

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 **SJR-91 Electric Utility Restructuring Draft—January 13, 1999.**

2

3 **Please note:** *This draft consolidates the (i) Structure & Transition, (ii) Structure*
4 *& Transition Supplement (iii) Stranded Costs, and (iv) Consumer Environment &*
5 *Education drafts. However, this draft is broken into these four sections for ease of*
6 *reference in comparing current language to earlier versions. The draft revisions*
7 *(shown in strike & add format) incorporate all drafting group work through Monday,*
8 *January 11. FYI, The italicized revisions are those made at the January 11 drafting*
9 *group meeting.*

10 *While the capped rate, stranded costs and nonbypassable wires charge sections*
11 *are included in this draft, the drafting group has not formally reviewed or modified*
12 *them. Thus, these sections remain as submitted by staff. It is anticipated that they will*
13 *be taken up by the full joint subcommittee at its meeting on Thursday, January 14.*

14 *This draft has been posted to the joint subcommittee’s Internet site in PDF*
15 *format to ensure that everyone present at the January 14 meeting will be using uniform*
16 *page and line numbers. However, electronic copies of this draft in Word format are*
17 *available upon request from staff.*

18 **Structure & Transition**

19

20 §56-579. Schedule for transition to retail competition; **Commission** authority. [pp. 1-6,
21 generally]

22 A. The transition to retail competition for the purchase and sale of electric energy shall
23 be implemented as follows [pg. 1, column 2, bullet 2]:

1 1. On or before January 1, 2001, each incumbent electric utility owning, operating,
2 controlling, or having an entitlement to transmission capacity shall join or establish an
3 independent system operator (see SCC definition on pg. 4 of SCC proposal), or ISO a
4 regional transmission entity, which entity may be an intrastate independent system operator,
5 to which such utility shall transfer the management and control of its transmission system,
6 subject to the provisions of §56-581.

7 2. On and after January 1, 2002, retail customers of electric energy within the
8 Commonwealth shall be permitted to purchase energy from any supplier of electric energy
9 licensed to sell retail electric energy within the Commonwealth during and after the period
10 of transition to retail competition, subject to the following:

11 a. The Commission shall establish a phase-in schedule for customers by class, and by
12 percentages of class, to ensure that by January 1, 2004, all retail customers are permitted to
13 purchase electric energy from any supplier of electric energy licensed to sell retail electric
14 energy within the Commonwealth [pg. 1, column 3, bullet 4].

15 ~~b. The Commission shall ensure that during such phase-in, equal percentages of the~~
16 ~~loads of each retail customer class are concurrently permitted to purchase electric energy~~
17 ~~from any supplier [pg. 2, column 3, bullet 2].~~

18 c. The Commission shall also ensure that residential and small business retail
19 customers are permitted to select suppliers (i) ~~in advance of any other retail customers, or (ii)~~
20 ~~in the alternative,~~ in proportions at least equal to that of other customer classes permitted to
21 select suppliers during the period of transition to retail competition [pg. 1, column 3, bullet
22 3].

23 3. On and after January 1, 2004, all retail customers of electric energy within the
24 Commonwealth, regardless of customer class, shall be permitted to purchase electric energy
25 from any supplier of electric energy licensed to sell retail electric energy within the
26 Commonwealth.

1 B. The Commission may delay or accelerate the implementation of any of the
2 provisions of this section, subject to the following [pg. 1, column 4, bullet 1. **Note:**
3 **subdivision B3 suggested by drafting group**]:

4 1. Any such delay or acceleration shall be based on considerations of reliability,
5 safety, communications or market power; and

6 2. Any such delay shall be limited to the period of time required to resolve the issues
7 necessitating the delay, but in no event shall any such delay extend the implementation of
8 customer choice for all customers beyond January 1, 2005.

9 3. The Commission shall, within a reasonable time, report to the General Assembly or
10 any legislative entity monitoring the restructuring of Virginia’s electric industry, any such
11 delays and the reasons therefor.

12 C. Except as may be otherwise provided in this chapter, prior to and during the period
13 of transition to retail competition, the Commission may

14 1. Examine the rates of electric utilities pursuant to and in accordance with the
15 provisions of Chapters 9 (§ 56-209 et seq.) and 10 (§ 56-234 et seq.) of this title [pg. 4;
16 **language suggested by drafting group**], and

17 2. Conduct pilot programs encompassing retail customer choice of electric energy
18 suppliers, consistent with its authority otherwise provided in this title, and the provisions of this
19 chapter [pg. 6, column 1, bullet 1 **plus language suggested by drafting group**].

20 D. The Commission shall promulgate such rules and regulations as may be necessary
21 to implement the provisions of this section.

22 § 56-580. Nondiscriminatory access to transmission and distribution system [pp. 7,8].

23 A. All **distributors** shall have the obligation to connect any retail customer including
24 those using distributed generation located within its service territory to those facilities of the
25 distributor that are used for delivery of retail electric energy [pg. 7, column 2, bullet 1].

26 B. Except as otherwise provided in this chapter, every distributor shall provide
27 distribution service within its service territory on a basis which is just, reasonable, and not

1 unduly discriminatory to suppliers of electric energy including distributed generation, as the
2 Commission may determine. The distribution services provided to each supplier of electric
3 energy shall be at least equal in quality to those provided by the distribution utility to itself or
4 to any affiliate. The Commission shall establish rates, terms and conditions for distribution
5 service under Chapter 10 of Title 56 (§§ 56-232 et seq.) [pg. 7, column 1, bullet 2].

6 C. The Commission shall establish interconnection standards to ensure transmission
7 and distribution safety and reliability, which standards shall not exceed or be inconsistent with
8 nationally recognized standards acceptable to the Commission. In adopting standards
9 pursuant to this subsection the Commission shall seek to prevent barriers to new technology
10 and shall not make compliance unduly burdensome and expensive. The Commission shall
11 determine questions about the ability of specific equipment to meet interconnection standards.

12 D. The Commission shall consider developing expedited permitting processes for small
13 generation facilities of 50 MW or less. The Commission shall also consider developing a
14 standardized permitting process and interconnection arrangements for those power systems
15 less than 500 kW which have demonstrated approval from a nationally recognized testing
16 laboratory acceptable to the Commission.

