

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact §§ 56-576, 56-580 through 56-583, 56-585, 56-587 through 56-
2 590, and 56-593 of the Code of Virginia and to amend the Code of Virginia by adding
3 sections numbered 56-581.1 and 56-592.1, relating to the Virginia Electric Utility
4 Restructuring Act.

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

6 **1. That §§ 56-576, 56-580 through 56-583, 56-585, 56-587 through 56-590, and 56-593 of**
7 **the Code of Virginia are amended and reenacted, and that the Code of Virginia is**
8 **amended by adding sections numbered 56-581.1 and 56-592.1 as follows:**

9 § 56-576. Definitions.

10 As used in this chapter:

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

13 "~~Aggregator" means a person licensed by the Commission that purchases or arranges~~
14 ~~for the purchase of electric energy as an agent or intermediary for sale to, or on behalf of, two~~
15 ~~or more retail customers that, as an agent or intermediary, (i) offers to purchase, or purchases,~~
16 electric energy or (ii) offers to arrange for, or arranges for, the purchase of electric energy, for
17 sale to, or on behalf of, two or more retail customers not controlled by or under common
18 control with such person. The following activities shall not, in and of themselves, make a
19 person an aggregator under this chapter: (i) furnishing legal services to two or more retail
20 customers, suppliers or aggregators; (ii) furnishing educational, informational, or analytical
21 services to two or more retail customers, unless direct or indirect compensation for such
22 services is paid by an aggregator or supplier of electric energy; (iii) furnishing educational,
23 informational, or analytical services to two or more suppliers or aggregators; (iv) providing
24 default service under § 56-585; (v) engaging in activities of a retail electric energy supplier,

1 licensed pursuant to § 56-587, which are authorized by such supplier's license; and (vi)
2 engaging in actions of a retail customer, acting in common with one or more other such retail
3 customers, to issue a request for proposal or to negotiate a purchase of electric energy for
4 consumption by such retail customers.

5 "Billing services" means services related to billing customers for competitive electric
6 services or billing customers on a consolidated basis for both competitive and regulated
7 electric services.

8 "Commission" means the State Corporation Commission.

9 "Cooperative" means a utility formed under or subject to Chapter ~~9 (§ 56-209 et seq.)~~
10 9.1 (§ 56-231.15 et seq.) of this title.

11 "Covered entity" means a provider in the Commonwealth of an electric service not
12 subject to competition but shall not include default service providers.

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

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

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

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

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

26 "Generate," "generating," or "generation of" electric energy means the production of
27 electric energy.

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

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

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

9 "Market power" means the ability to impose on customers a significant and
10 nontransitory price increase on a product or service in a market above the price level which
11 would prevail in a competitive market.

12 "Metering services" means the ownership, installation, maintenance, or reading of
13 electric meters and includes meter data management services.

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

16 "Period of transition to customer choice" means the period beginning on January 1,
17 2002, and ending on January 1, 2004, unless otherwise extended by the Commission pursuant
18 to this chapter, during which the Commission and all electric utilities authorized to do business
19 in the Commonwealth shall implement customer choice for retail customers in the
20 Commonwealth.

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

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

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

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

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

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

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

14 § 56-580. Transmission and distribution of electric energy.

15 A. The Commission shall continue to regulate pursuant to this title the distribution of
16 retail electric energy to retail customers in the Commonwealth and, to the extent not prohibited
17 by federal law, the transmission of electric energy in the Commonwealth.

18 B. The Commission shall continue to regulate, to the extent not prohibited by federal
19 law, the reliability, quality and maintenance by transmitters and distributors of their
20 transmission and retail distribution systems.

21 C. The Commission shall develop codes of conduct governing the conduct of
22 incumbent electric utilities and affiliates thereof when any such affiliates provide, or control any
23 entity that provides, generation, distribution ~~or~~, transmission or any services made competitive
24 pursuant to § 56-581.1, to the extent necessary to prevent impairment of competition.

25 D. The Commission may permit the construction and operation of electrical generating
26 facilities upon a finding that such generating facility and associated facilities including
27 transmission lines and equipment (i) will have no material adverse effect upon reliability of

1 electric service provided by any regulated public utility and (ii) are not otherwise contrary to the
 2 public interest. In review of its petition for a certificate to construct and operate a generating
 3 facility described in this subsection, the Commission shall give consideration to the effect of
 4 the facility and associated facilities, including transmission lines and equipment, on the
 5 environment and establish such conditions as may be desirable or necessary to minimize
 6 adverse environmental impact as provided in § 56-46.1.

