



Virginia Clean Economy Act

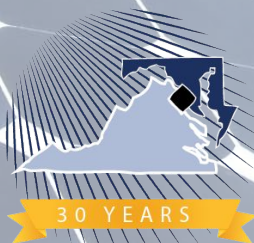
| Overview |



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Legal Disclaimer:

*Nothing shared during this webinar
constitutes legal advice from
MDV-SEIA.*



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Patroned by:

**Senator Jennifer McClellan (SB 851)
& Delegate Rip Sullivan (HB 1526)**



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The Virginia Clean Economy Act (VCEA)

sets Virginia on the path to being **100% carbon free** by 2045. By reducing carbon pollution, the Commonwealth will do its part in **combating climate change** while **creating new jobs** and economic development, **improving health outcomes** for all Virginians, and **saving Virginia families and businesses money** on their utility bills.



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VCEA Core Tenets

1. Renewable Portfolio Standard (RPS)
2. Removal of rooftop solar policy barriers
3. Decarbonization of our electricity grid
4. Energy Efficiency Resource Standard (EERS)



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Virginia's Political Dynamics

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Renewable Portfolio Standard (RPS)



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Renewable Portfolio Standard

Dom and APCo must participate in a RPS program that establishes annual goals for the sale of renewable energy to all retail customers in the utility's service territory.

The RPS Program requirements shall be a percentage of the total electric energy sold in the previous calendar year.



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Renewable Portfolio Standard (cont'd)

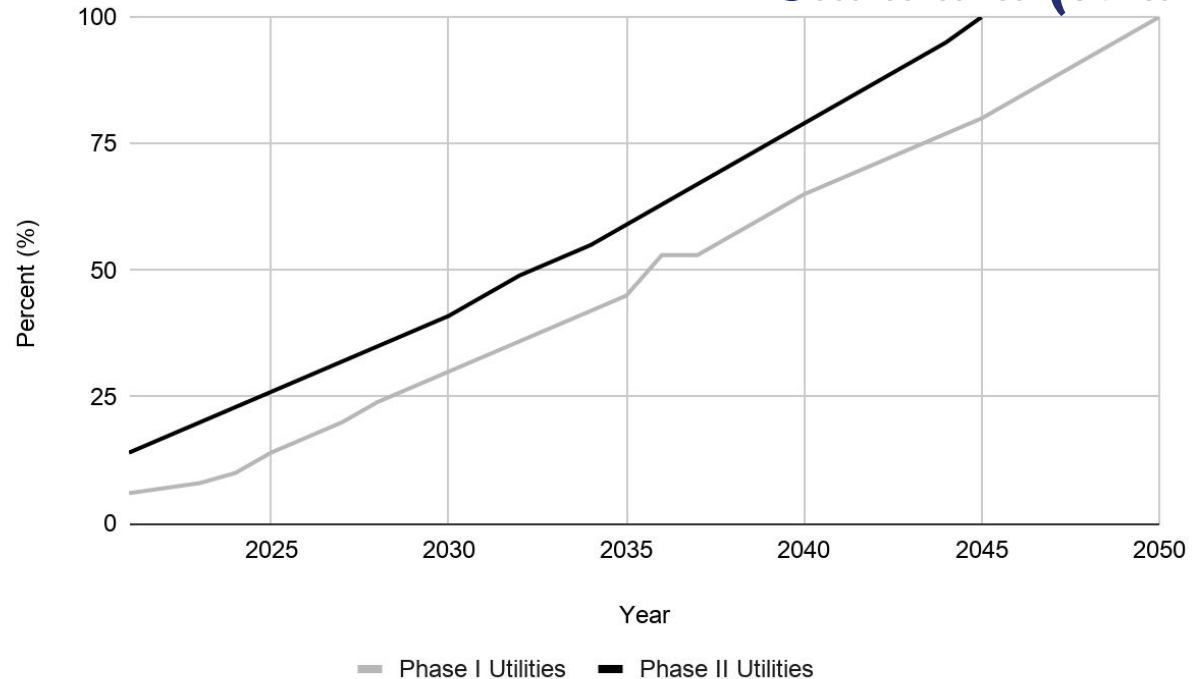
To comply, Dom and APCo shall procure and retire
Renewable Energy Certificates (RECs) originating
from RPS eligible sources.*

*Defined, beginning on Line 1330



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Renewable Portfolio Standard (cont'd)



In the 1st year of the RPS, 2021, **14% of Dom and 6% of APCo resources must be from renewable resources** . Those numbers will increase to **41% for Dominion by 2030 and 30% for APCO.**



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Renewable Portfolio Standard (cont'd)

1% Rooftop Solar RPS Carve Out (Dom only)

1% of the RPS must come from in-state distributed solar resources less than 1MW.

Of that 1%, **no less than 25%** shall be composed of low-income qualifying projects.



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Renewable Portfolio Standard (cont'd)

This is required for Dominion to fulfill its' annual RPS target and will equate to approximately **90 MWs in 2021.**

By 2030, the 1% will equate to approximately **250 MWs.**

*As of February 15th there were only 27MWs of eligible Virginia-sited DG projects registered with PJM GATS.



