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SENATE BILL NO. 660

Offered January 19, 2022

A *BILL to amend the Code of Virginia by adding a section numbered 56-594.4, relating to shared solar programs for electric cooperatives; pilot.*

Patrons—Hanger and Edwards

Referred to Committee on Commerce and Labor

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 for electric cooperatives; pilot.

A. As used in this section:

"Applicable bill credit rate" has the same meaning as provided in § 56-594.3.

"Bill credit" has the same meaning as provided in § 56-594.3.

"Electric cooperative" means an electric distribution company organized pursuant to Chapter 9.1 (§ 56-231.15 et seq.) and owned by its members.

"Low-income customer" has the same meaning as provided in § 56-594.3.

"Low-income service organization" means a nonresidential customer of an electric cooperative whose primary purpose is to serve low-income individuals and households.

"Low-income shared solar facility" has the same meaning as provided in § 56-594.3.

"Minimum bill" means an amount determined by the Commission under subsection D that subscribers are required to, at a minimum, pay on their electric cooperative bill each month after accounting for any bill credits. Such amount shall be no greater than the subscriber's existing minimum monthly distribution service charge.

"Pilot program" means a shared solar program conducted by an electric cooperative that has more than 80,000 member customers or an electric cooperative with a service territory that primarily covers the rural areas of the Commonwealth.

"Shared solar facility" means a facility that:

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

2. Is located in the service territory of an electric cooperative;

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

4. Has at least three subscribers;

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

6. Is located on a single parcel of land.

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

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

"Subscriber organization" has the same meaning as provided in § 56-594.3. A subscriber organization shall not be considered an electric cooperative solely as a result of its ownership or operation of a shared solar facility.

"Subscription" has the same meaning as provided in § 56-594.3.

B. The Commission shall establish by regulation a pilot program that affords customers of each electric cooperative the opportunity to participate in shared solar projects. Under its shared solar program, an electric cooperative shall provide a bill credit for the proportional output of a shared solar facility attributable to that subscriber. The shared solar program shall be administered as follows:

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

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

3. The subscriber organization shall, on a monthly basis, in a standardized electronic format, and pursuant to guidelines established by the Commission, provide to the electric cooperative a subscriber

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59 list indicating the kilowatt-hours of generation attributable to each of the subscribers participating in a
60 shared solar facility in accordance with the subscriber's portion of the output of the shared solar
61 facility.

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

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

69 6. A subscriber organization may accumulate bill credits in the event that all of the electricity
70 generated by a shared solar facility is not allocated to subscribers in a given month. On an annual
71 basis and pursuant to guidelines established by the Commission, the subscriber organization shall
72 furnish to the electric cooperative allocation instructions for distributing excess bill credits to
73 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
77 entities with compliance obligations or other buyers, accumulated, or retired.

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

83 D. The Commission shall establish a minimum bill, which shall include the costs of all electric
84 cooperative infrastructure and services used to provide electric service and administrative costs of the
85 shared solar program. The Commission may modify the minimum bill over time. In establishing the
86 minimum bill, the Commission shall (i) consider further costs the Commission deems relevant to ensure
87 subscribing customers pay a fair share of the costs of providing electric services and (ii) minimize the
88 costs shifted to customers not in a shared solar program. Low-income customers shall be exempt from
89 the minimum bill.

90 E. For each electric cooperative, the Commission shall approve a shared solar facility program and
91 the Commission may, after notice and opportunity for hearing, establish a maximum amount of shared
92 solar permissible in each electric cooperative's territory. Such maximum amount shall not be lower than
93 the lesser of 15 megawatts or one percent of the electric cooperative's previous year peak load.
94 Subscriber organizations shall be allowed to demonstrate compliance with the low income requirement
95 using either project capacity or project savings methodology. The Commission, in collaboration with the
96 Department of Energy, may adopt mechanisms to ensure low-income customer participation.