17 G.E. Upon the separation and deregulation of the generation function and services of
18 incumbent electric utilities, the Commission shall retain jurisdiction over utilities' electric
19 transmission function and services, to the extent not preempted by federal law. Nothing in this
20 section shall impair the Commission's authority under §§ 56-46.1, 56-46.2, and 56-265.2 of
21 this title with respect to the construction of electric transmission facilities [pg. 7, column 1,
22 bullet 2].

23 D.F. If the Commission determines that increases in the capacity of the transmission
24 systems in the Commonwealth, or modifications in how such systems are planned, operated,
25 maintained, used, financed or priced, will promote the efficient development of competition in
26 the sale of electric energy, the Commission may, to the extent not preempted by federal law,

1 require one or more persons having any ownership or control of, or responsibility to operate,
2 all or part of such transmission systems to: **[SCC amendments, pg. 2, questions 1, 2, 3]**

3 1. Expand the capacity of transmission systems; **[SCC amendments, pg. 2, question**
4 **1]**

5 2. File applications and tariffs with the Federal Energy Regulatory Commission which
6 (i) make transmission systems capacity available to retail sellers or buyers of electric
7 energy under terms and conditions described by the Commission, and (ii) require owners of
8 generation capacity located in the Commonwealth to bear an appropriate share of the cost of
9 transmission facilities, to the extent such cost is attributable to such generation capacity;
10 **[SCC amendments, pg. 2, question 2]**

11 3. Enter into a contract with, or provide information to, ~~an independent system operator~~
12 a regional transmission entity, or **[SCC amendments, pg. 2, question 3]**

13 4. Take such other actions as the Commission determines to be necessary to carry out
14 the purposes of this chapter.

15 E. If the Commission determines, after notice and opportunity for hearing, that a person
16 has or will have, as a result of such person's control of electric generating capacity or energy
17 within a transmission constrained area, **market power (see SCC definition on pg. 5 of the**
18 **SCC statutory proposal)** over the direct or indirect sale of electric generating capacity or
19 energy to buyers retail customers located within the Commonwealth, the Commission may, to
20 the extent not preempted by federal law and only to the extent that market power is not
21 adequately mitigated by rules and practices of the applicable RTE having responsibility for
22 management and control of transmission assets within the Commonwealth, within such
23 transmission constrained area, regulate such person's rates pursuant to Chapter 10 (§ 56-232
24 et seq.) of this title adjust such person's retail generation asset rates to the extent necessary
25 to protect retail customers from such market power. Such rates shall remain regulated until
26 the Commission, after notice and opportunity for hearing, determines that the ~~transmission~~
27 ~~constraint~~ market power has been ~~relieved~~ mitigated **[pg. 8, column 1, bullet 2].**

1 § 56-581. ~~Independent System Operators~~ Regional transmission entities. [pp. 3, 9-12
 2 of decision tree; pg. 1 of SCC amendments, responses to bolded questions under “ISO
 3 requirement.”]

4 A. As set forth in § 56-579, on or before January 1, 2001, each incumbent electric
 5 utility owning, operating, controlling, or having an entitlement to transmission capacity shall
 6 join or establish an ~~independent system operator, or RTE~~ to which such utility shall transfer
 7 the management and control of its transmission assets to, subject to the following:

8 1. No such incumbent electric utility shall transfer to any person any ownership or
 9 control of, or any responsibility to operate, any portion of any transmission system located in
 10 the Commonwealth without obtaining the prior approval of the Commission, as hereinafter
 11 provided **[pg. 1 of SCC Decision tree amendments under “ISO requirements,” questions**
 12 **1 and 3.]**.

13 2. The Commission shall develop rules and regulations under which any such
 14 incumbent electric utility ~~having any ownership or control of, or any responsibility to operate, a~~
 15 ~~transmission system in the Commonwealth, or any portion thereof~~ owning, operating,
 16 controlling, or having an entitlement to transmission capacity within the Commonwealth, may
 17 transfer all or part of such control, ownership or responsibility to an ~~independent system~~
 18 ~~operator~~ RTE, upon such terms and conditions that the Commission determines will **[pg. 1 of**
 19 **SCC Decision tree amendments under “ISO requirements,” question 2.]**:

20 (a) Promote:

21 (1) Practices for the reliable planning, operating, maintaining, and upgrading of the
 22 transmission systems and any necessary additions thereto, and

23 (2) Policies for the pricing and access for service over such systems, which are safe,
 24 reliable, efficient, not unduly discriminatory and consistent with the orderly development of
 25 competition in the Commonwealth;

26 (b) Be consistent with lawful requirements of the Federal Energy Regulatory
 27 Commission;

1 (c) Be effectuated on terms that fairly compensate the transferor;

2 (d) Generally promote the public interest, and are consistent with (i) ensuring the
3 successful development of interstate ~~ISOs~~ RTEs, and (ii) meeting the transmission needs of
4 electric generation suppliers both within and without this Commonwealth **[pg. 10; language**
5 **suggested, in concept, by drafting group]**.

6 B. The Commission shall also adopt rules and regulations, with appropriate public
7 input, establishing elements of RTE structures essential to the public interest, which elements
8 shall be applied by the Commission in determining whether to authorize transfer of ownership
9 or control from an incumbent electric utility to an RTE ~~implementing the following requirements~~
10 ~~concerning ISO governance:~~

11 ~~1. No incumbent electric utility shall be authorized by the Commission to establish or~~
12 ~~join any ISO unless the majority of such ISO's governing board shall have no ownership~~
13 ~~interest in any transmission asset owned, managed or controlled by such ISO~~ **[pg. 9, column**
14 **2, bullet 1]**.

15 ~~2. No incumbent electric utility shall be authorized by the Commission to establish or~~
16 ~~join any ISO unless residential retail customers are represented on the ISO's governing board~~
17 **[pg. 9, column 2, bullet 3]**.

18 C. The Commission shall, to the fullest extent permitted under federal law, participate
19 in any and all proceedings concerning ~~ISOs~~ RTEs furnishing transmission services within the
20 Commonwealth, before the Federal Energy Regulatory Commission ("FERC"). Such
21 participation may include such intervention as is permitted state utility regulators under FERC
22 rules and procedures, ~~whenever such proceedings concern the approval or modification of~~
23 ~~any ISO of which an incumbent electric utility is or proposes to be a member~~ **[pg. 11, column**
24 **2, bullet 1]**.

