

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact § 56-249.6 of the Code of Virginia and to amend the Code of Virginia by
 2 adding in Title 56 a chapter numbered 24, consisting of sections numbered 56-597 through 56-
 3 606, relating to requirements that the generation of electric energy be from renewable sources
 4 and be reduced by implementation of energy efficiency programs.

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

6 **1. That § 56-249.6 of the Code of Virginia is amended and reenacted and that the Code of**
 7 **Virginia is amended by adding in Title 56 a chapter numbered 24, consisting of sections numbered**
 8 **56-597 through 56-606, as follows:**

9 § 56-249.6. Recovery of fuel and purchased power costs.

10 A. 1. Each electric utility that purchases fuel for the generation of electricity or purchases power
 11 and that was not, as of July 1, 1999, bound by a rate case settlement adopted by the Commission that
 12 extended in its application beyond January 1, 2002, shall submit to the Commission its estimate of fuel
 13 costs, including the cost of purchased power and recoverable costs as defined in § 56-597, for the 12-
 14 month period beginning on the date prescribed by the Commission. Upon investigation of such estimates
 15 and hearings in accordance with law, the Commission shall direct each company to place in effect tariff
 16 provisions designed to recover the fuel costs determined by the Commission to be appropriate for that
 17 period, adjusted for any over-recovery or under-recovery of fuel costs previously incurred.

18 2. The Commission shall continuously review fuel costs and if it finds that any utility described
 19 in subdivision A 1 is in an over-recovery position by more than five percent, or likely to be so, it may
 20 reduce the fuel cost tariffs to correct the over-recovery.

21 B. All fuel costs recovery tariff provisions in effect on January 1, 2004, for any electric utility
 22 that purchases fuel for the generation of electricity and that was, as of July 1, 1999, bound by a rate case
 23 settlement adopted by the Commission that extended in its application beyond January 1, 2002, shall
 24 remain in effect until the earlier of (i) July 1, 2007; (ii) the termination of capped rates pursuant to the

25 provisions of subsection C of § 56-582; or (iii) the establishment of tariff provisions under subsection C.
26 Any such utility shall continue to report to the Commission annually its actual fuel costs, including the
27 cost of purchased power until July 1, 2007.

28 C. Until the capped rates for such utility expire or are terminated pursuant to the provisions of §
29 56-582, each electric utility described in subsection B shall submit annually to the Commission its
30 estimate of fuel costs, including the cost of purchased power, for the successive 12-month periods
31 beginning on July 1, 2007, 2008, and 2009, and the six-month period beginning July 1, 2010. The
32 estimate of fuel costs shall also include its recoverable costs for periods on and after June 1, 2008. Upon
33 investigation of such estimates and hearings in accordance with law, the Commission shall direct each
34 such utility to place in effect tariff provisions designed to recover the fuel costs determined by the
35 Commission to be appropriate for such periods, adjusted for any over-recovery or under-recovery of fuel
36 costs previously incurred; however, (i) no such adjustment for any over-recovery or under-recovery of
37 fuel costs previously incurred shall be made for any period prior to July 1, 2007, and (ii) the
38 Commission may order that up to 40% of any increase in fuel tariffs determined by the Commission to
39 be appropriate for the 12-month period beginning July 1, 2007, above the fuel tariffs previously existing,
40 shall be deferred and recovered during the period from July 1, 2008, through December 31, 2010.

41 D. 1. In proceedings under subsections A and C, the Commission may, to the extent deemed
42 appropriate, offset against fuel costs and purchased power costs to be recovered the revenues attributable
43 to sales of power pursuant to interconnection agreements with neighboring electric utilities.

44 2. In proceedings under subsections A and C, the Commission shall disallow recovery of any
45 fuel costs that it finds without just cause to be the result of failure of the utility to make every reasonable
46 effort to minimize fuel costs or any decision of the utility resulting in unreasonable fuel costs, giving due
47 regard to reliability of service and the need to maintain reliable sources of supply, economical
48 generation mix, generating experience of comparable facilities, and minimization of the total cost of
49 providing service. The Commission shall also disallow recovery of any recoverable costs to the extent
50 that any of such costs are otherwise recovered by the electric utility.

