WEST VIRGINIA CODE: §5B-2-21

§5B-2-21. Certified Microgrid Development Program.

(a) Program established. — The Certified Microgrid Development Program is hereby created and is to be administered as a program within the Division of Economic Development to encourage the continued development, construction, operation, maintenance, and expansion in West Virginia of high impact i plants and facilities, in certain circumstances where the availability of electricity generated is demonstrated to be necessary. In order to effectuate the purposes of this section, the Division of Economic Development, or any agency, division, or subdivision thereof, may propose for promulgation of legislative rules, including emergency rules, in accordance with §29A-3-1 *et seq*. of this code.

(b) District certification. — The Secretary of the Department of Commerce may identify and certify microgrid districts in this state upon a finding that the following requirements are met:

(1) Certification of the microgrid district and location of new or expanded businesses within the microgrid district will have a significant and positive economic impact on the state;

(2) Certification of the microgrid district is necessary to attract at least two businesses to locate or expand in this state;

(3) The area to be certified as a microgrid district shall be no greater than 2,250 acres and nearly contiguous;

(4) The electricity generated within the microgrid district will be used only within the microgrid district or delivered to the wholesale market;

(5) The information described in §5B-2-21(h) of this code has been provided to the Department of Commerce;

(6) The requirements of §5B-2-21(i) of this code have been satisfied; and

(7) The requirements of §5B-2-21(b)(5) and (6) of this code may not apply to microgrid districts certified on or before January 1, 2024;

(8) The requirements of subsections (d), (e), (g), (h), and (j) of this section enacted during the regular session of the Legislature, 2025, shall not apply to any microgrid district certified on or before January 1, 2024, or any special contract entered into and approved by the Public Service Commission on or before January 1, 2025. No amendments to this section enacted during the regular session of the Legislature, 2025, shall be interpreted to remove an existing microgrid district certification.

The Secretary of the Department of Commerce may not certify more than two microgrid

WV Legislature

districts: *Provided*, That this limit on certifying microgrid districts shall not apply to any microgrid district wherein greater than 70% of the electricity generated within the microgrid district is consumed by one or more high impact data centers, as defined in §11-6N-2 of this code, or will be consumed by one or more high impact data centers, when such data centers are completed and fully operational. A designation made pursuant to this section by the secretary as to the certification of a microgrid district is final.

(c) Providing electric service within a certified microgrid district. — Within a microgrid district, any person, firm, corporation, or entity or their lessees and tenants seeking to provide electric service through the generation or distribution of electricity within the microgrid district to businesses locating within the microgrid district may:

(1) Not be subject to the jurisdiction of the Public Service Commission with respect to rates, obtaining a certificate of convenience and necessity, conditions of service or complaints pursuant to chapter 24 of this code;

(2) Not be subject to the net metering and interconnection standards as set forth in §24-2F-8 of this code;

(3) Elect to qualify as an exempt wholesale generator under federal law for purposes of furnishing electric service through the generation of electricity to a utility or regional transmission organization without being subject to the Public Service Commission's siting certificate requirements as set forth in §24-2-1(d), §24-2-11c, or §24-2-1o of this code;

(4) Provide any such electric service to businesses making a capital investment in a new or expanded facility located within the certified microgrid district;

(5) Not provide any such electric service for purposes of encouraging businesses already receiving electric service from a regulated utility in this state to relocate to the certified microgrid district; and

(6) Not deliver outside the microgrid district more than 10% of the electricity generated within the certified microgrid district and only delivered to the wholesale market.

(d) Microgrid customers; eligibility. — In order to take advantage of the provisions of this section, a plant or facility choosing to locate and operate within a microgrid district must constitute new electric load. Any owner, lessee, or tenant of a plant or facility that has not previously received electric service from a regulated public electric utility located within this state, or who is making a capital investment in a new facility within the microgrid district shall be considered eligible new electric load. Electric service to any such plant or facility shall be considered new electric load so long as any customer making a new capital investment within the microgrid district does not decrease the load of an existing facility outside the microgrid district in this state in conjunction with the new capital investment within the microgrid district, and regardless of whether or not a person or entity previously received service from a public electric utility at or near the same location prior to the

WV Legislature

certification of the microgrid district.

An eligible plant or facility choosing to locate and operate within a microgrid district is not required to connect with and use any public electric utility: *Provided*, That any connection with and use of a public electric utility for purposes of the initial construction and development within the microgrid district shall not impact a plant or facility's status as new electric load in order to take advantage of the provisions of this section.