7 E. Nothing in this section shall impair the distribution service territorial rights of
 8 incumbent electric utilities, and incumbent electric utilities shall continue to provide distribution
 9 services within their exclusive service territories as established by the Commission. Nothing in
 10 this chapter shall impair the Commission's existing authority over the provision of electric
 11 distribution services to retail customers in the Commonwealth including, but not limited to, the
 12 authority contained in Chapters 10 (§ 56-232 et seq.) and 10.1 (§ 56-265.1 et seq.) of this title.

13 F. Nothing in this chapter shall impair the exclusive territorial rights of an electric utility
 14 owned or operated by a municipality as of July 1, 1999, nor shall any provision of this chapter
 15 apply to any such electric utility unless (i) that municipality elects to have this chapter apply to
 16 that utility or (ii) that utility, directly or indirectly, sells, offers to sell or seeks to sell electric
 17 energy to any retail customer outside the geographic area that was served by such
 18 municipality as of July 1, 1999.

19 § 56-581. Regulation of rates subject to Commission's jurisdiction.

20 A. Subject to the provisions of § 56-582, the Commission shall regulate the rates for the
 21 transmission of electric energy, to the extent not prohibited by federal law, and for the
 22 distribution of electric energy to such retail customers on an unbundled basis, but, subject to
 23 the provisions of this chapter after the date of customer choice, the Commission no longer
 24 shall regulate rates and services for the generation component of retail electric energy sold to
 25 retail customers.

26 ~~B. No later than September 1, 1999, and annually thereafter, the Commission shall~~
 27 ~~submit a report to the General Assembly evaluating the advantages and disadvantages of~~

1 ~~competition for metering, billing and other services which have not been made subject to~~
2 ~~competition, and making recommendations as to when, and for whom, such other services~~
3 ~~should be made subject to competition.~~

4 ~~C.B.~~ Beginning July 1, 1999, and thereafter, no cooperative that was a member of a
5 power supply cooperative on January 1, 1999, shall be obligated to file any rate rider as a
6 consequence of an increase or decrease in the rates, other than fuel costs, of its wholesale
7 supplier, nor must any adjustment be made to such cooperative's rates as a consequence
8 thereof.

9 ~~D.C.~~ Except for the provision of default services under § 56-585 or emergency services
10 in § 56-586, nothing in this chapter shall authorize the Commission to regulate the rates or
11 charges for electric service to the Commonwealth and its municipalities.

12 § 56-581.1. Authority to make services competitive.

13 A. On or before December 1, 2001, the Commission shall recommend to the
14 Legislative Transition Task Force whether metering services, billing services, or both, for which
15 competition has not been otherwise authorized by law, may be provided by persons licensed to
16 provide such services. The Commission's recommendation under this subsection as to the
17 appropriateness of and date of commencement of competition may vary by service, type of
18 seller, region, incumbent electric utility, and customer group. Such recommendation, which
19 shall be made after notice and an opportunity for hearing, shall:

20 1. Be consistent with the goal of facilitating the development of effective competition in
21 electric service for all customer classes;

22 2. Take into account the readiness of customers and suppliers to buy and sell such
23 services;

24 3. Take into account the technological feasibility of furnishing any such services on a
25 competitive basis;

26 4. Take into account whether reasonable steps have been or will be taken to educate
27 and prepare customers for the implementation of competition for any such services;

1 5. Not jeopardize the safety, reliability or quality of electric service;

2 6. Consider the degree of control exerted over utility operations by utility customers;

3 7. Not adversely affect the ability of an incumbent electric utility authorized or obligated
4 to provide electric service to customers who do not buy such services from competitors to
5 provide electric service to such customers at reasonable rates; and

6 8. Give due consideration to the potential effects of such determinations on utility tax
7 collection by state and local governments in the Commonwealth.

8 B. Competition for metering services, billing services, or both, may be implemented
9 concurrently or pursuant to separate schedules as determined by the General Assembly.

10 C. If, on or before December 1, 2001, the Commission has not recommended that
11 competition is appropriate for (i) metering services, (ii) billing services, or (iii) any portion of
12 either service, the Commission shall continue to consider such matters and report thereon to
13 the Legislative Transition Task Force no less frequently than annually until such services are
14 made competitive.

