ENVIRONMENT AND ENERGY CONSERVATION COMMISSION
c/o Department of Environmental Services
2100 Clarendon Blvd., Suite 705
Arlington, VA 22201

November 3, 2014

The Honorable Jay Fisette, Chairman
Arlington County Board
2100 Clarendon Blvd.
Arlington, VA 22201

Re: Legislative Agenda for the 2015 General Assembly

Dear Chairman Fisette:

Thank you for the early opportunity to present the Environment and Energy Conservation Commission's priorities for Arlington County's legislative agenda for the 2015 General Assembly legislative session. We have prepared a summary of several critical and desirable changes needed to Virginia's code. Some of the items below are reflected in the 2014 Virginia Energy Plan, which shows that there may be positive momentum behind some of these changes.

1. Expand Power Purchase Agreements (PPA)

1.1. <u>Expand PPA Applicability to All Utilities.</u>

PPAs allow nonprofit entities and public agencies to purchase renewable power from private investors who take advantage of the Federal tax credit. PPAs are powerful catalysts for large-scale private investments in solar photovoltaic installations in many other states. A prior session of the Virginia legislature passed PPAs albeit in a limited manner. Amending these utility regulations further could unleash these market forces.

1.2. <u>Replace the current pilot program for third-party power purchase agreements with a permanent provision that allows PPAs without customer class, system size, and program capacity limits</u>.

Renewable energy is increasingly a mandatory part of most large US corporations' power supply. To stay economically competitive so as retain these corporations in Virginia while attracting other corporations to Virginia, Virginia should replace the current pilot program for third-party power purchase agreements with a permanent provision that allows PPAs without customer class, system size, and program capacity limits.

2. Implement Virginia Mandatory Renewable Energy Portfolio Standard (RPS)

2.1. <u>Implement a Mandatory Virginia-wide RPS</u>.

Support legislation to implement a statewide renewable energy portfolio standard so as to create jobs and remain economically competitive with Maryland and Washington, DC. For example, Maryland and the District of Columbia have each set standards of 2% or greater of the state's electricity mix to be generated by solar or distributed generation resources. Similarly a specific solar carve out should be included in the RPS.

3. Advance Net Metering

3.1. Allow community net metering.

This would allow ratepayers to "subscribe" to electricity from solar power produced from registered "Community Energy Generating Facilities." The idea is to open up the solar electricity market in Virginia to the entire ratepayer base (including renters and condominium owners) and not just property owners and agriculture. This kind of legislation should also lower the investment risk of going solar for "subscribers" and project developers by diversifying the required type and commitment of investors able to participate.

3.2. Increase or remove the limit on rated generating capacity of customer-generators for which net-metering is available.

The limit on generating capacity of customer-generators for which net-metering is available is 1% of an electric distribution company's adjusted Virginia peak-load forecast for the previous year. Increasing the limit on generating capacity would encourage investment in power generation in Virginia, diversify its sources of power, and increase its energy security. An increase in the limit would also bring Virginia in line with standards in California (5% limit) and New Jersey (no limit), two states where alternative energy markets thrive.

3.3. Raise the limit on system size eligible for net-metering.

The current limits are set at 20 kilowatts (kW) for residential systems and 500 Kw systems for businesses. Changing the limit to at least 2,000 kW for both would put Virginia among the best states for net metering.

4. Help Arlington's Economic Competitiveness with Washington, DC and Maryland

4.1. Establish corporate renewable energy tax credits.

Establish a Corporate Tax Credit for corporate renewable energy production as a catalyst for Northern Virginia's growing clean technology corridor so as to remain competitive with Maryland.

4.2. Implement state and utility rebate, sales tax and property tax energy efficiency programs for corporate, industrial, and residential customers.

Ask Virginia to implement state and utility corporate, industrial, and residential sales tax and property tax energy efficiency rebate program so as to remain economically competitive with Maryland and Washington, DC.

