The key to cost-effective VCEA implementation is more solar at all scales.

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THE STATE OF SOLAR IN VIRGINIA

Solar must play a crucial role in fulfilling the mandates of the Virginia Clean Economy Act ("VCEA"), which set Virginia on a path to a zero-carbon electricity grid by 2050. In Virginia, the different types of solar are residential rooftop, community scale, and utility-scale, and each type of solar must play a role. The VCEA dramatically expanded the size of Virginia's residential net metering program. And in the same year, Virginia passed legislation authorizing Virginia's versions of community solar: shared solar and multi-family shared solar.

Virginia should be doing everything possible to maximize the amount of residential rooftop and shared solar in the Commonwealth, yet there are still barriers preventing a truly equitable expansion of these important solar options. Virginia also needs a clear strategy that prioritizes the siting of utility-scale solar on the built environment and mitigates the impacts of those projects sited on farmland and forests.

Residential Rooftop Solar[1]

- Net metering customers in Virginia are currently credited for the electricity their system produces at the retail rate (1:1 net metering). This policy is among the best in the country.
- Leases and PPAs are great options for low-to-moderate income Virginians who can't afford the upfront costs of a residential solar system.
  - While many organizations believe that leases are permitted under the law, Dominion, through their wholly owned subsidiary, Dominion Energy Solutions, claims that leases are not permitted.
  - Dominion's interpretation has prevented large residential solar developers from offering this product in Virginia.
- The VCEA increased the size of the State Corporation Commission's Power Purchase Agreement ("PPA") Pilot Program and allowed low-income qualified customers to participate.
  - However, moderate income Virginians who do not qualify as low-income can't participate.

Shared solar and multi-family shared solar[2]

- These shared solar programs allow utility customers, who for whatever reason can't go solar on their own home or apartment, to subscribe to the electricity generated by a solar facility developed by a third party unrelated to the utility. Their subscription earns them credits that offset and reduce the costs of their utility bill.
- Projects for both programs are capped at 5 MW. These are smaller scale projects that do not require hundreds of acres of land.
- Shared solar is available to Dominion customers and multi-family shared solar is available to Dominion and Old Dominion customers. Customers of Appalachian Power Company ("APCo") are left out.
- The SCC approved $55/month minimum bill for the shared solar program makes that program more expensive than remaining a normal utility customer. Low-income customers are exempt from the entirety of the minimum bill.

Solution

To ensure an equitable buildout of residential rooftop solar, leases need to be explicitly authorized and the PPA Pilot Program must be opened to all Virginians.

Solution

To ensure an equitable buildout of shared solar, the minimum bill must be lowered to allow Virginians of all income levels to participate, and the program must be made available to APCo customers.

Utility-scale solar[3]

- Utility-scale systems are those larger than 5 MW. The economies of scales of these larger systems make them the one of the cheapest tools available to combat the climate crisis.
- Virginia should prioritize siting these projects on already disturbed lands and the built environment—places like brownfields, former coal mines, highway medians, warehouses, big box stores, and parking decks.
  - Prioritizing projects in these places is crucial because the more projects we can site on these places means less impact to important natural resources like farmland and forests.
- For its expedited permit-by-rule program (projects under 150 MW), DEQ is currently conducting a rulemaking to determine the mitigation that developers must undertake when siting projects on farms and forests.
- The Inflation Reduction Act contains stackable tax credits that add up to huge incentives for good utility-scale solar projects.
  - All solar projects are eligible for an investment tax credit ("ITC") of 30% of the project's cost.
  - Solar projects in "energy communities" like those with brownfields or former coal mines can receive an additional 10% bonus ITC and solar projects in low-income communities are eligible for another 10-20% ITC
- Virginia has a program to incentivize projects on former coal mines and brownfields, the General Assembly has just never appropriated funds. A robust appropriation to this program would serve as an effective complement to the bonus tax credits created by the IRA.

Solution

Legislation to incentivize projects on places like parking lot decks and big box stores is needed to offset the slightly higher costs of those projects.

REFERENCES

[1] Relevant Provisions: Va. Code § 56-594, 20 Virginia Administrative Code 5-315-10 et seq.

[2] Relevant Provisions: Va. Code §§ 56-594.3, 56-585.1:12, 20 Virginia Administrative Code 5-340-10 et seq., 20 Virginia Administrative Code 5-342-10 et seq.

[3] Relevant Provisions: Va. Code §§ 10.1-1197.6, 56-580(D)

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