15 D. Upon enactment of legislation making competitive metering services, billing
16 services, or both, an incumbent electric utility shall undertake such coordination, with persons
17 licensed to provide such service, as the Commission deems reasonably necessary to the
18 development of such competition, provided that the reasonable costs of such coordination are
19 recovered by such utility. The foregoing shall apply to an affiliate of an incumbent electric
20 utility if such affiliate controls a resource that is necessary to the development of competition
21 for such service.

22 E. Any person seeking to sell, offering to sell, or selling competitive metering services,
23 competitive billing services, or both, shall be subject to the licensure requirements of § 56-587.

24 F. Upon enactment of legislation making competitive a service presently provided by an
25 incumbent electric utility, the Commission shall adjust the rates for any noncompetitive
26 services provided by such utility so that such rates do not reflect costs associated with or
27 properly allocable to the service made subject to competition.

1 § 56-582. Rate caps.

2 A. The Commission shall establish capped rates, effective January 1, 2001, and
3 expiring on July 1, 2007, for each service territory of every incumbent utility as follows:

4 1. Capped rates shall be established for customers purchasing bundled electric
5 transmission, distribution and generation services from an incumbent electric utility.

6 2. Capped rates for electric generation services, only, shall also be established for the
7 purpose of effecting customer choice for those retail customers authorized under this chapter
8 to purchase generation services from a supplier other than the incumbent utility during this
9 period.

10 3. The capped rates established under this section shall be the rates in effect for each
11 incumbent utility as of the effective date of this chapter, or rates subsequently placed into
12 effect pursuant to a rate application filed by an incumbent electric utility with the Commission
13 prior to January 1, 2001, and subsequently approved by the Commission, and made by an
14 incumbent electric utility that is not currently bound by a rate case settlement adopted by the
15 Commission that extends in its application beyond January 1, 2002. If such rate application is
16 filed, the rates proposed therein shall go into effect on January 1, 2001, but such rates shall be
17 interim in nature and subject to refund until such time as the Commission has completed its
18 investigation of such application. Any amount of the rates found excessive by the Commission
19 shall be subject to refund with interest, as may be ordered by the Commission. The
20 Commission shall act upon such applications prior to commencement of the period of transition
21 to customer choice, ~~and capped rates determined pursuant to such applications shall become
22 effective on January 1, 2001.~~ Such rate application and the Commission's approval shall give
23 due consideration, on a forward-looking basis, to the justness and reasonableness of rates to
24 be effective for a period of time ending as late as July 1, 2007. The capped rates established
25 under this section, which include rates, tariffs, electric service contracts, and rate programs
26 (including experimental rates, regardless of whether they otherwise would expire), shall be
27 such rates, tariffs, contracts, and programs of each incumbent electric utility, provided that

1 experimental rates and rate programs may be closed to new customers upon application to the
2 Commission.

3 B. The Commission may adjust such capped rates in connection with (i) utilities'
4 recovery of fuel costs pursuant to § 56-249.6, (ii) any changes in the taxation by the
5 Commonwealth of incumbent electric utility revenues, (iii) any financial distress of the utility
6 beyond its control, (iv) respect to cooperatives that were not members of a power supply
7 cooperative on January 1, 1999, and as long as they do not become members, their cost of
8 purchased wholesale power, and (v) respect to cooperatives that were members of a power
9 supply cooperative on January 1, 1999, their recovery of fuel costs, through the wholesale
10 power cost adjustment clauses of their tariffs pursuant to § 56-226. Notwithstanding the
11 provisions of § 56-249.6, the Commission may authorize tariffs that include incentives
12 designed to encourage an incumbent electric utility to reduce its fuel costs by permitting
13 retention of a portion of cost savings resulting from fuel cost reductions or by other methods
14 determined by the Commission to be fair and reasonable to the utility and its customers.

15 C. A utility may petition the Commission to terminate the capped rates to all customers
16 anytime after January 1, 2004, and such capped rates may be terminated upon the
17 Commission finding of an effectively competitive market for generation services within the
18 service territory of that utility. If the capped rates are continued after January 1, 2004, an
19 incumbent electric utility which is not, as of the effective date of this chapter, bound by a rate
20 case settlement adopted by the Commission that extends in its application beyond January 1,
21 2002, may petition the Commission for approval of a one-time change in the nongeneration
22 components of such rates.

23 D. Until the expiration or termination of capped rates as provided in this section, the
24 incumbent electric utility, consistent with the functional separation plan implemented under §
25 56-590, shall make electric service available at capped rates established under this section to
26 any customer in the incumbent electric utility's service territory, including any customer that,

1 until the expiration or termination of capped rates, requests such service after a period of
2 utilizing service from another supplier.

