



SUPPORT: NET ENERGY METERING; SOLAR INTERCONNECTION; COST RECOVERY.

SB 346 SPONSOR: SENATOR
SUBRAMANYAM

HB 117 SPONSOR: DELEGATE
SULLIVAN

SUMMARY

Provides that an electric distribution company shall pay \$1 per kilowatt per day for the costs of lost electricity production for any and all delays beyond the regulatory notice period required by the State Corporation Commission related to net energy metering. The bill requires that, for the purposes of net energy metering, an eligible customer-generator shall bear all reasonable costs of equipment required at the eligible customer-generator's side of the meter for the interconnection to the supplier's electric distribution system, including reasonable and prudent costs of additional controls, tests, or liability insurance. Additionally, the bill allows for cost recovery by Phase I and Phase II Utilities for electric distribution grid transformation projects that support the interconnection of generating facilities using energy derived from sunlight that are owned or contracted by eligible customer-generators, subject to the Commission finding those costs to be reasonable and prudent in accordance with existing law.

PURPOSE

This bill resolves interconnection issues that now threaten to shut down solar for public schools, hospitals, municipalities and commercial businesses in Virginia, by amending and clarifying existing Code on net-metering and grid modernization. See graph below of impact of current interconnection costs faced by public school and other projects.

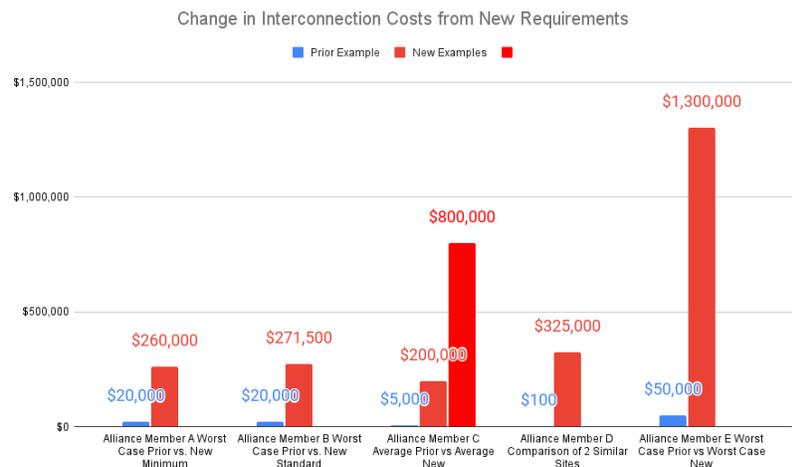
AMENDMENTS TO NET-METERING AND GRID MODERNIZATION

Amends VA Code § 56-594. Net energy metering provisions.

- Provides 30-day timeframe for residential interconnection, and 60-days for non-residential customers at \$1/KW per day for delays that now consistently cause problems.
- Clarifies that customers are responsible for the costs of interconnection for equipment and upgrades on their side of the meter only.
- Provides that costs of any studies are borne by the utility and any delays to timely permission to operate (PTO) once a project is installed and approved by the authority having jurisdiction will include a penalty of \$1/KW per day for delays.

Amends VA Code Grid Transformation and Recovery Act § 56-585.1.

- Utility may seek cost recovery from the SCC for any "reasonable and prudent" interconnection costs it can demonstrate are needed to upgrade the distribution grid.



For information contact: Alden Cleanthes, Legislative Director at 757-535-0382 or
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BACKGROUND AND SUPPORT FOR CHANGES

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AMENDMENTS TO NET-METERING

Amends VA Code § 56-594. Net energy metering provisions

- **Timely Interconnection Decisions:** The proposed amendment sets clear and reasonable timelines for interconnection decisions, addressing a critical concern for both industry experts and legislators. 30-days for residential, and 60-days for non-residential.
- **Mitigating Delays:** To protect customer interests, the electric distribution company will bear the full retail costs of lost electricity production for any delays that exceed the specified notice period. This mechanism incentivizes utilities to expedite the interconnection process.
- **Grid Reliability:** Ensuring timely interconnections is essential for maintaining grid reliability, as delays can disrupt the flow of electricity and impact both customers and the stability of the energy system.
- **Economic Benefits:** Swift interconnection decisions can stimulate economic growth by allowing businesses to proceed with renewable energy projects without undue delays, fostering investment and job creation.
- **Transparency:** These timelines and penalties for delays bring transparency to the interconnection process, making it more accessible and equitable for all eligible customer-generators.
- **Regulatory Clarity:** Clearly defining roles, responsibilities, and cost allocations provides clearer regulatory oversight, and dissemination of roles across the energy industry
- **Precedence:** According to the information that came to light in the SCC workgroups, New York utilities are successfully meeting much more stringent timelines for interconnection by the major and minor utilities, there is no clear reason why Virginia utilities can't do the same

AMENDMENTS TO GRID MODERNIZATION

Amends VA Code Grid Transformation and Recovery Act § 56-585.1

- **Grid Modernization for Reliability:** Upgrading the grid is essential for reliable and resilient energy infrastructure. These improvements enhance the system's ability to handle fluctuations, reduce downtime, and ensure a consistent power supply.
- **Renewable Energy Integration:** To meet the mandates of the VCEA, upgrading the grid is crucial for accommodating the integration of renewable energy sources. These improvements enable smoother integration, minimizing disruptions and optimizing the use of clean energy.
- **Enhanced Energy Efficiency:** Upgraded grids are more efficient, reducing energy losses during transmission and distribution. This efficiency leads to cost savings in the long run and contributes to a more sustainable and cost-effective energy system.
- **Ensuring Grid Security and Resilience:** Upgraded grids are better equipped to handle cybersecurity threats and physical challenges, ensuring the security and resilience of the energy infrastructure. This is crucial for safeguarding against potential disruptions and maintaining a reliable power supply.
- **Timely Implementation of Upgrades:** Cost recovery mechanisms incentivize utilities to efficiently implement necessary upgrades, ensuring that the benefits of a modernized grid are realized in a timely manner. This benefits both the utility and ratepayers.
- **Regulatory Oversight for Consumer Protection:** Will include oversight to protect consumers from any potential misuse of cost recovery. This ensures that ratepayers are not subjected to unreasonable or unnecessary costs and that the funds are used responsibly for grid enhancements.

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