51 3. The Commission is authorized to promulgate, in accordance with the provisions of this
 52 section, all rules and regulations necessary to allow the recovery by electric utilities of all of their
 53 prudently incurred fuel costs under subsections A and C, including the cost of purchased power and
 54 recoverable costs, as precisely and promptly as possible, with no over-recovery or under-recovery,
 55 except as provided in subsection C, in a manner that will tend to assure public confidence and minimize
 56 abrupt changes in charges to consumers.

57 The Commission may, however, dispense with the procedures set forth above for any electric
 58 utility if it finds, after notice and hearing, that the electric utility's fuel costs can be reasonably recovered
 59 through the rates and charges investigated and established in accordance with other sections of this
 60 chapter.

61 CHAPTER 24.

62 RENEWABLE ENERGY AND ENERGY EFFICIENCY REQUIREMENTS.

63 § 56-597. Definitions.

64 As used in this chapter:

65 "Category 1 energy sources" means the following sources of energy: (i) solar photovoltaic
 66 technology; (ii) wind power technology having a capacity of no more than 500 kilowatts; (iii)
 67 technology used to generate electricity that is fed back to the electric grid by an eligible customer-
 68 generator under the program established pursuant to § 56-594; (iv) solar water heating systems that are
 69 not used for heating pools; and (v) residential geothermal heating systems.

70 "Category 2 energy sources" means the following sources of energy: (i) wind power technology
 71 having a capacity greater than 500 kilowatts; (ii) hydropower systems having a capacity of no more than
 72 500 kilowatts; (iii) hydropower systems that have a capacity greater than 500 kilowatts and that either do
 73 not use a dam or are low-impact hydropower; (iv) incremental hydropower systems having a capacity
 74 greater than 500 kilowatts but less than 30 megawatts per facility; (v) nonincremental hydropower
 75 systems that are developed coincident with the construction of a new dam that has as its primary purpose
 76 something other than power production; (vi) geothermal sources other than residential geothermal
 77 heating systems constituting Category 1 energy sources; (vii) ocean energy sources; (viii) sources that

78 generate electricity through the combustion of combustible gases recovered from landfills; (ix) sources
79 that generate electricity through the combustion of closed-loop biomass; (x) sources that generate
80 electricity through the combustion of combustible gases recovered from the anaerobic digestion of
81 organic materials, including yard waste, such as grass clippings and leaves, food waste, animal waste,
82 and sewage sludge; and (xi) active solar water heating systems for pools.

83 "Category 3 energy sources" means the following sources of energy: (i) municipal solid waste
84 sources; (ii) sources that generate electricity through the combustion of open-loop biomass; (iii) sources
85 that generate electricity through the combustion of animal manure and animal bedding materials, such as
86 poultry litter, that contain manure; and (iv) hydropower systems that do not constitute Category 2 energy
87 sources.

88 "Closed-loop biomass" has the same meaning ascribed to it in § 45 (c) (2) of the Internal
89 Revenue Code, as amended.

90 "Commission" means the State Corporation Commission.

91 "Cooperative" has the same meaning ascribed to it in § 56-576.

92 "Cost recovery period" means the period during which capped rates are in effect pursuant to §
93 56-582.

94 "Customer-generator" means an eligible customer-generator as defined in subsection B of § 56-
95 594.

96 "Department" means the Department of Environmental Quality.

97 "Distributor" means an investor-owned supplier that is designated by the Commission as a
98 default service provider pursuant to § 56-585 during the cost recovery period.

99 "Electricity generated from renewable generation sources," when used in the context of
100 renewable generation sources that do not generate electricity, such as residential geothermal heating
101 systems and solar water heating systems for pools, means the reduction in electricity generation that
102 results from the use of such renewable generation sources that do not generate electricity.

103 "Energy efficiency programs" means programs that reduce waste of electricity, or that reduce the
104 amount of electricity consumed while producing the same or a similar outcome.

105 "Generator" means the owner of a renewable energy system.

106 "Geothermal sources" means technologies that produce electricity by extracting heat from
107 geothermal reserves in the earth's crust.

108 "Hydropower systems" do not include pump storage facilities.

