



Virginia SCC Adopts Shared Solar Regulations and Establishes Shared Solar Program

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On December 23, 2020, the Virginia State Corporation Commission (the "Commission") issued an Order (the "Order") adopting Rules Governing Shared Solar Program, 20 VAC 5-340-10 *et seq.* (the "Rules"), effective as of January 1, 2021. The Rules govern the development of shared solar facilities and participation in the shared solar program. The Rules were adopted pursuant to Virginia Code § 56-594.3, which required that, by January 1, 2021, the Commission establish a program affording customers of Virginia Electric and Power Company (d/b/a Dominion Energy Virginia) (Dominion) the opportunity to participate in shared solar projects.

Key provisions of the Rules include the following:

Program Size:

- **Initial:** The maximum cumulative size of the shared solar program initially cannot exceed **150 MWs**, at least 30% of which must be comprised of low-income customers.
- **Expanded:** The program is to be expanded by **50 MWs** (for a total program size of 200 MWs) upon satisfaction of the 30% requirement for low-income participation.

Project Definition/Size:

- Shared solar facility is defined as a facility that:
 1. Generates electricity by means of a solar photovoltaic device with a nameplate capacity rating that does not exceed **5,000 kW (AC)**;
 2. Is located in the service territory of an investor-owned electric utility;
 3. Is connected to the electric distribution grid serving the Commonwealth;
 4. Has at least three (3) subscribers;

5. Has at least 40% of its capacity subscribed with subscribers of 25 kW or less; and
6. Is located on a single parcel of land.[1]

- Any shared solar facility may collocate on the same parcel of land as another shared solar facility only if such facilities are owned by the same entity and do not exceed a cumulative maximum capacity of 5,000 kW among all such facilities.

Subscriber Organization Licensing with the Commission:

- Each entity seeking to conduct business as a subscriber organization (which is defined, in part, as any for-profit or nonprofit entity that owns or operates one or more shared solar facilities[2]) is required to obtain a license from the Commission prior to commencing business operations.
- Applications for licensure are to be filed by the legal entity with control of, or prospective control of, shared solar projects, rather than each individual project.
- An entity seeking to conduct business as a subscriber organization that provides less than a total of 500 kW (AC) solar at any one location or multiple locations is to provide notice to the Commission (and provide a copy to Dominion), rather than obtaining a license from the Commission.

Subscriber Organization Registration with the Utility:

- Subscriber organizations (licensed or otherwise) are required to register each proposed shared solar facility with Dominion by entering into an agreement containing information prescribed in the Rules, including (among other things): (i) the identity of the shared solar facility participating in the shared solar program (including a copy of the executed interconnection agreement for the shared solar facility), (ii) stating the amount of capacity for the facility meeting or exceeding the minimum of 30% that will be subscribed by low-income subscribers, and (iii) providing proof that non-ministerial permits have been obtained for the shared solar facility.
- Dominion may require reasonable financial security from the subscriber organization to safeguard the utility and its customers from the reasonably expected net financial impact due to the nonperformance of the subscriber organization.

Shared Solar Capacity Award:

- Dominion is required to notify the subscriber organization within 30 days after the subscriber organization registers a facility whether the facility has been awarded capacity in the program queue or placed on a waiting list. Dominion is required to maintain, on a publicly available website, a list of projects accepted into the program queue and of those projects that are on the waiting list.
- When awarded capacity, a subscriber organization is required to pay Dominion a security deposit of **\$50 per kW** of alternating current rated capacity of the shared solar facility within ten days. (Subscriber organizations deemed bona fide nonprofits are exempt from the deposit requirement.)

Deposits are required to be returned in full (including interest) upon commercial operation of the shared solar facility.

- If a project fails to reach mechanical completion within 24 months of the date it was awarded capacity, Dominion shall remove the project from the project queue, unless the subscriber organization provides an additional deposit of **\$25 per kW** to maintain its position. If, after paying the additional deposit, the project still fails to reach mechanical completion within an additional 12 months, Dominion is to remove the project from the program queue.

Bill Credit and Minimum Bill:

- The Commission is to establish the yearly applicable bill credit rate for the subscriber's residential, commercial or industrial rate class. Dominion is required to provide bill credits to a shared solar facility's subscribers for not less than 25 years from the date the facility becomes commercially operational. Any portion of the bill credit that exceeds the subscriber's monthly bill (minus the minimum bill) will be carried over and applied to subsequent bills until the earlier of when the credit is satisfied or 12 months.
- The Commission is also to convene a proceeding to determine the monthly administrative charge and the components of the minimum bill. Low-income customers are exempt from the minimum bill.

Subscriber Marketing and Enrollment: A subscriber organization cannot conduct any marketing activities related to participation in the shared solar program until after the subscriber organization (i) receives a license (or exemption or waiver) from the Commission and (ii) has begun registration with the utility. Also, a subscriber organization cannot enroll subscribers until after the earlier of when the utility's customer information system is operating or July 1, 2023, and the project receives the executed Small Generator Interconnection Agreement and any other applicable local and state permits for the shared solar facility.

As part of its Order, the Commission also established a program implementation schedule, which includes the following activities:

- By **March 1, 2021**, Dominion is to file its proposal for the minimum bill with the Commission.
- By **June 1, 2021**, Dominion is to file with the Commission, and publish on its website, any materials needed for project registration.
- On **July 1, 2021**, the Commission will begin receiving applications for subscriber organization licensing and exemptions.
- On **July 1, 2021**, Dominion is to begin accepting applications for registration.
- Within 60 days of Dominion's implementation of its customer information platform or by July 1, 2023, whichever occurs first, Dominion is to file any remaining tariffs, agreements or forms necessary for the program with the Commission.

In addition, by March 1, 2021, the Commission Staff is to convene the first meeting of the shared solar stakeholder working group and convene additional meetings on an ad hoc basis afterward.

For more information about the Rules or the shared solar program, please contact Brad Nowak, co-chair of Williams Mullen's Solar & Energy Storage Practice Group.

[1] 20 VAC 5-340-20.

[2] *Id.*

Related People

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