3 E. During the period when capped rates are in effect for an incumbent electric utility,
4 such utility may file with the Commission a plan describing the method used by such utility to
5 assure full funding of its nuclear decommissioning obligation and specifying the amount of the
6 revenues collected under either the capped rates, as provided in this section, or the wires
7 charges, as provided in § 56-583, that are dedicated to funding such nuclear decommissioning
8 obligation under the plan. The Commission shall approve the plan upon a finding that the plan
9 is not contrary to the public interest.

10 § 56-583. Wires charges.

11 A. To provide the opportunity for competition and consistent with § 56-584, the
12 Commission shall ~~establish~~ calculate wires charges for each incumbent electric utility, effective
13 upon the commencement of customer choice, which shall be the ~~sum (i) of the difference~~
14 ~~between~~ excess, if any, of the incumbent utilities' electric utility's capped unbundled rates for
15 generation ~~and over the~~ projected market prices for generation, as determined by the
16 Commission, ~~and (ii) any transition costs incurred by the incumbent electric utility determined~~
17 ~~by the Commission to be just and reasonable~~; however, where there is such excess, the sum
18 of such wires charges, the unbundled charge for transmission and ancillary services, the
19 applicable distribution rates established by the Commission and the above projected market
20 prices for generation shall not exceed the capped rates established under § 56-582 A 1
21 applicable to such incumbent electric utility. The Commission shall adjust such wires charges
22 not more frequently than annually and shall seek to coordinate adjustments of wires charges
23 with any adjustments of capped rates pursuant to § 56-582. No wires charge shall be less
24 than zero.

25 B. Customers that choose suppliers of electric energy, other than the incumbent
26 electric utility, or are subject to and receiving default service, prior to the expiration of the
27 period for capped rates, as provided for in § 56-582, shall pay a wires charge determined

1 pursuant to subsection A based upon actual usage of electricity distributed by the incumbent
2 electric utility to the customer (i) during the period from the time—~~it~~ the customer chooses a
3 supplier of electric energy other than the incumbent electric utility, or (ii) during the period from
4 the time the customer is subject to and receives default service until capped rates expire or are
5 terminated, as provided in § 56-582.

6 C. The Commission shall permit any customer, at its option, to pay the wires charges
7 owed to an incumbent electric utility on an accelerated or deferred basis upon a finding that
8 such method is not (i) prejudicial to the incumbent electric utility or its ratepayers or (ii)
9 inconsistent with the development of effective competition, provided, however, that all deferred
10 wires charges shall be paid in full by July 1, 2007.

11 D. A supplier of retail electric energy may pay any or all of the wires charge owed by
12 any customer to an incumbent electric utility. The supplier may not only pay such wires charge
13 on behalf of any customer, but also contract with any customer to finance such payments.
14 Further, on request of a supplier, the incumbent electric utility shall enter into a contract
15 allowing such supplier to pay such wires charge on an accelerated or deferred basis. Such
16 contract shall contain terms and conditions, specified in rules and regulations promulgated by
17 the Commission to implement the provisions of this subsection, that fully compensate the
18 incumbent electric utility for such wires charge, including reasonable compensation for the time
19 value of money.

20 § 56-585. Default service.

21 A. The Commission shall, after notice and opportunity for hearing, (i) determine the
22 components of default service and (ii) establish one or more programs making such services
23 available to retail customers requiring them commencing with the date of customer choice for
24 all retail customers established pursuant to § 56-577. For purposes of this chapter, "default
25 service" means service made available under this section to retail customers who (i) do not
26 affirmatively select a supplier, (ii) are unable to obtain service from an alternative supplier, or
27 (iii) have contracted with an alternative supplier who fails to perform.

1 B. The Commission shall designate the providers of default service. In doing so, the
2 Commission:

3 1. Shall take into account the characteristics and qualifications of prospective providers,
4 including cost, experience, safety, reliability, corporate structure, access to electric energy
5 resources necessary to serve customers requiring such services, and other factors deemed
6 necessary to protect the public interest;

7 2. May, upon a finding that the public interest will be served, designate one or more
8 willing providers to provide one or more components of such services, in one or more regions
9 of the Commonwealth, to one or more classes of customers; and

10 3. In the absence of a finding under subdivision 2, may require an incumbent electric
11 utility or distribution utility to provide one or more components of such services, or to form an
12 affiliate to do so, in one or more regions of the Commonwealth, at rates which are fairly
13 compensatory to the utility and which reflect any cost of energy prudently procured, including
14 energy procured from the competitive market; however, the Commission may not require an
15 incumbent electric utility or distribution utility, or affiliate thereof, to provide any such services
16 outside the territory in which such utility provides service.

