ECKERT SEAMANS
ATTORNEYS AT LAW

March 2026

Legal Update

Virginia Shared Solar Legislative Update

In passing sweeping community solar legislation last week, Virginia's General Assembly is taking steps to expand use of programs designed to increase the number of consumers who can participate in solar-derived electricity. The four new bills passed in early March, directed to the state's two electricity providers, Dominion Energy and Appalachian Power Company, amend existing laws overseen by the State Corporation Commission ("Commission") to increase the allowable capacity for community solar programs. Provisions also establish a process for evaluation of future expansion that would include analysis of the benefits of shared solar to the electric grid and to the state.

Called "shared solar" or "community solar," these programs essentially enable consumers to benefit from the electricity generated by large-scale solar power developments. The electricity generated by a community solar development is sold to electricity distributors at specified rates. Revenue received from selling solar power to the grid is then essentially credited back to community solar subscribers who receive credits or discounts on their monthly electricity bills. Electricity bill discounts of around 10% or more have been forecast by shared solar developers, and some states require a minimum monthly discount for qualified programs.

Shared solar, established in Virginia in 2020 and expanded in 2024, is seen as attractive for many types of consumers, including, for example, renters of apartments who cannot purchase their own solar panels, low income consumers, customers who want to support use of renewable solar energy, and those who just want a discount on their monthly power bill.

The new legislation, which will be presented to Virginia's Governor Abigail Spanberger for signing, consists of Senate and House bills that apply to the two electricity service territories: Dominion Energy (SB 254 and HB 807) and Appalachian Power Company (SB 255 and HB 809). One of the sponsors of both Senate bills, Senator Scott Surovell (D-Fairfax, 34th Dist.), has said that "[t]hese bills are about scaling what works – giving more families access to affordable power while strengthening reliability and keeping investment here in Virginia." *See* March 3, 2026 online article in *Solar Power World*.

The current shared solar programs in Virginia are at pilot-scale, and reportedly are fully subscribed with waitlists, including Dominion Energy's 200-megawatt program. (*Id*.) Appalachian Power's smaller territory includes a 50-megawatt program that began in 2025 and is reportedly oversubscribed. (*Id*.)

The new bills focused on Dominion Energy would require the release of an additional 525 megawatts of shared solar capacity by the earlier of "i) a determination that at least 90 percent of the aggregate program capacity has been subscribed, and project construction is substantially complete; or, ii) July 1, 2026." (§ E of both SB 254/HB 807) The bills also direct Dominion Energy to petition the Commission to initiate a proceeding for 268 megawatts of additional capacity on or before completion of the new expansion. Provisions also require a portion of the capacity to be dedicated to low-income subscribers.

The Appalachian Power focused bills direct the company to release an additional 50 megawatts as part two of the shared solar program on July 1, 2026. The legislation also require it to release a further additional 50 megawatts as part three of the shared solar program by January 1, 2028; and, to petition the Commission to initiate a proceeding to determine further additional capacity by May 1, 2029.

All four bills include provisions allowing the Commission to initiate proceedings to evaluate whether to permit further capacity expansion and would require consideration of:

> i) the costs and benefits of the shared solar program on a participating utility's long-run marginal costs for generation, transmission, and distribution; ii) the impact of the shared solar program on compliance with the renewable energy portfolio standard set forth in § 56-585.5 of the Code of Virginia; iii) direct and indirect economic impacts to the Commonwealth from the shared solar program; and, iv) any additional information the Commission deems relevant, including environmental, resilience, rule price risk, and other risk minimization benefits from the program.

(See § 56-594.4; and, § E of SB 255/HB 809, and SB 807/HB 254).

Notably, language in the bills directed to both power companies continues to incorporate usage of the "minimum bill" framework in an effort to ensure that consumer subscribers of shared solar programs who receive discounts on their electricity bills also pay a fair share of the costs of providing electricity services.

While consumers and renewable energy advocates have embraced shared solar, some utilities and non-subscribed consumers have voiced concern over recent years that non-subscriber electricity bills have grown higher, in part because of perceived costs associated with distributors' purchase of solar-generated electricity.

Whether or not the criticism has been born out in monthly invoices, the "minimum bill" framework is an approach to address this concern because it requires shared solar subscribers to pay a minimum amount for their electricity, essentially a minimum floor or minimum rate for a subscriber's bill. The minimum bill concept, as well as the specific minimum bill rate, have been the subject of scrutiny by various stakeholders, including power companies. The Commission issued a Final Order November 24, 2025 in Dominion Energy's shared solar minimum bill proceeding focusing on determination of a workable method of calculating the customer's rate. *See* November 25, 2025 online article in *Solar Power World*. Appalachian Power has a pending proceeding for a recalculated minimum bill for its shared solar program.

The new legislation focused on Appalachian Power (SB 255 / HB 809) also permits excess bill credits to be distributed to shared solar subscribers more than once annually and requires a net crediting functionality for customer utility bills.

The General Assembly's new legislation comes about a year after the Commission's issuance in February 2025 of new Rules Governing Shared Solar Program that promulgated requirements such as aggregate capacity size, and factors the Commission considers in establishing the minimum bill:

> a. Consider further costs the Commission deems relevant to ensure subscribing customers pay a fair share of the costs of providing electric services; b. Minimize the costs shifted to customers not in a shared solar program; and, c. Calculate the benefits of shared solar to the electric grid and to the Commonwealth, including avoided costs and deduction of such benefits from other costs.

(*See* Rules Governing Shared Solar Program, 20VAC5-340-80, pursuant to Va. Code § 56-594.3 and § 56-594.4). In establishing the minimum bill for a Phase II Utility (i.e,, Dominion Energy), the Rules state that the Commission shall exempt low-income customers from the minimum bill. (*Id.*)

As Virginia expands its allowance and use of community solar programs, other states may consider similar legislation designed to increase consumer participation in shared solar power, including use of the minimum bill approach and other features.

ECKERT SEAMANS ATTORNEYS AT LAW

This Legal Update is intended to keep readers current on developments in the law. It is not intended to be legal advice. If you have any questions, please contact Jacqueline Welch at 617.342.6879 or jwelch@eckertseamans.com, Lauren M. Burge at 412.566.2146 or lburge@eckertseamans.com, members of Eckert Seamans' Alternative Energy, Renewables & Clean Technology, and the Infrastructure & Transportation Groups, or any other attorney at Eckert Seamans with whom you have been working.