109 "Incremental hydropower" means new hydroelectric generating capacity, added to existing
110 hydroelectric generation stations or added to existing dams and impoundments, that:

111 1. Improves or does not adversely change existing impacts to aquatic systems;

112 2. Provides an adequate instream flow for protection of existing instream beneficial uses,
113 including wildlife and cultural and historic resources; and

114 3. Provides for safe and effective fish passage.

115 "Low-impact hydropower" means hydroelectric generating capacity that meets the certification
116 standards established by the Low Impact Hydropower Institute or American Rivers, Inc., or one of their
117 successors.

118 "Municipal electricity supplier" means an electric utility owned or operated by a city, county,
119 town, authority, or other political subdivision of the Commonwealth.

120 "Municipal solid waste sources" means existing waste-to-energy facilities that the Department
121 has determined are in compliance with current environmental standards, including, but not limited to, all
122 applicable requirements of the Clean Air Act (69 Stat. 322, 42 U.S.C. § 7401 et seq.) and associated
123 permit restrictions, and all applicable requirements of the act of July 7, 1980 (P.L. 380, No. 97), known
124 as the Solid Waste Management Act.

125 "Net energy metering" has the same meaning ascribed to it in § 56-594.

126 "Ocean energy sources" means technologies that produce electricity derived from ocean energy
127 including wave or tidal action, currents, or thermal differences.

128 "Open-loop biomass" has the same meaning ascribed to it in § 45 (c) (3) of the Internal Revenue
129 Code, as amended.

130 "Recoverable costs" means the incremental portion of the costs incurred by a distributor during
131 the cost recovery period to comply with the requirements of this chapter that it acquire a sufficient

132 number of renewable energy credits by self-generating or purchasing sufficient renewable energy
133 credits, or that it make alternative compliance payments. With regard to self-generating renewable
134 energy, recoverable costs shall include reasonable and prudently incurred costs of (i) constructing,
135 operating, and maintaining facilities for the generation of renewable energy; (ii) constructing, operating,
136 and maintaining lines and related facilities required to add such facilities to the transmission grid; and
137 (iii) establishing and implementing verified energy efficiency programs. The incremental portion of such
138 costs means the portion of such costs, if any, that exceeds the costs that would reasonably have been
139 incurred by the distributor in meeting its obligations to provide generation to its retail customers in the
140 absence of the requirements of this chapter, and which costs would not otherwise be recoverable by the
141 distributor under § 56-249.6 in the absence of this chapter.

142 "Regional transmission organization" means an entity approved by the Federal Energy
143 Regulatory Commission (FERC) that is created to operate and manage the electrical transmission grids
144 of the member electric transmission utilities as required under FERC Order 2000, Docket No. RM99-2-
145 000, FERC Chapter 31.089 (1999) or any successor organization approved by the FERC.

146 "Renewable energy" means electricity generated or derived from sources included in the
147 definitions of Category 1, Category 2, and Category 3 energy sources and from electric energy savings
148 from energy efficiency programs.

149 "Renewable energy credit" means a tradable instrument that is used to establish, verify, and
150 monitor compliance with the requirements of § 56-598. One renewable energy credit shall represent one
151 megawatt hour of electricity generated from renewable generation sources or resulting from energy
152 efficiency programs that comply with the requirements of the program administrator and of Commission
153 regulations pursuant to § 56-600.

154 "Renewable energy system" means a facility or system that uses a source included in the
155 definition of a Category 1, Category 2, or Category 3 energy source to generate electricity, and includes
156 verified energy efficiency programs.

157 "Renewable generation sources" means sources included in the definition of a Category 1,
158 Category 2, or Category 3 energy source.

159 "Reporting year" means the 12-month period from June 1 through May 31. A reporting year shall
160 be numbered according to the calendar year in which it ends.

161 "Retail customer" has the same meaning ascribed to it in § 56-576.

162 "Supplier" means any person who sells electric energy to retail customers, excluding any
163 cooperative, municipal electricity supplier, or generator that produces electric energy exclusively for its
164 own consumption or the consumption by an affiliate.

165 "True-up period" means the period each year from the end of the reporting year until August 31
166 of the calendar year in which the reporting year ends.

167 "Wind power" means electricity derived from wind facilities located and designed to minimize
168 damage to Virginia's natural, cultural and scenic resources.

169 § 56-598. Requirements for use of renewable generation sources and energy efficiency
170 programs; cost recovery.