17 C. The Commission shall, after notice and opportunity for hearing, determine the rates,
18 terms and conditions for such services consistent with the provisions of subdivision B 3 and
19 Chapter 10 (§ 56-232 et seq.) of this title and shall establish such requirements for providers
20 and customers as it finds necessary to promote the reliable and economic provision of such
21 services and to prevent the inefficient use of such services. The Commission may use any rate
22 method that promotes the public interest and may establish different rates, terms and
23 conditions for different classes of customers.

24 D. On or before July 1, 2004, and annually thereafter, the Commission shall determine,
25 after notice and opportunity for hearing, whether there is a sufficient degree of competition
26 such that the elimination of default service for particular customers, particular classes of
27 customers or particular geographic areas of the Commonwealth will not be contrary to the

1 public interest. The Commission shall report its findings and recommendations concerning
2 modification or termination of default service to the General Assembly and to the Legislative
3 Transition Task Force, not later than December 1, 2004, and annually thereafter.

4 E. A distribution electric cooperative, or one or more affiliates thereof, shall have the
5 obligation and right to be the supplier of default services in its certificated service territory.
6 Such default services, for the purposes of this subsection, shall include the supply of electric
7 energy and all services made competitive pursuant to § 56-581.1. If a distribution electric
8 cooperative, or one or more affiliates thereof, elects or seeks to be a default supplier of
9 another electric utility, then the Commission shall designate the default supplier for that
10 distribution electric cooperative, or any affiliate thereof, pursuant to subsection B.

11 § 56-587. Licensure of retail electric energy suppliers and persons providing other
12 competitive services.

13 A. As a condition of doing business in the Commonwealth, each person seeking to sell,
14 offering to sell, or selling (i) electric energy to any retail customer in the Commonwealth, on
15 and after January 1, 2002, or (ii) any service that, pursuant to § 56-581.1, may be provided by
16 persons licensed to provide such service, shall obtain a license from the Commission to do so.
17 A license shall not be required solely for the leasing or financing of property used in the sale of
18 electricity to any retail customer in the Commonwealth.

19 The license shall authorize that person to engage in the activities authorized by such
20 license until the license expires or is otherwise terminated, suspended or revoked.

21 B. 1. As a condition of obtaining, retaining and renewing any license issued pursuant to
22 this section, a person shall satisfy such reasonable and nondiscriminatory requirements as
23 may be specified by the Commission, which may include requirements that such person (i)
24 demonstrate, in a manner satisfactory to the Commission, financial responsibility; (ii) post a
25 bond as deemed adequate by the Commission to ensure that financial responsibility; (iii) pay
26 an annual license fee to be determined by the Commission; and (iv) pay all taxes and fees
27 lawfully imposed by the Commonwealth or by any municipality or other political subdivision of

1 the Commonwealth. In addition, as a condition of obtaining, retaining and renewing any license
2 pursuant to this section, a person shall satisfy such reasonable and nondiscriminatory
3 requirements as may be specified by the Commission, including but not limited to requirements
4 that such person demonstrate (i) technical capabilities as the Commission may deem
5 appropriate; (ii) in the case of a person seeking to sell, offering to sell, or selling electric energy
6 to any retail customer in the Commonwealth, access to generation and generation reserves;
7 and (iii) adherence to minimum market conduct standards.

8 2. Any license issued by the Commission pursuant to this section to a person seeking
9 to sell, offering to sell, or selling electric energy to any retail customer in the Commonwealth
10 may be conditioned upon the licensee furnishing to the Commission prior to the provision of
11 electric energy to consumers proof of adequate access to generation and generation reserves.

12 C. 1. The Commission shall establish a reasonable period within which any retail
13 customer may cancel, without penalty or cost, any contract entered into with ~~a supplier~~ any
14 person licensed pursuant to this section.

15 2. The Commission may adopt other rules and regulations governing the requirements
16 for obtaining, retaining, and renewing a license ~~to supply electric energy to retail customers~~
17 issued pursuant to this section, and may, as appropriate, refuse to issue a license to, or
18 suspend, revoke, or refuse to renew the license of, any person that does not meet those
19 requirements.