25 D. Nothing in this section shall be deemed to abrogate or modify:

1 1. The Commission's authority over transmission line or facility construction,
2 enlargement or acquisition within this Commonwealth, as set forth in Chapter 10.1 (§ 56-
3 265.1, et seq.) of this title **[pg. 11, column 2, bullet 2];**

4 2. The laws of this Commonwealth concerning the exercise of the right of eminent
5 domain by a public service corporation pursuant to the provisions of Article 5 (§ 56-257 et
6 seq.) of Chapter 10 of this title provided, however, that on and after January 1, 2004, the right
7 of eminent domain may not be exercised in conjunction with the construction or enlargement
8 of any utility facility whose purpose is the **generation of electric energy**.**[pg. 13, column 1,**
9 **bullet 2];** or

10 3. The Commission's authority over retail electric energy sold to retail customers within
11 the Commonwealth by licensed suppliers of electric service, including necessary reserve
12 requirements, all as specified in § 56-585 **[pg. 12, column 2, bullets 1 and 2].**

13 § 56-582. Regional power exchanges. [Mandatory not approved; permissive not
14 discussed].

15 § 56-583. Transmission and Distribution of Electric energy. **[pp. 15, 16, and 17]**

16 A. The Commission shall continue to regulate pursuant to this title the distribution of
17 retail electric energy to retail customers in the Commonwealth, and to the extent not prohibited
18 by federal law, the transmission of electric energy in the Commonwealth **[pg. 15, column 1,**
19 **bullet 1].**

20 B. The Commission shall continue to regulate, to the extent not prohibited by federal
21 law, the reliability, quality and maintenance by transmitters and distributors of their
22 transmission and retail distribution systems **[pg. 15, column 1, bullet 1].**

23 C. The Commission shall develop codes of conduct governing ~~conduct between~~
24 ~~affiliated and nonaffiliated suppliers of generation services~~ the conduct of incumbent electric
25 utilities and affiliates thereof when any such affiliates provide, or control any entity that
26 provides, generation, distribution or transmission services, to the extent necessary to prevent
27 impairment of competition. **[pg. 15, column 1, bullet 1].**

1 D. The Commission may permit the construction and operation of electrical generating
 2 facilities upon a finding that such generating facility and associated facilities including
 3 transmission lines and equipment ~~(i) will have no material adverse effect upon any regulated~~
 4 ~~rates paid by retail customers in the Commonwealth; (ii) (i) will have no material adverse~~
 5 ~~effect upon reliability of electric service provided by any regulated public utility; and (iii) (ii)~~
 6 are not otherwise contrary to the public interest. In review of its petition for a certificate to
 7 construct and operate a generating facility described in this subsection, the Commission shall
 8 give consideration to the effect of the facility and associated facilities, including transmission
 9 lines and equipment, on the environment and establish such conditions as may be desirable
 10 or necessary to minimize adverse environmental impact as provided in §56-46.1. ~~Facilities~~
 11 ~~authorized by a certificate issued pursuant to this subsection may be exempted by the~~
 12 ~~Commission from the provisions of Chapter 10 (§ 56-232 et seq.) of Title 56 [pg. 16, column~~
 13 **1, bullet 1, additional language as suggested by drafting group].**

14 E. Nothing in this section shall impair the distribution service territorial rights of
 15 incumbent electric utilities, and incumbent electric utilities shall continue to provide distribution
 16 services within their exclusive service territories as established by the Commission. Nothing in
 17 this chapter shall impair the Commission's existing authority over the provision of electric
 18 distribution services to retail customers in the Commonwealth including, but not limited to, the
 19 authority contained in Chapters 10 (§ 56-232 et seq.) and 10.1 (§ 56-265.1 et seq.) of this title
 20 **[pg. 17, column 1, bullet 1, additional language as suggested by drafting group].**

21 F. Nothing in this chapter shall impair the exclusive territorial rights of an electric utility
 22 owned or operated by a municipality as of July 1, 1999, nor shall any provision of this chapter
 23 apply to any such electric utility unless (i) that municipality elects to have this chapter apply to
 24 that utility, or (ii) that utility, directly or indirectly, sells, offers to sell or seeks to sell electric
 25 energy to any retail customer in Virginia outside of the utility's electric distribution territory as it
 26 existed on January 1, 1999 or to a supplier or distributor of electric energy—retail customer

1 outside the geographic area that was served by such municipality as of July 1, 1999.[pg. 17,
2 column 1, bullet 2].

3 § 56-584. Regulation of rates subject to Commission’s jurisdiction [pg. 18].

4 A. Subject to the provisions of § 56-579.1, the Commission shall regulate the rates for
5 the transmission of electric energy, to the extent not prohibited by federal law, and for the
6 distribution of electric energy to such retail customers on an unbundled basis, but, subject to
7 the provisions of this chapter after the date of customer choice, the Commission no longer
8 shall regulate rates for the generation component of retail electric energy sold to retail
9 customers [pg. 18, column 1, bullet 1].

10 B. No later than September 1, 1999 and annually thereafter, the Commission shall
11 submit a report to the General Assembly evaluating the advantages and disadvantages of
12 competition for metering, billing and other services which have not been made subject to
13 competition, and making recommendations as to when, and for whom, such other services
14 should be made subject to competition [pg. 18, column 1, bullet 1, additional language as
15 suggested by drafting group].

16 § 56-585. Licensure of retail electric energy suppliers [pg. 19].

17 A. As a condition of doing business in the Commonwealth each person seeking to sell,
18 offering to sell, or selling electric energy to any retail customer in the Commonwealth, on and
19 after January 1, 2002, shall obtain a license from the Commission to do so. A license shall
20 not be required solely for the leasing or financing of property used in the sale of electricity to
21 any retail customer in the Commonwealth.

22 The license shall authorize that person to act as a supplier until the license expires or
23 is otherwise terminated, suspended or revoked [pg. 19, column 1, bullet 1].