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Renewable Portfolio Standard (cont'd)

This establishes the **first Distributed Generation (DG) RPS Tier** for systems up to 1 MWs in the nation.

This is the **first program in Virginia to incent rooftop solar deployment** for localities, businesses and residential customers.



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Renewable Portfolio Standard (cont'd)

Years 2021 to 2024: Dom and APCo may use RECs from any renewable energy facility that are located in the Commonwealth or are physically located within the PJM Interconnection, LLC (PJM) region.

Years 2025 and after: Dom and APCo may only use RECs from RPS eligible sources for compliance with the RPS Program. Beginning in 2025 and thereafter, at least 75 percent of all RECs used by Dom in a compliance period shall come from RPS eligible resources located in the Commonwealth.

RPS Schedule for Dom and Apco found on Lines 1360-1393.



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Renewable Portfolio Standard (cont'd)

Target Procurements by Year:

	Dec. 31, 2023 (APCo) Dec. 31, 2024 (Dom)	Dec. 31, 2027	Dec. 21, 2030	Dec. 31, 2035
APCo	200 MW*	200 MW*	200 MW*	N/A
Dominion	3,000 MW*	3,000 MW*	4,000MW*	6,100MW*

*35 percent of each of these procurements shall be met from facilities owned by persons other than the utility, with the remainder being from construction or acquisition by the utility.



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Renewable Portfolio Standard (cont'd)

Dom's aggregate of 16,100 MW must include:

- At least 200 MW placed on previously developed project sites (3 MW and below); and
- 1,100 MW of solar with a nameplate capacity (50kW to 3 MW) per individual project; 35% shall be from facilities owned by persons other than a utility, including utility affiliates and deregulated affiliates.



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Deficiency Payments

Projects 1 MW or greater: In any compliance year, if Dom and APCo are unable to meet the compliance obligation of the RPS Program requirements or if the cost of RECs necessary to comply with RPS Program requirements exceeds \$45 per megawatt hour, such supplier shall be obligated to make a deficiency payment equal to \$45 for each megawatt-hour shortfall.



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Deficiency Payments

(cont'd)

Projects sub 1 MW: the deficiency payment for any shortfall shall be \$75 per megawatt hour for resources one megawatt and lower.

The amount of any deficiency payment shall increase by one percent annually after 2021.



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Deficiency Payments

(cont'd)

All proceeds from the deficiency payments shall be deposited into an account administered by DMME, whereby:

- 50% of total revenue shall be directed to job training programs in historically economically disadvantaged communities;
- 16% of total revenue shall be directed to energy efficiency measures for public facilities;
- 30% of total revenue shall be directed to renewable energy programs located in historically economically disadvantaged communities; and
- 4% of total revenue shall be directed to administrative costs.



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Market Barrier Removal for Distributed Generation Solar



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Distributed Generation Solar

Project size

- Increases the residential system project size from 20 kW to 25 kW
- Increases the maximum project size eligible for net metering from 1 MW to 3 MW



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Distributed Generation Solar (cont'd)

System Size

- Increases the system size capacity to 150% of expected annual energy consumption (based on the previous 12 months of billing) for Dominion customers

- Apco & ODP: remains at 100%



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Distributed Generation Solar (cont'd)

Standby Charges

- Increases the residential system size subject to standby charges from 10 kW to 15 kW.



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Distributed Generation Solar (cont'd)

Net Energy Metering (NEM)

- Increases the NEM cap to 6% in each IOU service territory
 - 5% for traditional customers + 1% for low-income customers)



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Distributed Generation Solar (cont'd)

Net Energy Metering (NEM)

- Existing NEM customers and new customers up to the 5% are grandfathered at full retail credit.
- Low-income customers have the option to remain at full retail NEM, regardless of solar study outcome



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Distributed Generation Solar (cont'd)

SCC “Solar Study” NEM Proceeding

- When the NEM cap reaches 3 percent in aggregate for each utility or 2024 (Apco) or 2025 (Dom), whichever happens first, the SCC shall conduct a net energy metering proceeding.



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Distributed Generation Solar (cont'd)

SCC “Solar Study” NEM Proceeding

The SCC shall evaluate and establish:

- An amount customers shall pay on their utility bills each month for the costs of using the utility's infrastructure;
- An amount the utility shall pay to appropriately compensate the customer, as determined by the Commission, for the total benefits such facilities provide;
- The direct and indirect economic impact of net metering to the Commonwealth; and
- Any other information the Commission deems relevant.



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Distributed Generation Solar (cont'd)

- The SCC shall establish an appropriate rate structure for all NEM customers, except for low-income customers, that interconnect after the effective date established in the Commission's final order.
- The Commission shall enter its final order in such a proceeding no later than 12 months after it commences such proceeding.



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Distributed Generation Solar (cont'd)

SCC “Solar Study” NEM Proceeding

- In this evaluation, the SCC may *raise or remove* the NEM cap.