20 D. Notwithstanding the provisions of § 13.1-620, a public service company may,
21 through an affiliate or subsidiary, conduct one or more of the following businesses, even if
22 such business is not related to or incidental to its stated business as a public service company:
23 (i) become licensed as a retail electric energy supplier pursuant to this section, or for purposes
24 of participation in an approved pilot program encompassing retail customer choice of electric
25 energy suppliers; (ii) become licensed as an aggregator pursuant to § 56-588, or for purposes
26 of participation in an approved pilot program encompassing retail customer choice of electric
27 energy suppliers; (iii) become licensed to furnish any service that, pursuant to § 56-581.1, may

1 be provided by persons licensed to provide such service; or (iii) (iv) own, manage or control
2 any plant or equipment or any part of a plant or equipment used for the generation of electric
3 energy.

4 § 56-588. Licensing of aggregators.

5 A. As a condition of doing business in the Commonwealth, each person seeking to
6 ~~aggregate electric energy~~ act as an aggregator within this Commonwealth on and after
7 January 1, 2002, shall obtain a license from the Commission to do so. The license shall
8 authorize that person to act as an aggregator until the license expires or is otherwise
9 terminated, suspended or revoked. Licensing pursuant to this section, however, shall not
10 relieve any person seeking to act as a supplier of electric energy from their obligation to obtain
11 a license as a supplier pursuant to § 56-587.

12 B. As a condition of obtaining, retaining and renewing any license issued pursuant to
13 this section, a person shall satisfy such reasonable and nondiscriminatory requirements as
14 may be specified by the Commission, which may include requirements that such person (i)
15 provide background information; (ii) demonstrate, in a manner satisfactory to the Commission,
16 financial responsibility; (iii) post a bond as deemed adequate by the Commission to ensure that
17 financial responsibility; (iv) pay an annual license fee to be determined by the Commission;
18 and (v) pay all taxes and fees lawfully imposed by the Commonwealth or by any municipality or
19 other political subdivision of the Commonwealth. In addition, as a condition of obtaining,
20 retaining and renewing any license pursuant to this section, a person shall satisfy such
21 reasonable and nondiscriminatory requirements as may be specified by the Commission,
22 including, but not limited to, requirements that such person demonstrate technical capabilities
23 as the Commission may deem appropriate. Any license issued by the Commission pursuant to
24 this section may be conditioned upon the licensee, if acting as a supplier, furnishing to the
25 Commission prior to the provision of electricity to consumers proof of adequate access to
26 generation and generation reserves.

1 C. In establishing aggregator licensing schemes and requirements applicable to the
2 same, the Commission may differentiate between (i) those aggregators representing retail
3 customers only, (ii) those aggregators representing suppliers only, and (iii) those aggregators
4 representing both retail customers and suppliers.

5 D. 1. The Commission shall establish a reasonable period within which any retail
6 customer may cancel, without penalty or cost, any contract entered into with ~~a supplier~~ an
7 aggregator licensed pursuant to this section.

8 2. The Commission may adopt other rules and regulations governing the requirements
9 for obtaining, retaining, and renewing a license to aggregate electric energy to retail
10 customers, and may, as appropriate, refuse to issue a license to, or suspend, revoke, or refuse
11 to renew the license of, any person that does not meet those requirements.

12 § 56-589. Municipal and state aggregation.

13 A. Counties, cities and towns (hereafter "municipalities") and other political subdivisions
14 of the Commonwealth may, at their election and upon authorization by majority votes of their
15 governing bodies, aggregate electrical energy and demand requirements for the purpose of
16 negotiating the purchase of electrical energy requirements from any licensed supplier within
17 this Commonwealth, as follows:

18 1. Any municipality or other political subdivision of the Commonwealth may aggregate
19 the electric energy load of residential, commercial and industrial retail customers within its
20 boundaries on a voluntary, opt-in basis in which each such customer must affirmatively select
21 such municipality or other political subdivision as its aggregator. The municipality or other
22 political subdivision may not earn a profit but must recover the actual costs incurred in such
23 aggregation.

24 2. Any municipality or other political subdivision of the Commonwealth may aggregate
25 the electric energy load of its governmental buildings, facilities and any other governmental
26 operations requiring the consumption of electric energy. Aggregation pursuant to this
27 subdivision shall not require licensure pursuant to § 56-588.