24 B. As a condition of obtaining, retaining and renewing any license issued pursuant to
25 this section, a person shall satisfy such reasonable and nondiscriminatory requirements as
26 may be specified by the Commission, which may include requirements that such person (i)
27 demonstrate, in a manner satisfactory to the Commission, financial responsibility; (ii) post a

1 bond as deemed adequate by the Commission to ensure that financial responsibility; (iii) pay
 2 an annual license fee to be determined by the Commission; and (iv) pay all taxes and fees
 3 lawfully imposed by the Commonwealth or by any municipality or other political subdivision of
 4 the Commonwealth. In addition, as a condition of obtaining, retaining and renewing any
 5 license pursuant to this section, a person shall satisfy such reasonable and nondiscriminatory
 6 requirements as may be specified by the Commission, including but not limited to
 7 requirements that such person demonstrate (i) technical capabilities as the Commission may
 8 deem appropriate; (ii) access to generation and generation reserves; and (iii) adherence to
 9 minimum market conduct standards **[pg. 19, column 1, bullets 2-6, additional language as**
 10 **suggested by the drafting group].**

11 C. 1. The Commission shall establish a reasonable period within which any retail
 12 customer may cancel any contract entered into with a supplier licensed pursuant to this
 13 section.

14 2. The Commission may adopt other rules and regulations governing the requirements
 15 for obtaining, retaining, and renewing a license to supply electric energy to retail customers,
 16 and may, as appropriate, refuse to issue a license to, or suspend, revoke, or refuse to renew
 17 the license of, any person that does not meet those requirements **[pg. 19, column 1, bullet**
 18 **7].**

19 § 56-586. ~~Suppliers of last resort, default suppliers and backstop providers~~ Default
 20 Services **[pg. 20 of decision tree; pg. 4 of SCC proposed amendments to decision tree.**
 21 **Drafting group did not adopt any of the options listed on the decision tree, adopting**
 22 **instead the 7 bolded items on pg. 4 of the SCC’s amendments, answering questions 1-5**
 23 **in the affirmative; stipulating that questions 3 and 6 should be subject to “public**
 24 **interest” criteria; and requiring the SCC to review and report on question 7 at the end of**
 25 **the transition period.].**

26 A. The Commission shall, after notice and opportunity for hearing, (i) determine the
 27 components of default services ~~supplier of last resort (should be defined)~~ and default

1 ~~(should be defined)~~ services **[SCC question 1]**, and (ii) establish one or more programs
 2 making such services available to retail customers requiring them commencing with the date
 3 of customer choice for all retail customers established pursuant to § 56-579, ~~during the period~~
 4 ~~of transition to customer choice.~~ For purposes of this chapter, "default service" means service
 5 made available under this section to retail customers who (i) do not select an alternative
 6 provider, (ii) are unable to obtain service from an alternative supplier, or (iii) have contracted
 7 with an alternative supplier who fails to perform.

8 B. The Commission shall designate the providers of ~~supplier of last resort and~~ default
 9 services. In doing so, the Commission:

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

14 2. May designate one or more willing providers to provide one or more components of
 15 such services, in one or more regions of the Commonwealth, to one or more classes of
 16 customers **[SCC question 2]**; and

17 3. May require an incumbent electric utility or distribution utility to provide one or more
 18 components of such services, or to form an affiliate to do so, in one or more regions of the
 19 Commonwealth, at rates which ~~afford the entity a reasonable opportunity to earn a fair rate of~~
 20 ~~return~~ are fairly compensatory to the utility and which reflect any cost of energy prudently
 21 procured, including energy procured from the competitive market; provided that the
 22 Commission may not require an incumbent electric utility or distribution utility, or affiliate
 23 thereof, to provide any such services outside the territory in which such utility provides service
 24 **[SCC question 4]**.

25 C. The Commission shall, after notice and opportunity for hearing, determine the rates,
 26 terms and conditions for such services consistent with the provisions of subsection B 3 and
 27 Chapter 10 (§ 56-232 et seq.) of this title and shall establish such requirements for providers

1 and customers as it finds necessary to promote the reliable and economic provision of such
2 services and to prevent the inefficient use of such services. The Commission may use any
3 rate method that promotes the public interest, and may establish different rates, terms and
4 conditions for different classes of customers [SCC questions 5 and 6].

5 D. On or before July 1, ~~2003~~ 2004, and annually thereafter, the Commission shall
6 determine, after notice and opportunity for hearing, whether there is a sufficient degree of
7 competition such that the elimination of ~~supplier of last resort~~ default service for particular
8 customers, particular classes of customers or particular geographic areas of the
9 Commonwealth will not be contrary to the public interest. The Commission shall report its
10 findings and recommendations concerning modification or termination of ~~supplier of last resort~~
11 default service to the General Assembly and to the Legislative Transition Task Force, not later
12 than December 1, ~~2003~~ 2004, and annually thereafter[SCC question 7].

13 E. A distribution electric cooperative, or one or more affiliates thereof, shall have the
14 obligation and right to be the supplier of default services in its certificated service
15 territory. If a distribution electric cooperative, or one or more affiliates thereof, elects
16 or seeks to be a default supplier of another electric utility, then the Commission shall
17 designate the default supplier for that distribution electric cooperative, or any affiliate
18 thereof, pursuant to subsection B.

19 F. In the event the the Commission designates a provider of default service other than
20 the incumbent electric utility to provide default service in the territory of such utility
21 the Commission shall establish a wires charge pursuant to § 56-592, which wires
22 charge shall terminate on July 1, 2007.

23 § 56-586.1. Emergency Services Provider.

24 On and after January 1, 2001, if any supplier fails to fulfill its obligation to deliver
25 electricity scheduled into the control area provide electricity to a retail customer, the entity
26 fulfilling the control area function, or, if applicable, the regional transmission entity or other
27 entity as designated by the Commission, shall be responsible for charging the defaulting

1 supplier for the full cost of replacement energy, including the cost of energy, the cost incurred
 2 by others as a result of the default, and the assessment of penalties as may be approved
 3 either by the Commission, to the extent not precluded by federal law, or by the Federal Energy
 4 Regulatory Commission. The Commission, as part of the rules established under section
 5 56-585, shall determine the circumstances under which failures to deliver electricity will result
 6 in the revocation of the supplier's license.

7 § 56-593. Divestiture, functional separation and other corporate relationships.