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Distributed Generation Solar (cont'd)

Power Purchase Agreements (PPAs)

- Increases the PPA cap to
 - Dom: 1,000 MW (*500 MW for jurisdictional; 500 MW for non-jurisdictional*)
 - Apco: 40 MW
- Increases the PPA project size limitation to 3 MW
- All non profits are eligible to utilize PPAs regardless of system size



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Pulse Check

How's everyone doing?



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Battery Storage

Storage targets by Dec. 31, 2035:

- 2,700 MW (Dom)
- 400 MW (Apco)
- With a minimum 35% must come from the purchase by a public utility of energy storage facilities owned by persons other than a public utility (3PO).

All projects are subject to competitive procurement.



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Battery Storage (cont'd)

No single energy storage project shall exceed 500 megawatts in size, except that Dom may procure a single energy storage project up to 800 megawatts.



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Battery Storage (cont'd)

Dom and Apco must submit annually a plan and petition for approval for the development of new solar and onshore wind generation capacity, including the goal of installing **at least 10 percent of such energy storage projects behind the meter.**



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Battery Storage (cont'd)

By January 1, 2021: the SCC shall adopt regulations to achieve the storage deployment, including regulations that set interim targets and update existing utility planning and procurement rules.



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OffShore Wind (OSW)

5.2 GW of OSW by Dec. 31, 2034 declared 'in the public interest.'

The projected total levelized cost of energy on a cost per megawatt hour basis does not exceed 1.4 times the comparable cost of a combustion turbine generating facility.



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Ratemaking & SCC Oversight



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Ratemaking & SCC Oversight

- **RPS Cost Recovery:** gives the SCC the discretion to reject any costs of the RPS program that it deems to be unreasonable or imprudent.
- **Social Cost of Carbon:** Requires the SCC to consider the social cost of carbon with any new application for constructing a new generation facility.



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Ratemaking & SCC Oversight (cont'd)

- **Commission Oversight throughout Subsections D & E:** the utility is required to submit a petition to the SCC for approval before it makes investments in the new utility-constructed renewable energy and energy storage resources.



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Ratemaking & SCC Oversight (cont'd)

- **Competitive Procurement throughout Subsections D & E:** requires that the utility's petition to the SCC to include the option for the utility to purchase renewable and storage resources from third-party developers.



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Low Income Provisions

Defines "**Historically economically disadvantaged community**" -- (i) a community in which a majority of the population are people of color or (ii) a low-income geographic area.

Defines "**Low-income utility customer**" -- any person or household whose income is no more than 80 percent of the median income of the locality in which the customer resides. The median income of the locality is determined by the U.S. Department of Housing and Urban Development.



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Solar Opportunities for Low-income Customers

- 1% full retail NEM exclusively for low-income customers
- 25% of the 1% RPS requirement (1 MW and below) must be low-income qualifying projects

Launch of Percentage of Income Payment Plan (PIPP)



Thank you for joining!

Q&A



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Other 2020 VA Solar Legislation

Utility-Scale

- Conditional Zoning: SB 870 / HB 655
- National Standards: SB 875 / HB 656
- Comprehensive Plan: HB 657
- Solar Revenue Share: SB 762 / HB 1131
- M&T Tax Exemption Extension: SB 763 / HB 1434



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Other 2020 VA Solar Legislation

Distributed Generation

- HOA: SB 504 / HB 414
- Solar Freedom: SB 710 / HB 572
- Shared Solar: SB 629 / HB 1634
- PPA/NEM Expansion: HB 1647



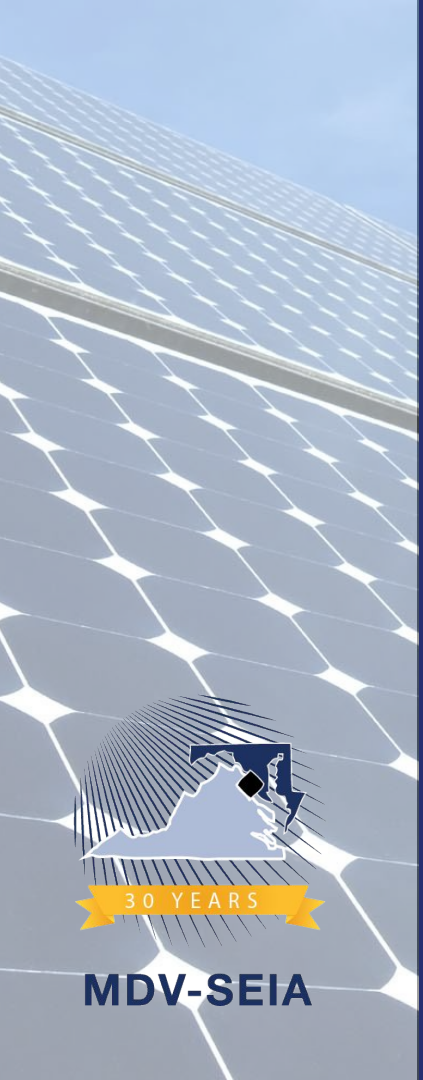
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Thank you for joining!

***Stay safe
& stay healthy!***



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