 requirements of § 56-585.1:13. In any proceeding in which the Commission reviews such costs, such costs
38 shall be evaluated by the same standards as costs incurred for other necessary and essential distribution
39 infrastructure. Customers may elect to take service under such a tariff or rule as an alternative to taking
40 service under existing line extension rules. This section shall not modify any arrangements for
41 contributions in aid of construction or other agreements in effect prior to the effective date of the rule or
42 tariff.

43 D. By October 15, 2025, and regularly thereafter, each Phase I and Phase II Utility shall file an
44 application to accelerate widespread transportation electrification across the Commonwealth in a manner
45 designed to maximize ratepayer benefits. The Commission shall determine whether to approve and
46 authorize, modify and approve, or reject such application after notice and opportunity for hearing within
47 eight months after the filing of such application. Such application may include:

- 48 1. Programs to incentivize and facilitate the deployment of electric vehicle charging infrastructure;
- 49 2. Rate designs or programs that encourage transportation electrification, support the efficient
50 operation of the electric grid, facilitate fuel cost savings, and support various categories of vehicles and
51 charging use cases, including public level 2 and direct-current fast-charging, workplace charging,

52 residential charging for multiunit dwellings, fleet and depot charging, non-road industrial areas, and
53 charging for medium-duty and heavy-duty vehicles; and

54 3. Targeted and broad customer education and outreach programs that increase the awareness of
55 related customer incentives and the benefits of transportation electrification.

56 4. At least 35 percent of such proposed costs of programs to accelerate widespread transportation
57 electrification shall be allocated to programs designed to benefit rural communities, low-income
58 communities, communities of color, environmental justice communities, or fenceline communities.

59 E. In considering applications filed pursuant to subsection D, the Commission shall consider
60 whether the proposed investments, incentives, programs, rate designs, and expenditures are:

61 1. Reasonably expected to increase access to transportation electrification, including for rural
62 communities, low-income communities, communities of color, environmental justice communities, and
63 fenceline communities;

64 2. Reasonably expected to provide lower fueling costs to consumers and fleet operators who charge
65 electric vehicles in a manner consistent with electric grid conditions;

66 3. Reasonably expected to improve the utility's electrical system efficiency, integration of variable
67 resources, operational flexibility, and system utilization during off-peak hours while also mitigating
68 increased peak demand;

69 4. Reasonably expected to expand access to public charging in a manner that does not result in
70 unreasonable competition with non-utility enterprises;

71 5. Reasonably expected to improve air quality; and

72 6. Transparent, including the incorporation of public reporting requirements to inform program
73 design and Commission policy.

74 F. Authorized investments and expenditures made pursuant to subsections D and E may allow for
75 a return on equity as approved by the Commission, rate recovery mechanisms that allow for earlier
76 recovery of costs, and performance-based incentive returns.

77 G. By May 1, 2025, each Phase I and Phase II Utility shall submit to the Commission estimates
78 and plans to serve load capacity needs to support widespread transportation electrification and a proposal
79 for a specific rate or set of rates for:

80 1. Electricity used to charge light-duty, medium-duty, and heavy-duty electric vehicles that (i)
81 encourage electric vehicle charging and (ii) support the efficient off-peak utilization of the electric grid;
82 and

83 2. Various categories of vehicles and charging use cases, including, as appropriate, public level 2
84 and direct-current fast-charging, workplace charging, residential charging in single-family and multiunit
85 dwelling, and fleet and depot charging.

86 H. Each Phase 1 and Phase II Utility shall update the plans and rates established pursuant to
87 subsection G annually, as determined by such utility, at its sole discretion, to be necessary.

88 I. Nothing in this section shall preclude a Phase I or Phase II Utility from proposing an electrical
89 distribution system investment designed to support electric vehicle charging stations in one or more plans
90 for electric distribution grid transformation filed pursuant to subdivision A 6 of § 56-585.1.

91 J. Notwithstanding the provisions of § 56-1.2:1, a Phase I or Phase II Utility may own and operate
92 a fast-charging station that is (i) open to the general public for the retail sale of electricity and (ii) whose
93 cost of purchase, installation, or operation is recovered in whole or in part from such utility's ratepayers,
94 only upon satisfaction of the following terms:

95 1. That such Phase I or Phase II Utility first files with the Commission a proposal under the
96 requirements of subsection D that identifies the specific location of the publicly available proposed fast-
97 charging station or stations, which location shall be at least 12 road miles away from an existing publicly
98 available fast-charging station, at which such utility seeks to own a publicly available fast-charging
99 station, according to what the Commission determines, at its sole discretion, is the latest publicly available
100 information.

101 2. The Commission approves or modifies and approves the proposed fast-charging station or
102 stations under a proposal submitted under the requirements of both subsection D and subdivision 1, after
103 the Commission has issued public notice that shall include:

- 104 a. The date such Phase I or Phase II Utility filed such proposal; and
- 105 b. The date by which a non-utility charging provider may submit written notice to the Commission
- 106 stating by affidavit such provider's intent to provide a publicly available fast-charging station within 12
- 107 road miles of any location or locations proposed pursuant to subdivision 1.
- 108 3. Within 90 days after the date of the public notice provided pursuant to subdivision 2, a non-
- 109 utility charging provider may submit written notice to the Commission stating by affidavit that such non-
- 110 utility charging provider:
 - 111 a. Intends to provide a fast-charging station within 12 road miles of the proposed location or
 - 112 locations described in subdivision 1;
 - 113 b. Has, or is capable of acquiring, the right to use the property at which such non-utility charging
 - 114 provider intends to install a fast-charging station;
 - 115 c. Is capable of fully financing the complete installation and operation of such fast-charging station
 - 116 or stations;
 - 117 d. Has requested, or will request, the necessary electrical distribution infrastructure for such
 - 118 property from a Phase I or Phase II Utility; and
 - 119 e. Intends to place into publicly available service such fast-charging station or stations before the
 - 120 later of (i) 18 months after the date such non-utility charging provider submits notice to the Commission
 - 121 under this subdivision 3 or (ii) 12 months after the date of final completion of such electrical distribution
 - 122 infrastructure by a Phase I or Phase II Utility.
- 123 4. A Phase I or Phase II Utility that files a proposal that is approved by the Commission under the
- 124 terms of this subsection and subsection D may proceed with construction of any such approved publicly
- 125 available fast-charging stations only after:
 - 126 a. The Commission determines and communicates to such Phase I or Phase II Utility within 135
 - 127 days of the public notice provided pursuant to subdivision 2 that the Commission did not receive from any
 - 128 non-utility charging provider the notice as provided in subdivision 3; or
 - 129 b. The Commission determines and communicates to such Phase I or Phase II Utility at least 21
 - 130 months after the public notice provided pursuant to subdivision 2 but before 22 months after such public

131 notice that no non-utility charging provider providing notice under the terms of subdivision 3 provided
132 the Commission with reasonable proof that a charging provider will place or has placed into publicly
133 available service any such fast-charging station within the period described in subdivision 3 e.

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