97 F. The Commission shall establish by regulation a shared solar program that complies with the
98 provisions of subsections B, C, D, and E by January 1, 2023, and shall require each electric
99 cooperative to file any tariffs, agreements, or forms necessary for implementation of the program within
100 60 days of the electric cooperative's full implementation of a new customer information platform or by
101 July 1, 2024, whichever occurs first. Any rule or electric cooperative implementation filings approved by
102 the Commission shall:

103 1. Reasonably allow for the creation of shared solar facilities;

104 2. Allow all customer classes to participate in the program;

105 3. Create a stakeholder working group including low-income community representatives and
106 community solar providers to facilitate low-income customer and low-income service organization
107 participation in the program;

108 4. Encourage public-private partnerships to further the Commonwealth's clean energy and equity
109 goals, such as state agency and affordable housing provider participation in the program as subscribers
110 of shared solar projects;

111 5. Not remove a customer from its otherwise applicable customer class in order to participate in a
112 shared solar facility;

113 6. Reasonably allow for the transferability and portability of subscriptions, including allowing a
114 subscriber to retain a subscription to a shared solar facility if the subscriber moves within the same
115 electric cooperative's service territory;

116 7. Establish standards, fees, and processes for the interconnection of shared solar facilities that
117 allow the electric cooperative to recover reasonable interconnection costs for each shared solar facility;

118 8. Adopt standardized consumer disclosure forms;

119 9. Allow the electric cooperative the opportunity to recover reasonable costs of administering the
120 program;

10. Ensure nondiscriminatory and efficient requirements and electric cooperative procedures for interconnecting projects;

11. Address the co-location of two or more shared solar facilities on a single parcel of land and provide guidelines for determining when two or more facilities are co-located;

12. Include a program implementation schedule;

13. Prohibit credit checks as a means of establishing eligibility for residential customers to become subscribers;

14. Require net crediting functionality as part of any new customer information platform approved by the Commission. Under net crediting, the electric cooperative shall include the shared solar subscription fee on the customer's electric cooperative bill and provide the customer with a net credit equivalent to the total bill credit value for that generation period minus the shared solar subscription fee as set by the subscriber organization. The net crediting fee shall not exceed one percent of the bill credit value. Net crediting shall be optional for subscriber organizations, and any shared solar subscription fees charged via the net crediting model shall be set to ensure that subscribers do not pay more in subscription fees than they receive in bill credits; and

15. Allow the electric cooperative to recover as the cost of purchased power pursuant to § 56-249.6 any difference between the bill credit provided to the subscriber and the cost of energy injected into the grid by the subscriber organization.

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

H. Any interconnection costs for shared solar facilities that are associated with systemwide benefits, including substation improvements and upgrades to distribution lines, shall be rate-based and subject to review by the Commission. There shall be a rebuttable presumption for shared solar facilities, subject to Commission review and approval, that fiber-optic upgrades are not necessary or cost-justified to maintain the safety and reliability of the electric grid. The provisions of this subsection shall be construed to allow an electric cooperative to recover reasonable interconnection costs for each shared solar facility.

I. For shared solar facilities up to two megawatts in alternating current capacity, the owner or operator of the project will, prior to starting any construction or installation of a shared solar facility or adding capacity to an existing shared solar facility, submit a Level 1 or Level 2 interconnection request form as prescribed by the Commission to the electric cooperative. The owner or operator of a shared solar facility shall receive approval from the electric cooperative prior to interconnecting the new or expanded shared solar facility. The electric cooperative shall have 60 days from the date of notification to determine whether the requirements for a Level 1 or Level 2 interconnection request form have been met. Sixty-one days after the date of notification, the owner or operator of the shared solar facility may interconnect and begin operation of the generating facility unless the electric cooperative requests a waiver of this provision from the Commission. The Commission may grant such waiver upon such terms and conditions as the Commission may impose.

J. The Commission shall review the pilot program established for each applicable electric cooperative by July 1, 2025, and every two years thereafter for the duration of the pilot program. In its review, the Commission shall determine whether limitations imposed pursuant to subsection E should be expanded, reduced, or continued.