8 A. The Commission shall not order any incumbent electric utility, nor shall it require
 9 any such utility to divest itself of any generation, transmission or distribution assets pursuant
 10 to any provision of this chapter **[pg. 23, generally]**.

11 B. 1. The Commission shall, however, direct the functional separation of generation,
 12 retail transmission and distribution of all incumbent electric utilities in connection with the
 13 provisions of this chapter to be completed by January 1, 2002 **[pg. 24, generally]**.

14 2. By January 1, 2001, each incumbent electric utility shall submit to the Commission a
 15 plan for such functional separation which may be accomplished through the creation of
 16 affiliates or through such other means as may be acceptable to the Commission **[This**
 17 **language drawn from § 56-593 in SB-688]**.

18 C. The Commission shall promulgate rules and regulates to carry out the provisions of
 19 this section, which rules and regulations shall include provisions **[pg. 24, column 2, bullets**
 20 **1-5; pg. 25, column 2, bullet 1]**:

- 21 1. Prohibiting cost-shifting or cross-subsidies between functionally separate units;
- 22 2. Prohibiting functionally separate units from engaging in anticompetitive behavior or
 23 self-dealing;
- 24 3. Prohibiting affiliated entities from engaging in discriminatory behavior towards
 25 nonaffiliated units; and
- 26 4. Establishing codes of conduct detailing permissible relations between functionally
 27 separate units.

1 D. ~~Nothing in this chapter shall be construed to exempt or immunize from punishment~~
 2 ~~or prosecution, conduct (i) engaged in by functionally separate generation, transmission or~~
 3 ~~distribution, or any of their affiliates, and (ii) violative of federal antitrust laws, or the antitrust~~
 4 ~~laws of this Commonwealth [pg. 25, column 2, bullet 2]:.~~

5 ***[Note: Subsections E-D & F-E were adopted, in concept, by the drafting group in***
 6 ***response to questions raised about mergers and acquisitions on pg. 26 of the decision***
 7 ***tree. The drafting group directed staff to incorporate language in § 56-591 {SCC***
 8 ***numbering} of the SCC draft proposal. The language that follows is identical to the***
 9 ***provisions of the SCC draft language, except that references to “basic electric service”***
 10 ***have been deleted; that concept has not been adopted by the drafting group. The***
 11 ***definitions of covered entity and covered transaction are proposed to be amended to***
 12 ***read as follows: 1) “Covered entity” means a provider of an electric service not subject***
 13 ***to competition within the Commonwealth but shall not include default service***
 14 ***providers; 2) “Covered transaction” means an acquisition, merger, or consolidation of,***
 15 ***or other transaction involving, stock, securities, voting interests or assets, by which***
 16 ***one or more persons obtains control of a covered entity.]***

17 E.D. Neither a **covered entity** [defined in SCC draft proposal] nor an affiliate thereof
 18 may be a party to a **covered transaction** [defined in SCC draft proposal] without the prior
 19 approval of the Commission. Any such person proposing to be a party to such transaction
 20 shall file an application with the Commission. The Commission shall approve or disapprove
 21 such transaction within sixty days after the filing of a completed application; however, the sixty
 22 day period may be extended by Commission order for a period not to exceed an additional
 23 120 days. The application shall be deemed approved if the Commission fails to act within such
 24 initial or extended period. The Commission shall approve such application if it finds, after
 25 notice and opportunity for hearing, that the transaction will comply with the requirements of
 26 subsection F.E, and may, as a part of its approval, establish such conditions or limitations on
 27 such transaction as it finds necessary to ensure compliance with said subsection F.E.

1 F.E. A transaction described in subsection E-D of this section shall not:

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

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

7 G.F. Nothing in this chapter shall be deemed to abrogate or modify the Commission's
8 authority under Chapters 3 (§ 56-55 et seq.), 4 (§ 56-76 et seq.) or 5 (56-88 et seq.) of this
9 title **[Note: the first sentence was incorporated to reflect frequent drafting group and
10 interest group references to the continuing application of the Utilities Facilities Act
11 during the transition period, and possibly thereafter. The SCC language that follows,
12 however, may eliminate the need for its reference here].** However, any person subject to
13 the requirements of subsection E-D that is also subject to the requirements of Chapter 5 (§
14 56-88 et seq.) of Title 56 may, in the discretion of the Commission, may be exempted from
15 compliance with some or all of the requirements of said Chapter 5 of Title 56.

16 § 56-593.1. Application of antitrust laws.

17 Nothing in this chapter shall be construed to exempt or immunize from punishment or
18 prosecution, conduct (i) engaged in by functionally separate generation, transmission or
19 distribution, or any of their affiliates, and (ii) violative of federal antitrust laws, or the antitrust
20 laws of this Commonwealth [pg. 25, column 2, bullet 2].

21

22 § 56-594. Legislative Transition Task Force established [**S & T pg. 29, column 2,**
23 **bullets 1-4, plus additional language adopted, in concept, by drafting group on 12/17**
24 **and 12/29].**

25 A. A legislative transition task force is hereby established to work collaboratively with
26 the Commission in conjunction with the phase-in of retail competition within the
27 Commonwealth.

1 B. The transition task force shall consist of ten members, with six members from the
 2 House of Delegates and four members from the Senate. Appointments shall be made and
 3 vacancies filled by the Speaker of the House of Delegates and the Senate Committee on
 4 Privileges and Elections, as appropriate.

5 C. The task force members shall be appointed to begin service on and after July 1,
 6 1999, and shall continue to serve until July 1, 2005. They shall (i) monitor the work of the
 7 Virginia State Corporation Commission in implementing this chapter, receiving such reports as
 8 the Commission may be required to make pursuant thereto; (ii) examine utility worker
 9 protection during the transition to retail competition; generation, transmission and distribution
 10 systems reliability concerns; energy assistance programs for low-income households;
 11 renewable energy programs; and energy efficiency programs; and (iii) annually report to the
 12 Governor and each session of the General Assembly during their tenure concerning the
 13 progress of each stage of the phase-in of retail competition, offering such recommendations
 14 as may be appropriate for legislative and administrative consideration.

16 **Structure & Transition Supplement**

17 § 56-579.1 Rate caps. [S & T pg. 5, generally].