171 A. By June 1, 2020, and in subsequent reporting years, a minimum of 12% of the electric energy
172 sold by each supplier to retail customers in the Commonwealth shall be generated from renewable
173 generation energy sources, in accordance with the following schedules:

174 1. During each reporting year commencing on or after June 1, 2008, the minimum percentage of
175 electric energy sold by each supplier to retail customers in the Commonwealth that is generated from
176 Category 1 energy sources shall be as follows:

177 a. For reporting year 2009, 0.01%.

178 b. For reporting year 2010, 0.025%.

179 c. For reporting year 2011, 0.05%.

180 d. For reporting year 2012, 0.075%.

181 e. For reporting year 2013, 0.1%.

182 f. For reporting year 2014, 0.125%.

183 g. For reporting year 2015, 0.15%.

184 h. For reporting year 2016, 0.175%.

185 i. For reporting year 2017, 0.2%.

- 186 j. For reporting year 2018, 0.233%.
- 187 k. For reporting year 2019, 0.266%.
- 188 l. For reporting year 2020 and subsequent reporting years, 0.3%.
- 189 2. During each reporting year commencing on or after June 1, 2008, the minimum percentage of
- 190 electric energy sold by each supplier to retail customers in the Commonwealth that is generated from
- 191 Category 2 energy sources shall be as follows:
- 192 a. For reporting year 2009, 1%.
- 193 b. For reporting year 2010, 1.5%.
- 194 c. For reporting year 2011, 2%.
- 195 d. For reporting year 2012, 2.5%.
- 196 e. For reporting year 2013, 3%.
- 197 f. For reporting year 2014, 3.5%.
- 198 g. For reporting year 2015, 4%.
- 199 h. For reporting year 2016, 4.7%.
- 200 i. For reporting year 2017, 5.7%.
- 201 j. For reporting year 2018, 6.7%.
- 202 k. For reporting year 2019, 7.7%.
- 203 l. For reporting year 2020 and subsequent reporting years, 8.7%.
- 204 3. During each reporting year commencing on or after June 1, 2008, the minimum percentage of
- 205 electric energy sold by each supplier to retail customers in the Commonwealth that is generated from
- 206 Category 3 energy sources shall be as follows:
- 207 a. For reporting year 2009, 1.9%.
- 208 b. For reporting year 2010, 2%.
- 209 c. For reporting year 2011, 2.1%.
- 210 d. For reporting year 2012, 2.2%.
- 211 e. For reporting year 2013, 2.3%.
- 212 f. For reporting year 2014, 2.4%.

213
214
215
216
217
218
219
220
221
222
223
224
225
226
227
228
229
230
231
232
233
234
235
236
237
238
239

g. For reporting year 2015, 2.5%.

h. For reporting year 2016, 2.6%.

i. For reporting year 2017, 2.7%.

j. For reporting year 2018, 2.8%.

k. For reporting year 2019, 2.9%.

l. For reporting year 2020 and subsequent reporting years, 3.0%.

B. By June 1, 2020, and in subsequent reporting years, each supplier shall achieve reductions in the consumption of electric energy by its retail customers in the Commonwealth, through the implementation of energy efficiency programs, in an amount equal to not less than 5% of the amount of electric energy consumed by its retail customers in 2006, in accordance with the following schedule:

During each reporting year commencing on or after June 1, 2008, the minimum percentage of reductions in the consumption of electric energy that shall be achieved through the supplier's implementation of energy efficiency programs shall be as follows:

1. For reporting year 2009, 0.5%.

2. For reporting year 2010, 1%.

3. For reporting year 2011, 1.5%.

4. For reporting year 2012, 2%.

5. For reporting year 2013, 2.5%.

6. For reporting year 2014, 3%.

7. For reporting year 2015, 3.5%.

8. For reporting year 2016, 4%.

9. For reporting year 2017, 4.25%.

10. For reporting year 2018, 4.5%.

11. For reporting year 2018, 4.75%.

12. For reporting year 2020 and subsequent reporting years, 5%.

C. A distributor shall have the right to recover its recoverable costs as provided in § 56-249.6.

§ 56-599. Demonstrating compliance; reporting.