1 3. Two or more municipalities or other political subdivisions within this Commonwealth
2 may aggregate the electric energy load of their governmental buildings, facilities and any other
3 governmental operations requiring the consumption of electric energy. Aggregation pursuant to
4 this subdivision shall not require licensure pursuant to § 56-588 when such municipalities or
5 other political subdivisions are acting jointly to negotiate or arrange for themselves agreements
6 for their energy needs directly with licensed suppliers or aggregators.

7 B. The Commonwealth, at its election, may aggregate the electric energy load of its
8 governmental buildings, facilities, and any other government operations requiring the
9 consumption of electric energy for the purpose of negotiating the purchase of electricity from
10 any licensed supplier within this Commonwealth. Aggregation pursuant to this subsection shall
11 not require licensure pursuant to § 56-588.

12 § 56-590. Divestiture, functional separation and other corporate relationships.

13 A. The Commission shall not require any incumbent electric utility to divest itself of any
14 generation, transmission or distribution assets pursuant to any provision of this chapter.

15 B. 1. The Commission shall, however, direct the functional separation of generation,
16 retail transmission and distribution of all incumbent electric utilities in connection with the
17 provisions of this chapter to be completed by January 1, 2002.

18 2. By January 1, 2001, each incumbent electric utility shall submit to the Commission a
19 plan for such functional separation which may be accomplished through the creation of
20 affiliates, or through such other means as may be acceptable to the Commission.

21 3. Consistent with this chapter, the Commission may impose conditions, as the public
22 interest requires, upon its approval of ~~the~~ any incumbent electric utility's plan for functional
23 separation, including requirements that (i) the incumbent electric utility's generation assets or
24 their equivalent remain available for electric service during the capped rate period as provided
25 in § 56-582 and, if applicable, during any period the incumbent electric utility serves as a
26 default provider as provided for in § 56-585, and (ii) the incumbent electric utility receive
27 Commission approval for the sale, transfer or other disposition of generation assets during the

1 capped rate period and, if applicable, during any period the incumbent electric utility serves as
2 a default provider.

3 C. Whenever pursuant to § 56-581.1 services are made subject to competition, the
4 Commission shall direct the functional separation of such services to the extent necessary to
5 achieve the purposes of this section. Each affected incumbent electric utility shall, by dates
6 prescribed by the Commission, submit for the Commission's approval a plan for such
7 functional separation.

8 €D. The Commission shall, to the extent necessary to promote effective competition in
9 the Commonwealth, promulgate rules and regulations to carry out the provisions of this
10 section, which rules and regulations shall include provisions:

- 11 1. Prohibiting cost-shifting or cross-subsidies between functionally separate units;
- 12 2. Prohibiting functionally separate units from engaging in anticompetitive behavior or
13 self-dealing;
- 14 3. Prohibiting affiliated entities from engaging in discriminatory behavior towards
15 nonaffiliated units; and
- 16 4. Establishing codes of conduct detailing permissible relations between functionally
17 separate units.

18 ÐE. Neither a covered entity nor an affiliate thereof may be a party to a covered
19 transaction without the prior approval of the Commission. Any such person proposing to be a
20 party to such transaction shall file an application with the Commission. The Commission shall
21 approve or disapprove such transaction within sixty days after the filing of a completed
22 application; however, the sixty-day period may be extended by Commission order for a period
23 not to exceed an additional 120 days. The application shall be deemed approved if the
24 Commission fails to act within such initial or extended period. The Commission shall approve
25 such application if it finds, after notice and opportunity for hearing, that the transaction will
26 comply with the requirements of subsection €E, and may, as a part of its approval, establish

1 such conditions or limitations on such transaction as it finds necessary to ensure compliance
2 with subsection ~~EE~~.

3 ~~EE~~. A transaction described in subsection ~~DE~~ shall not:

4 1. Substantially lessen competition among the actual or prospective providers of
5 noncompetitive electric service or of a service which is, or is likely to become, a competitive
6 electric service; or

7 2. Jeopardize or impair the safety or reliability of electric service in the Commonwealth,
8 or the provision of any noncompetitive electric service at just and reasonable rates.

9 ~~EG~~. Nothing in this chapter shall be deemed to abrogate or modify the Commission's
10 authority under Chapter 3 (§ 56-55 et seq.), 4 (§ 56-76 et seq.) or 5 (§ 56-88 et seq.) of this
11 title. However, any person subject to the requirements of subsection ~~DE~~ that is also subject to
12 the requirements of Chapter 5 of this title may be exempted from compliance with the
13 requirements of Chapter 5 of this title.