18 A. The Commission shall establish ***capped rates [should be defined]***, effective
 19 January 1, 2001 and unless extended as provided hereafter, expiring on January 1, 2005
 20 July 1, 2007 for each service territory of every incumbent utility as follows:

21 1. A capped rate shall be established for bundled electric transmission, distribution
 22 and generation services. applicable to customers receiving (i) default service, or (ii) supplier
 23 of last resort service.

24 2. 1. A capped rate for electric generation services, only, shall also be established for
 25 the purpose of effecting customer choice for those retail customers authorized under this
 26 chapter and opting to purchase generation services from a supplier other than the incumbent
 27 utility during this period, and any extensions thereof.

1 2. The capped rates established under this section shall be the rates in effect for each
2 incumbent utility as of the effective date of this chapter, or rates subsequently placed into
3 effect pursuant to a rate application made by an incumbent electric utility filed with the
4 Commission prior to January 1, 2001, and made by an incumbent electric utility that is not
5 currently bound by a rate case settlement adopted by the Commission that extends in its
6 application beyond January 1, 2002. made by an incumbent electric utility. The capped rates
7 established under this section, which include rates, tariffs, electric service contracts, and rate
8 programs (including experimental rates, regardless of whether they otherwise would expire),
9 shall be such rates, tariffs, contracts, and programs in effect for each incumbent utility as of
10 the date of this chapter rprovided however, that experimental rates and rate programs may be
11 closed to new customer upon application to the Commission.

12 B. The Commission may adjust such capped rates in connection with (i) utilities'
13 recovery of fuel costs pursuant to § 56-249.6, and (ii) emergency conditions as provided in §
14 56-245. (ii) any changes in the taxation by the Commonwealth of incumbent electric utilitiy
15 revenues made by this chapter or chapter ____ of title ____, and (iii) notwithstanding the
16 provisions of § 56-249.6, the Commission may authorize tariffs that include incentives
17 designed to encourage an incumbent electric utility to reduce its fuel costs by permitting
18 retention of a portion of cost savings resulting from fuel cost reductions or by other methods
19 determined by the Commission to be fair and reasonable to the utility and its customers.

20 C. 1. The Commission may, by order, annually extend any capped rate authorized
21 under this section beyond January 1, 2005, in any incumbent utility's service territory if the
22 Commission determines that **effective competition [should be defined]** for the sale of
23 electric generation services does not exist within such service territory. A utility may petition
24 the Commission to terminate the capped rates to all customers anytime after January 1, 2004
25 and such capped rates may be terminated upon the Commission finding of a competitive
26 market for generation services within the service territory of that utility to the extent that
27 capped rates are no longer necessary to protect retail consumers.

1 2. The Commission shall report any capped rate extension orders made pursuant to
 2 this section and the reasons therefor, to the Legislative Transition Task Force within thirty
 3 days of any such order.

4 §56-592. **Nonbypassable** wires charges **[S & T, pg. 22, generally]**.

5 A. The Commission shall develop appropriate mechanisms maximizing and promoting
 6 competition pursuant to this chapter, for assessing per kWh-based charges against retail
 7 customers in conjunction with allocating (i) such stranded costs as may be determined
 8 pursuant to § 56-591.1, or (ii) any **transition costs [should be defined]** allocated to retail
 9 customers under any other provision of this chapter.

10 **B. [S & T, pg. 22, generally; language suggested in concept by drafting group]**

11 The Commission shall also develop such alternative costs-allocating mechanisms as may be
 12 required to permit any retail customer to pay its appropriate share of any just and reasonable
 13 net stranded costs or transition costs, if any, on an accelerated basis upon a finding that such
 14 method of payment is not (i) prejudicial to the incumbent utility or its ratepayers, or (ii)
 15 inconsistent with the development of effective competition.

16 A. The Commission shall establish a wires charge for each incumbent electric utility
 17 which shall be the sum (i) of the difference between the incumbent utilities capped
 18 unbundled rates for generation and the market rate for generation as determined by
 19 the Commission and (ii) any transition costs incurred by the incumbent utility
 20 determined by the Commission; **subject** however, **to** such wires charge and the
 21 market rate for generation **shall** not exceeding the capped rate applicable to such
 22 incumbent utility.

23 B. Customers that choose suppliers of electric energy, other than the incumbent utility,
 24 or are subject to Default service, prior to the expiration of the period for capped
 25 rates, as provided for in § 56-579.1, shall pay a wires charge determined pursuant
 26 to subsection A hereof based upon actual usage of electricity **distributed by the**

1 incumbent utility to the customer during the period from the time they it chooses a
2 supplier of electric energy other than the incumbent electric utility, until July 1, 2007.

3 C. The Commission shall permit any customer, at its option, to pay the wires charge
4 due to the incumbent electric utility on an accelerated basis upon a finding that such
5 method is not (i) prejudicial to the incumbent electric utility or its ratepayers or (ii)
6 inconsistent with the development of effective competition.

7 **Stranded Costs.**

8 § 56-591. Stranded Costs.

9 A. [p. 2, column 1, bullets 1-4 plus language suggested by drafting group] The
10 Commission shall, after notice and opportunity for hearing, determine for each incumbent
11 electric utility the just and reasonable net **stranded costs** (need definition) associated with all
12 assets and obligations used to provide regulated service within the service territory of such
13 incumbent electric utility as of January 1, 2002. Such determination shall include, but not be
14 limited to, consideration of stranded costs associated with **power production assets** (need
15 definition), **regulatory assets (as defined in SB 688)**, **power purchase contracts** (need
16 definition), **nuclear decommissioning costs** (need definition), and **environmental**
17 **compliance costs** (need definition). Such stranded costs shall be recovered via a
18 nonbypassable wires charge, in accordance with the provisions of § 56-592, from persons
19 who purchase any transmission or distribution service after the date of **customer choice (as**
20 **defined in SB 688)**, within the territory served by such electric utility as of the date of
21 customer choice [p. 4, column 4, bullet 1].

22 B. [p. 3 generally, language suggested by drafting group] A recovery period for the
23 amounts determined under subsection A shall be established by the Commission for each
24 incumbent electric utility. Such recovery period shall continue for each incumbent electric
25 utility until the Commission determines that such utility has recovered all stranded costs. No
26 further stranded costs shall be recovered by an electric utility after the Commission makes
27 such determination.