240 By September 1 of each year, commencing in 2009, each supplier shall file an annual report with
241 the Commission demonstrating that the supplier has met the requirements of § 56-598 for the reporting
242 year ending the preceding May 31 either by self-generating or purchasing sufficient renewable energy
243 credits pursuant to § 56-600, (ii) making appropriate alternative compliance payments pursuant to § 56-
244 602, or (iii) any combination of (i) and (ii).

245 § 56-600. Renewable energy credits.

246 A. The Commission shall establish a renewable energy credits program and shall appoint a
247 renewable energy credits program administrator as needed to implement this chapter.

248 B. Generators seeking to participate in the renewable energy credits program may apply to the
249 Commission for qualification either directly or through designated agents.

250 C. The Commission shall establish a procedure to determine whether a generator that applies for
251 renewable energy credits qualifies for such credits.

252 D. For all other renewable energy credit program functions, the Commission shall appoint an
253 independent entity to provide such services. The provisions of the Virginia Public Procurement Act (§
254 2.2-4300 et seq.) shall not apply to the approval by the Commission of such a renewable energy credits
255 service provider.

256 E. The administrator and service provider shall have those powers and duties assigned by
257 Commission regulations. Such powers and duties shall include, but not be limited to, the following:

258 1. To create and administer a renewable energy credits certification, tracking, and reporting
259 program. This program should include, at a minimum, processes to qualify renewable energy systems,
260 including systems that use qualified renewable energy resources as co-fuels, and to determine when and
261 how renewable energy credits shall be created, accounted for, transferred, and retired; and

262 2. To submit reports to the Commission at such times and in such manner as the Commission
263 shall direct.

264 F. The Commission shall establish procedures for verifying the production of renewable energy,
265 and savings of electric energy, by renewable energy systems for which credits are created that are
266 certified as qualified.

267 G. A supplier that complies with the requirements of § 56-598 by self-generating or purchasing
268 sufficient renewable energy credits shall submit documentation of such self-generation or purchases, or
269 a combination thereof, to the program administrator.

270 H. Renewable energy credits of one category shall not be used to meet the requirements of this
271 chapter in another category except as follows:

272 1. Category 1 credits in excess of a supplier's requirements for Category 1 compliance may, at
273 the supplier's option, be used for Category 2 or Category 3 compliance.

274 2. Category 2 credits in excess of a supplier's requirements for Category 2 compliance may, at
275 the supplier's option, be used for Category 3 compliance.

276 3. Energy efficiency credits in excess of a supplier's requirement under subsection B of § 56-598
277 may, at the supplier's option, be used for Category 3 compliance, for 50% of Category 2 compliance, or
278 for 25% of Category 1 compliance.

279 I. A supplier electing to take advantage of any of the options described in the preceding
280 subsection shall so indicate in its compliance report filed pursuant to § 56-599.

281 J. The renewable energy credits program shall include a true-up period during which suppliers
282 may make alternative compliance payments or obtain the required number of renewable energy credits
283 in the marketplace to make up for any shortfall of renewable energy credits they might otherwise
284 experience.

285 K. A supplier may bank or place in reserve renewable energy credits produced in any reporting
286 year for compliance in any future reporting year, subject to the limitations set forth in this subsection
287 and provided that such supplier is in compliance for all previous reporting years. In addition, the
288 supplier shall demonstrate to the satisfaction of the Commission that such credits:

289 1. Were in excess of the renewable energy credits needed by the supplier for compliance in the
290 reporting year in which they were generated and that such excess credits have not previously been used
291 for compliance under this chapter; and

292 2. Have not otherwise been nor will be sold, retired, claimed, or represented as part of satisfying
293 compliance with alternative or renewable energy portfolio standards in other states.

294 L. The Commission or its designee shall develop a registry of pertinent information regarding all
295 available renewable energy credits and the number of renewable energy credits sold or transferred. The
296 registry shall be available to the general public, but shall not include nor disclose any competitively
297 sensitive information such as the names of parties to specific transactions, the number of renewable
298 energy credits created, purchased, or owned by any specific party, or the price received or paid for
299 renewable energy credits by any specific party, unless the party so-named agrees to inclusion or
300 disclosure, or both, of such information, except as the inclusion or disclosure, or both, of such
301 information may be necessary to demonstrate compliance with other portions of this chapter or to
302 compute the cost of service for cost-based rate tariffs.