14 § 56-592.1. Consumer education program; scope and funding.

15 A. The Commission shall establish and implement a consumer education program in
16 conjunction with the implementation of this chapter. In establishing such a program, the
17 Commission shall take into account findings and recommendations in the Commission's
18 December 1, 1999, report to the Legislative Transition Task Force made pursuant to § 56-592.

19 B. The program shall be designed to (i) enable consumers to make rational and
20 informed choices about energy providers in a competitive retail market, (ii) help consumers
21 reduce transaction costs in selecting energy suppliers, and (iii) foster compliance with the
22 consumer protection provisions of this chapter, and those contained in other laws of this
23 Commonwealth, by all participants in a competitive retail market.

24 C. The Commission shall regularly consult with representatives of consumer
25 organizations, community-based groups, state agencies, incumbent utilities, competitive
26 suppliers and other interested parties throughout the program's implementation and operation.

1 D. Pursuant to the provisions of § 56-595, the Commission shall provide periodic
2 updates to the Legislative Transition Task Force concerning the program's implementation and
3 operation.

4 E. The Commission shall fund the establishment and operation of such consumer
5 education program through the special regulatory revenue tax currently authorized by § 58.1-
6 2660 and the special regulatory tax authorized by Chapter 29 (§ 58.1-2900 et seq.) of Title
7 58.1.

8 § 56-593. Retail customers' private right of action; marketing practices.

9 A. No entity subject to this chapter shall use any deception, fraud, false pretense,
10 misrepresentation, or any deceptive or unfair practices in providing, distributing or marketing
11 electric service.

12 B. 1. Any person who suffers loss (i) as the result of marketing practices, including
13 telemarketing practices, engaged in by any public service company, licensed supplier,
14 aggregator or any other provider of any service made competitive under this chapter, and in
15 violation of subsection C of § 56-592, including any rule or regulation adopted by the
16 Commission pursuant thereto, or (ii) as the result of any violation of subsection A, shall be
17 entitled to initiate an action to recover actual damages, or \$500, whichever is greater. If the
18 trier of fact finds that the violation was willful, it may increase damages to an amount not
19 exceeding three times the actual damages sustained, or \$1,000, whichever is greater.

20 2. Upon referral from the Commission, the Attorney General, the attorney for the
21 Commonwealth, or the attorney for any city, county, or town may cause an action to be
22 brought in the appropriate circuit court for relief of violations within the scope of (i) subsection
23 C of § 56-592, including any rule or regulation adopted by the Commission pursuant thereto or
24 (ii) subsection A.

25 C. Notwithstanding any other provision of law to the contrary, in addition to any
26 damages awarded, such person, or any governmental agency initiating such action, also may
27 be awarded reasonable attorney's fees and court costs.

1 D. Any action pursuant to this section shall be commenced within two years after its
2 accrual. The cause of action shall accrue as provided in § 8.01-230. However, if the
3 Commission initiates proceedings, or any other governmental agency files suit for the purpose
4 of enforcing subsection A of this section or the provisions of subsection C of § 56-592, the time
5 during which such proceeding or governmental suit and all appeals therefrom is pending shall
6 not be counted as any part of the period within which an action under this section shall be
7 brought.

8 E. The circuit court may make such additional orders or decrees as may be necessary
9 to restore to any identifiable person any money or property, real, personal, or mixed, tangible
10 or intangible, which may have been acquired from such person by means of any act or practice
11 violative of subsection A of this section or subsection C of § 56-592, provided, that such
12 person shall be identified by order of the court within 180 days from the date of any order
13 permanently enjoining the unlawful act or practice.

14 F. In any case arising under this section, no liability shall be imposed upon any licensed
15 supplier, aggregator or any other provider of any service made competitive under this chapter,
16 who shows by a preponderance of the evidence that (i) the act or practice alleged to be in
17 violation of subsection A of this section or subsection C of § 56-592 was an act or practice over
18 which the same had no control or (ii) the alleged violation resulted from a bona fide error
19 notwithstanding the maintenance of procedures reasonably adopted to avoid a violation.
20 However, nothing in this section shall prevent the court from ordering restitution and payment
21 of reasonable attorney's fees and court costs pursuant to subsection C to individuals aggrieved
22 as a result of an unintentional violation of subsection A of this section or subsection C of § 56-
23 592.

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