1 C. **[Structure and Transition p. 22, bullet 5]** The Commission shall permit any
 2 customer to pay its appropriate share of any stranded costs due to the incumbent electric
 3 utility on an accelerated basis upon a finding that such method of payment is not (i) prejudicial
 4 to the incumbent electric utility or its ratepayers or (ii) inconsistent with the development of
 5 effective competition.

6 D. **[p. 4, column 2, bullet 2]** Except as provided in subsection C, customers that do not
 7 change suppliers of electric energy during the stranded cost recovery period established by
 8 the Commission under subsection B shall not pay the nonbypassable wires charge pursuant
 9 to this section but shall pay the capped rate as determined under § 56-579.1.

10 E. **[p. 4, column 3, bullet 2]** Customers that elect to change suppliers of electric
 11 energy during the stranded cost recovery period established by the Commission under
 12 subsection B shall pay such nonbypassable wires charge as the Commission may determine
 13 pursuant to subsection A.

14
 15 **56-591 Stranded Costs**

16 Just and reasonable net stranded costs shall be recoverable by each incumbent
 17 electric utility provided each incumbent electric utility shall only recover its just and
 18 reasonable net stranded costs thru either capped rates provided in Sec. 56-579.1 or a
 19 wires charge as provided in Sec. 56-592.

20
 21
 22 **Consumer, Environment & Education**

23 § 56-587. Licensing of Aggregators. **[CEE pg. 3, bullets 1 & 6 mandatory; bullets 2-**
 24 **5 permissive, subject to SCC development of licensing and regulatory scheme.]**

25 A. As a condition of doing business in the Commonwealth, each person seeking to
 26 aggregate electric energy within this Commonwealth on and after January 1, 2002, shall

1 obtain a license from the Commission to do so. The license shall authorize that person to act
2 as an **aggregator** [should be defined] until the license is otherwise terminated, suspended
3 or revoked. Licensing pursuant to this section, however, shall not relieve any person seeking
4 to act as a supplier of electric energy from their obligation to obtain a license as a supplier
5 pursuant to § 56-585.

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

22 C. In establishing aggregator licensing schemes and requirements applicable to the
23 same, the Commission may differentiate between (i) those aggregators representing retail
24 customers only, (ii) those aggregators representing suppliers only, and (iii) those aggregators
25 representing both retail customers and suppliers.

1 D. 1. The Commission shall establish a reasonable period within which any retail
2 customer may cancel any contract entered into with a supplier licensed pursuant to this
3 section.

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

8 § 56-587.1. Municipal aggregation. **[CEE pg. 5, bullets 1-3, as modified by the**
9 **drafting group. CEE, pg. 6, bullet 2].**

10 Counties, cities and towns (hereafter "municipalities") may, at their election and upon
11 authorization by majority votes of their governing bodies, aggregate electrical energy and
12 demand requirements for the purpose of negotiating the purchase of electrical energy
13 requirements from any licensed supplier within this Commonwealth, as follows:

14 ~~1. Any municipality may aggregate the electric energy load of residential, commercial~~
15 ~~and industrial retail customers within its boundaries on a voluntary, opt-in basis in which each~~
16 ~~such customer must affirmatively select such municipality as its aggregator. Any municipality~~
17 ~~may aggregate the electric energy load of residential, commercial and industrial retail~~
18 ~~customers within its boundaries on a voluntary, opt in basis in which each such customer must~~
19 ~~affirmatively select such municipality as its aggregator. The municipality may not earn a profit~~
20 ~~but must recover the actual costs incurred in such aggregation.~~

21 2.1. Any municipality may aggregate the electric energy load of its governmental
22 buildings, facilities and any other governmental operations requiring the consumption of
23 electric energy.

24 3.2. Two or more municipalities within this Commonwealth may aggregate the electric
25 energy load of their governmental buildings, facilities and any other governmental operations
26 requiring the consumption of electric energy.

1 ~~4. Any municipality within this Commonwealth may aggregate (i) the electric energy~~
 2 ~~load of its governmental buildings, facilities and any other governmental operations requiring~~
 3 ~~the consumption of electric energy, together with (ii) the electric energy load of any~~
 4 ~~nongovernmental person or entity within this Commonwealth.~~

5 § 56-588. Metering and billing, etc. **[incorporated into § 56-584 in Structure &**
 6 **Transition draft dated 12/26/98]**

7 § 56-589. Consumer education and protection; Commission report to legislative task
 8 force.

9 A. **[CEE pg. 7, column 2, bullets 1-3 and language suggested, in concept, by**
 10 **drafting group on 12/29/98]** The Commission shall develop a consumer education program
 11 designed to provide the following information to retail customers during the period of transition
 12 to retail competition and thereafter:

- 13 1. Opportunities and options in choosing (i) suppliers and aggregators of electric
 14 energy, and (ii) any other service made competitive pursuant to this chapter;
- 15 2. Marketing and billing information suppliers and aggregators of electric energy will be
 16 required to furnish retail customers;
- 17 3. Retail customers' rights and obligations concerning the purchase of electric energy
 18 and related services; and
- 19 4. Such other information as the Commission may deem necessary and appropriate in
 20 the public interest.

21 B. The Commission shall complete the development of the consumer education
 22 program described in subsection A, and report its findings and recommendations to the
 23 Legislative Transition Task Force on or before December 1, 1999, and as frequently thereafter
 24 as may be required by such task force concerning:

- 25 1. The scope of such recommended program consistent with the requirements of
 26 subsection A;
- 27 2. Materials and media required to effectuate any such program;

- 1 3. State agency and nongovernmental entity participation;
- 2 4. Program duration;
- 3 5. Funding requirements and mechanisms for any such program; and
- 4 6. Such other findings and recommendations the Commission deems appropriate in
- 5 the public interest.

6 **C. [CEE pg. 9, generally; CEE pg. 10, generally; CEE page 12, column 2, bullet 5].**

7 The Commission shall develop regulations governing marketing practices by public service
8 companies, licensed suppliers, aggregators or any other providers of services made
9 competitive by this chapter. The Commission shall also establish standardized marketing
10 information to be furnished by licensed suppliers, aggregators or any other providers of
11 services made competitive by this chapter during the period of transition to retail competition,
12 and thereafter, which information ~~may~~ shall include:

- 13 1. Pricing and other key contract terms and conditions;
- 14 2. To the extent feasible, fuel mix and emissions data on at least an annualized basis.
- 15 3. Consumers' rights of cancellation following execution of any contract.
- 16 4. Toll-free telephone number for customer assistance.
- 17 5. Such other and further marketing information as the Commission may deem
- 18 necessary and appropriate in the public interest.