303 M. Renewable energy credits shall be the property of the generator producing the electricity from
304 which such credits are derived. Renewable energy credits are alienable separate from their associated
305 electric energy, and a contract for the sale of electric energy shall not result in the transfer of ownership
306 of the renewable energy credits unless such a transfer is explicitly agreed to in such contract.
307 Renewable energy credits resulting from energy efficiency programs shall be the property of the supplier
308 whose energy efficiency program produced the energy savings.

309 N. The Commission shall establish a procedure to determine how to recover the actual costs of
310 administering the renewable energy credits program in a way that achieves a reasonable balance
311 between equitable cost apportionment and cost efficiency.

312 O. The Commission shall promulgate regulations providing for the verification and tracking of
313 energy efficiency programs implemented pursuant to this chapter, which shall include regulations to be
314 used in determining the eligibility of such programs for renewable energy credits. All verified energy
315 efficiency programs shall accrue renewable energy credits beginning on June 1, 2008.

316 P. The Commission shall, no later than June 1, 2008, develop a depreciation schedule for
317 renewable energy credits created through energy efficiency programs and shall develop standards for
318 tracking and verifying savings from energy efficiency programs. The Commission shall allow for a 60-
319 day public comment period and shall issue final standards for the depreciation schedule within 60 days
320 of the close of the public comment period.

321 § 56-601. Virginia Sustainable Energy, Energy Efficiency, and Energy Conservation Fund
322 established.

323 There is hereby established a special fund in the state treasury to be known as the Virginia
324 Sustainable Energy, Energy Efficiency, and Energy Conservation Fund (the Fund), which shall be
325 administered by the Commission. The Fund shall include all alternative compliance payments collected
326 by the Commission pursuant to § 56-602 and such moneys as may be appropriated by the General
327 Assembly from time to time and designated for the Fund. The Fund shall be used solely for the payment
328 of financial incentives, including but not limited to grants and low-interest loans, for projects that will
329 increase the amount of electric energy generated from renewable energy resources and for energy
330 efficiency programs in the Commonwealth. Alternative compliance payments collected pursuant to §
331 56-602 shall be spent in a manner intended to increase the future supply of renewable energy credits in
332 the category for which the compliance payment was received. Unallocated moneys in the Fund in any
333 year shall remain in the Fund and be available for allocation for grants under this section in ensuing
334 fiscal years.

335 § 56-602. Alternative compliance payment.

336 A. The alternative compliance payment to be paid:

337 1. To achieve compliance with the requirements of subdivision A 1 of § 56-598, regarding
338 electricity generated from Category 1 energy sources, shall be \$0.30 for every kilowatt hour of
339 electricity less than the required amount;

340 2. To achieve compliance with the requirements of subdivision A 2 of § 56-598, regarding
341 electricity generated from Category 2 energy sources, shall be \$0.02 for every kilowatt hour of
342 electricity less than the required amount;

343 3. To achieve compliance with the requirements of subdivision A 3 of § 56-598, regarding
344 electricity generated from Category 3 energy sources, shall be \$0.01 for every kilowatt hour of
345 electricity less than the required amount; and

346 4. To achieve compliance with the requirements of subsection B of § 56-598, regarding
347 reductions in the consumption of electric energy to be achieved through the implementation of energy
348 efficiency programs, shall be \$0.01 for every kilowatt hour of electricity less than the required amount.

349 B. Alternative compliance payments imposed pursuant to this section shall be paid into the
350 Virginia Sustainable Energy, Energy Efficiency, and Energy Conservation Fund created pursuant to §
351 56-601.

352 C. If, after notice and hearing, the Commission determines that a supplier has failed to comply
353 with the requirements of § 56-598, the Commission shall order the supplier to make the alternative
354 compliance payment that is required to achieve compliance with the requirements of this chapter for the
355 applicable reporting year. Any alternative compliance payment made by a supplier following or
356 pursuant to an order of the Commission issued pursuant to this subsection shall not constitute an
357 alternative compliance payment that is voluntarily paid by the supplier and shall not constitute a
358 recoverable cost.

