

**AOBA Proposed Revisions to the Virginia Draft Electric Utility
Deregulation Legislation**

A. Section 56-579.

1. Under paragraph C. insert new paragraph “3” and add:

“ Any pilot programs approved by the Commission shall require each incumbent electric utility to (a) open for retail competition not less than ten (10) percent of that utility’s total generation service capacity for each customer class and (b) establish at least one (1) large scale pilot project.”

2. After the word “section”, in paragraph D. add:

“including codes of conduct between the utility and any and all affiliated companies, as provided for under §56-583.C.

B. Section 56-579.1

1. After the word “capped” in paragraph A., insert:

“generation”

2. After the word “for” in paragraph A.1, strike the words:

“bundled electric transmission, distribution and”

C. Section 56-580 E.

1. After the phrase “determines that the” (line 8), strike:

“transmission constraint has been relieved” and insert:

“market power has been mitigated”

D. Section 56-581.B.2.

1. After the word “residential”, add:

“, commercial and industrial”

E. Section 56-582.

1. After the word “exchanges.”, add:
 - “A. Electricity consumers may purchase generation services through any regional power exchange, or, at the consumer’s option, directly from a generator or supplier through a bilateral contract.
 - B. The Commission shall have oversight responsibilities for the structures and operations of regional power exchanges serving Virginia retail markets to the extent necessary to ensure that no such regional power exchange may be used to impede retail competition in Virginia.”

F. Section 56-583.

1. After the word “services” in paragraph C. add:

“and competitive suppliers of generation services. As a minimum, such codes of conduct shall require that no officer or director of an electric utility generator may serve as an agent, employee, officer or director of an unregulated affiliate that is engaged in the marketing of generation services.”
2. **Paragraph D.**
 - a. After the word “equipment (line 3), strike all language under (i) and (ii).
 - b. After the words “equipment, on the” and before the word “environment”, (line 9) insert:

“ economy and”
 - c. After the words “ to minimize adverse” and before the word “environmental”, (line 10) insert:

“economic and”

G. Section 56-586.

1. **Paragraph B-3**

- a. After the word “services” (line2), strike the phrase:

“, or to form an affiliate to do so,”
 - b. After the word “service” (line 6) add a new paragraph:

“4. Shall establish appropriate penalties to be paid by suppliers of last resort and default suppliers that fail to meet their power supply obligations.”
2. **Paragraph C.**
- a. In the first sentence (line 4), after the word services, strike :

“ and to prevent the inefficient use of such services”
 - b. In the second sentence, after the word “customers”, insert:

“, provided that such rates are cost-based.”

H. **Section 56-587**

1. Throughout this section, replace the word “aggregator” and use the words “ marketer” or supplier” to distinguish between true “aggregators” who do not provide electric generation services and the “marketers” and alternative “suppliers” who do provide such generation services.
2. After the word “so” (line 3, paragraph A.) insert:

“Individual property owners or their agents that manage and aggregate those properties for electric service purposes are exempt from this requirement.”
3. After the word “reserves” (line 13, paragraph B.) insert:

“and firm generation capacity”

I. **Section 56-589.1**

1. After the word “ subsection” in paragraph A. (ii.) add the letter “s” to subsection and insert “ B.4. of § 56-586 and”
2. After the word “subsection” in paragraph C., add the letter “s” to subsection” and insert “B.4. of § 56-586 and ”
3. After the word “subsection” in paragraph D., add the letter “s” to “subsection” and insert “B.4. of § 56-586 and”
4. After the word “subsection” in paragraph E. (two locations) add the letter “s” to “subsection” and insert “ B.4. of § 56-586 and”

J. Section 56-591

1. **Paragraph A.**
 - a. After the words “ power purchase contracts,” delete the terms “nuclear decommissioning costs” and “environmental compliance costs.”
 - b. After the word “costs” in line 11, add:

“as well as consideration for any stranded benefits which may have accrued from those assets. The Commission shall determine how any such stranded benefits shall be returned to rate payers.”
2. **Paragraphs D and C.**
 - a. Delete the word “ nonbypassable”
 - b. In paragraph D, after the words “subsection B shall,” delete the following language “ not pay the nonbypassable wires charge pursuant to this section but shall pay the capped rate as determined under § 56-579.1” and insert:

“pay the wires charge as part of the total charges subject to the capped rate. Under the capped rate program, only charges for generation services may be discounted. Wires charges and charges for distribution services may not be discounted.”

J. Section 56-592.

1. Delete the word “nonbypassable” throughout the section.
2. In paragraph A., delete item (ii) with regard to “transition costs”.

Note: These costs are unknown and normally are recoverable in the rate-setting process; consequently, there is no need for special treatment of such costs under the stranded costs scenario.

3. In paragraph B the word “shall” in the second line, strike the following language:

“such alternative costs-allocating mechanisms as may be required to” and add a third subparagraph:

“,or (iii)is not discriminatory to any other rate payer, customer, or customer class.”

4. Delete the term “transition costs” in paragraph B.

K. Section 56-593.

1. After the word “chapter” in paragraph A., add the following:

“; but the Commission may provide reasonable incentives to encourage voluntary divestiture of generation assets in the form of either or both (a) the withholding of stranded cost recovery until effective competition is demonstrated to the Commission or (b) sales commissions paid to utility shareholders for open auction of generation assets.”

2. After the word “ distribution” in paragraph B.1. insert:

“assets”

3. After the word “distribution in paragraph D. insert:

“entities”