4.3. Support a Clean Energy Finance and Investment Authority (CEFIA) facility and a green bonding facility for financing and financial incentives for renewable energy and efficiency projects.

Like Connecticut, encourage Virginia to establish a Clean Energy Finance and Investment Authority (CEFIA) facility. This "green bank" will leverage public and private funds to drive investment and scale up clean energy deployment in Virginia. CEFIA would offer incentives and innovative low-cost financing to encourage homeowners, companies, municipalities, and other institutions to support renewable energy and energy efficiency.

Similar to many states and municipalities in the US, encourage Virginia at the state and municipal levels to issue "green bonds" to facilitate low-interest and state tax-exempt loans to help finance clean energy and energy efficiency projects.

4.4. Support improvements to the Virginia State Corporation Commission approved rate program for Dominion Virginia Power customers that install solar PV systems and increased incentives.

A pilot program was approved in March 2013 that provides customers that install solar PV with the option to sell both the electricity and solar renewable energy credits (SRECs) to the utility. We would like the SCC to extend the duration of this program, provide customer-generators with the option to sell the electricity, the SRECs, or both to the utility, and increase compensation to customer-generators for electricity generated by solar power and the SRECs so that the VA solar market can compete with DC and MD.

5. Reduce Economic Risk

5.1. Direct State agencies to apply climate data to long-term planning.

Ask all state agencies involved in long-term infrastructure development and approvals to consider climate data in planning and assessing infrastructure needs.

5.2. Direct State pension plans to apply climate data to long-term investing.

Similar to the California pension management agency Calpers, measure and disclose the carbon footprint of state pension plan investments annually, beginning with equities portfolios by September 2015, with the aim of using this information to develop an engagement strategy and/or identify and set carbon footprint reduction targets. Encourage all state pension plans to assess their investment portfolios for climate risk and publicly disclose information such as exposure to fossil fuels by coal, oil, and gas reserve data) and carbon footprint. By establishing that all pension plans for state employees consider climate data in portfolio management strategies, the Commonwealth of Virginia would avoid future unanticipated pension plan shortfalls stemming from risky investments that did not include climate data for financial decision makers.

5.3. Mandate all state and local planning and zoning commissions consider climate data in all coastal zone and floodplain zoning.

Mandate that all state and local planning and zoning commissions consider climate data (not climate change data) in all coastal zone and floodplain management and infrastructure and land-based, maritime, and air transportation developments and assessment.

5.4. Allow for community solar, a/k/a solar gardens, whereby multiple individuals can have an ownership stake in a large solar installation on a condominium or public building

Many of Arlington's residents live in communal settings (e.g., condominiums, apartments) and would value the opportunity to pool their resources to support the installation of a large solar installation. For example, Seattle City Light customers can buy solar units in a Community Solar Project and receive a share of the total output of the project's solar array. The utility credits customers for their portion of the power. There are at least 52 community solar projects in 17 states, none of which are in Virginia. Arlington's residents are denied this opportunity because community net metering is not allowed in Virginia.

Other Issues

6. Waste Reduction

6.1. Enable local communities to implement a small fee for disposable shopping bags

The Virginia doctrine of limited authority for local governments, known commonly as the Dillon Rule, limits the ability of local communities, like Arlington, who seek to implement a small bag fee (on the order of 5-10 cents per bag). Washington, D.C., and Montgomery County, Maryland have successfully implemented a bag fee. A small fee would mitigate the adverse environmental impacts caused by single-use disposal bags, a cost that is often borne by local governments who manage the additional waste and recycling volume and clean up waste in waterways posed by disposable bags. Rather than seeking to impose a statewide fee, we suggest working with other local jurisdictions to introduce a bill that would give local communities the choice to implement a bag fee.

Again, thank you for the opportunity to provide input to design the County's legislative agenda for 2015, and for your consideration of these recommendations. We look forward to learning how our ideas are incorporated in the County's legislative package.

Sincerely,

Scott Dicke
Chair