359 D. The Commission shall establish a process to provide for, at least annually, a review of the
360 renewable energy credit market within the Commonwealth and the service territories of the regional
361 transmission organizations that manage the transmission system in any part of the Commonwealth. The
362 Commission shall use the results of this study to identify any changes to the alternative compliance
363 payment program amounts needed to induce suppliers to self-generate or purchase renewable energy
364 credits rather than submit alternative compliance payments. If the Commission finds that the alternative
365 compliance payment program needs to be changed to have the intended effect, the Commission shall
366 present these findings to the General Assembly with a recommendation for legislative enactment.

367 § 56-603. Portfolio requirements in other states.

368 If a supplier sells electricity in any other jurisdiction and is subject to renewable energy portfolio
369 requirements in that jurisdiction, it shall list any such requirement and shall indicate how it satisfied
370 those renewable energy portfolio requirements in its annual report to the Commission demonstrating
371 compliance with this chapter. To prevent double-counting, suppliers shall not satisfy Virginia's
372 renewable energy portfolio requirements using renewable energy or renewable energy credits used to

373 satisfy another jurisdiction's portfolio requirements. Suppliers shall document that this energy was not
374 used to satisfy another jurisdiction's renewable energy portfolio standards.

375 § 56-604. Interagency responsibilities and authority.

376 A. The Commission will carry out the responsibilities delineated within this chapter. The
377 Commission also shall, in cooperation with the Department, conduct an ongoing renewable energy
378 resources planning assessment for the Commonwealth. This assessment shall, at a minimum, identify (i)
379 current and operating qualifying renewable energy facilities; (ii) the potential to add future qualifying
380 renewable energy generating capacity, including the potential for air or water permitting or other
381 regulatory approval processes to affect the construction or operation, or both, of qualifying renewable
382 energy facilities within the Commonwealth, or the availability of renewable energy credits generated by
383 qualifying renewable energy facilities located within the Commonwealth; (iii) innovative ratemaking
384 approaches that could be pursued by the Commission to increase the use of energy efficiency and
385 renewable energy; and (iv) the conditions of the renewable energy credits marketplace. In conducting
386 the assessment, the Commission shall consult with the National Renewable Energy Laboratory. The
387 assessment shall identify whether and how to maintain or increase the competitiveness of the renewable
388 energy credits market within the Commonwealth.

389 B. The Commission, in cooperation with the Department, shall ensure that all qualified
390 renewable generation sources meet all applicable state and federal environmental standards.

391 C. The Commission and the Department shall work cooperatively to monitor the performance of
392 all aspects of this chapter and will provide an annual report to the chairmen of the Senate Committee on
393 Agriculture, Conservation and Natural Resources, the Senate Committee on Commerce and Labor, the
394 House Committee on Agriculture, Chesapeake and Natural Resources, and the House Committee on
395 Commerce and Labor. The report shall include at a minimum:

396 1. The status of compliance with the provisions of this act by suppliers;

397 2. Current costs of renewable energy credits on a per kilowatt hour basis for all renewable energy
398 technology types;

399 3. Costs associated with the renewable energy credits program under this chapter, including the
400 number and amount of alternative compliance payments;

401 4. The status of the renewable energy credits marketplace within the Commonwealth; and

402 5. Recommendations for program improvements.

403 D. Nothing in this chapter shall alter in any way the authority of the Virginia Air Pollution
404 Control Board.

405 § 56-605. Qualifying geographic areas for renewable generation sources and energy efficiency
406 programs.

407 Renewable energy credits used for compliance with this chapter shall be sourced from renewable
408 generation sources inside the geographical boundaries of the Commonwealth or within the service
409 territory of any regional transmission organization serving the load that creates the need for compliance.

410 Renewable energy credits derived from energy efficiency programs shall be sourced from energy
411 efficiency programs located within the Commonwealth.

412 § 56-606. Compliance review; report to General Assembly.

413 Upon commencement of reporting year 2013, the Commission shall undertake a review of
414 compliance by suppliers with the requirements of this chapter. The review shall include the status of
415 renewable energy technologies within the Commonwealth and the capacity to add additional renewable
416 energy resources. The Commission shall use the results of this review to recommend to the General
417 Assembly additional compliance goals beyond reporting year 2020. The Commission shall work with
418 the Department in evaluating the future renewable energy resource potential.

419 #