19 **D. [CEE pg. 11, bullets 1, 2 and 5-7]** The Commission shall also establish
20 standardized billing information to be furnished by public service companies, suppliers,
21 aggregators or any other providers of services made competitive by this chapter during the
22 period of transition to retail competition, and thereafter. Such billing information shall:

- 23 1. Distinguish between charges for regulated services and unregulated services.
- 24 2. Itemize any and all nonbypassable wires charges.
- 25 3. Be presented in a standardized format to be established by the Commission.
- 26 4. Disclose, to the extent feasible, fuel mix and emissions data on at least an
- 27 annualized basis.

1 5. Include such other billing information as the Commission deems necessary and
2 appropriate in the public interest.

3 E. [CEE, pg. 14] The Commission shall establish or maintain a complaint bureau for
4 the purpose of receiving, reviewing and investigating complaints by retail customers against
5 public service companies, licensed suppliers, aggregators and other providers of any services
6 made competitive under this chapter. ~~The~~ Upon the request of any interested person or the
7 Attorney General, or upon its own motion, the Commission shall be authorized to inquire into
8 possible violations of this chapter and to enjoin or punish any violations thereof pursuant to its
9 authority under this chapter, this title, and under Title 12.1 (§ 12.1-1 et seq.). The Attorney
10 General shall have a right to participate in such proceedings consistent with the Commission's
11 Rules of Practice and Procedure.

12 F. [CEE, pg. 15, bullets 1 & 4] The Commission shall establish reasonable limits on
13 customer security deposits required by public service companies, suppliers, aggregators or
14 any other persons providing competitive services pursuant to this chapter.

15 § 56-589.1. [CEE, pg. 12, column 2, bullet 4; and column 4, bullet 4, as modified
16 by the drafting group on 12/29/98] Retail customers private right of action; marketing
17 practices.

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

21 A_B 1. Any person who suffers loss as the result of any violation of subsection A, or as
22 the result of marketing practices, including telemarketing practices, (i) engaged in by any
23 public service company, licensed supplier, aggregator or any other provider of any service
24 made competitive under this chapter, and (ii) in violation of subsection C of § 56-589,
25 including any rule or regulation adopted by the Commission pursuant thereto, shall be entitled
26 to initiate an action to recover actual damages, or \$500, whichever is greater. If the trier of fact

1 finds that the violation was willful, it may increase damages to an amount not exceeding three
2 times the actual damages sustained, or \$1,000, whichever is greater.

3 2. Upon referral from the Commission, the Attorney General, the attorney for the
4 Commonwealth, or the attorney for any city, county, or town may cause an action to be
5 brought in the appropriate circuit court for relief of violations within the scope of subsection A.

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

9 G.D. Any action pursuant to this section shall be commenced within two years after its
10 accrual. The cause of action shall accrue as provided in § 8.01-230. However, if the
11 Commission initiates proceedings, or any other governmental agency files suit for the purpose
12 of enforcing subsection A or the provisions of subsection C of § 56-589, the time during which
13 such proceeding or governmental suit and all appeals therefrom is pending shall not be
14 counted as any part of the period within which an action under this section shall be brought.

15 D. The circuit court may make such additional orders or decrees as may be necessary
16 to restore to any identifiable person any money or property, real, personal, or mixed, tangible
17 or intangible, which may have been acquired from such person by means of any act or
18 practice violative of subsection A or subsection C of § 56-589, provided, that such person
19 shall be identified by order of the court within 180 days from the date of any order
20 permanently enjoining the unlawful act or practice.

21 E. In any case arising under this section, no liability shall be imposed upon any
22 licensed supplier, aggregator or any other provider of any service made competitive under this
23 chapter, who shows by a preponderance of the evidence that (i) the act or practice alleged to
24 be in violation of subsection A or subsection C of § 56-589 was an act or practice over which
25 the same had no control, or (ii) the alleged violation resulted from a bona fide error
26 notwithstanding the maintenance of procedures reasonably adopted to avoid a violation.
27 However, nothing in this section shall prevent the court from ordering restitution and payment

1 of reasonable attorney's fees and court costs pursuant to subsection ~~B-C~~ to individuals
2 aggrieved as a result of an unintentional violation of subsection A or subsection C of § 56-
3 589.

4 § 56-590. Public purpose programs. [CEE pp. 1 & 2]. At its 12/29 meeting, the
5 **Drafting group recommended further study of this issue by Legislative Transition Task**
6 **Force. See Structure & Transition Draft Supplement--additions to § 56-594.**

7 ~~§ 56-590.1. [CEE, pg. 16, bullet 4] Environment and Renewable energy; net energy~~
8 ~~metering provisions.~~

9 ~~A. The Commission shall establish net energy metering provisions designed to~~
10 ~~encourage private investment in renewable energy resources, stimulate economic growth~~
11 ~~within the Commonwealth, enhance the continued diversification of Virginia's energy resource~~
12 ~~mix, and reduce interconnection and administrative costs for electric service providers.~~

13 ~~B. For the purpose of this section "net energy metering" means measuring the~~
14 ~~difference between electricity supplied to an eligible customer-generator, and the electricity~~
15 ~~generated and fed back to the electric grid by the eligible customer-generator over an annual~~
16 ~~period, with corresponding billing or crediting of the customer-generator retail customer~~
17 ~~account by such customer-generator's supplier of electric energy.~~

18 § 56-590.2. Energy efficiency. At its 12/29 meeting, the **Drafting group**
19 **recommended further study of this issue by the Legislative Transition Task Force. See**
20 **Structure & Transition Draft Supplement--additions to § 56-594.**

21 § 56-590.3. Utility worker protection. At its 12/29 meeting, the **Drafting group**
22 **recommended further study of this and related reliability issues by the Legislative**
23 **Transition Task Force. See Structure & Transition Draft Supplement--additions to § 56-**
24 **594.**

25