(e) Microgrid customers; special contracts and rates. — After certification of a microgrid district, the Public Service Commission may approve special contracts for a a microgrid customer within the microgrid district. For purposes of this section, a “special contract” is:

(1) a written agreement between an electric utility and an eligible retail electric microgrid customer within the microgrid district that is filed with the Public Service Commission and that provides that an eligible retail electric microgrid customer will receive utility service on terms and conditions, including rates, that vary from the utility’s tariff on file with the Public Service Commission, or

(2) electric utility service terms and conditions, including rates, ordered by the Public Service Commission that vary from the electric utility’s tariff to be in effect between a utility and an eligible retail electric microgrid customer when the electric utility and the eligible retail electric microgrid customer are unable to negotiate a written agreement.

A microgrid customer seeking a special contract shall first enter into negotiations with the utility within whose service territory the microgrid district is located regarding the terms and conditions of a mutually agreeable special contract. If the negotiations result in an agreement between the microgrid customer and the utility within 120 days, the microgrid customer and the utility shall jointly file with the Public Service Commission the special contract. If the negotiations are unsuccessful in the 120-day period, the microgrid customer may file a petition with the Public Service Commission to consider establishing a special contract. The Public Service Commission shall consider all relevant factors in establishing a special contract. Upon the filing of a petition pursuant to this section, the Public Service Commission shall establish a special contract for the provision of requested service, including backup and supplemental service to a microgrid customer within the microgrid district. Microgrid customers’ load within the microgrid district not covered by a contract for back up and supplemental service shall be considered non-firm and interruptible. The Public Service Commission shall establish a special contract upon the filing of a petition pursuant to this section and shall do so within 90 days of filing.

(f) Electrical infrastructure costs. — Regulated electric utility customers shall not bear any costs including, but not limited to, construction, operational, ancillary services, grid-related, energy-related, or capacity-related costs, associated with any electricity generation, transmission or distribution facilities that provide electrical service to a microgrid district. Any costs of this nature are to be borne by the generator or electricity consumers situated within the microgrid district.

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(g)(1) Payment In Lieu Of Taxes Electricity Generation and Distribution. — Notwithstanding the provisions of §5D-1-14, §7-5-13, §7-11B-3(b), §7-11B-8(c)(4), §7-11B-15(a)(7), §7-11B-15(a)(15), §7-11B-18, §8-19-4, §8-29A-7, §8A-12-12, §11-13-2p, §11-13C-5(l)(1)(A), §16-13A-21, §16-15-18(b)(6), §17-16A-16(b), §17-16B-20(b), §18-9A-12(c), § 31-21-5, and §31-21-15 of this code, or any other provision of this code, no payment in lieu of taxes shall be entered into with relation to the property of any electricity generating plant, facility, or generating unit or any property comprising, in whole or in part, any electricity distribution apparatus, equipment, lines or facilities (A) located in the county and (B) directly or indirectly dedicated to providing electric power to any plant, facility or property subject to this subsection. Nor shall any payment in lieu of taxes be entered into with relation to any leasehold interest or any other property interest related thereto.

(2) Tax Increment Financing. — Notwithstanding the provisions of §7-11B-1 *et seq*. of this code, or any other provision of this code, no tax increment financing project, plan or arrangement shall be entered into or undertaken with relation to any electricity generation or distribution property subject to this subsection.

(3) For purposes of this subsection, an electricity generating plant, facility, or generating unit or electricity distribution apparatus, equipment, lines, or facilities shall be deemed to be "dedicated" to providing electric power to any plant, facility, or property subject to this subsection if not less than 75% of the output of the electricity generation property or electricity distribution property, measured in kilowatt hours, are used to supply electricity to a facility, project, or series of related or integrated facilities within the county or counties subject to this subsection.

(4) For purposes of this section, property includes all real property, all buildings and structures affixed to land, and all tangible personal property, including, but not limited to equipment, inventories and mobile equipment, and also including property subject to special salvage valuation under §11-6A-1 *et seq*., §11-6E-1 *et seq*., §11-6H-1 *et seq*., §11-6J-1 *et seq*., §11-6F-1 *et seq*., and §11-6L-1 *et seq*. of this code, or any other special ad valorem property valuation provision of this code; *Provided*, That property subject to special valuation shall be allowed that special valuation as authorized by law, for purposes of calculating and determining the ad valorem property tax imposed with relation thereto, notwithstanding being otherwise subject to the provisions of this section.

(h) Microgrid District Development; Letters of Intent. — To become a certified microgrid district under this section, the person or entity must present the Secretary of the Department of Commerce with a confidential letter of intent. The letter of intent shall include sufficient economic, financial, and engineering information concerning the proposed project with sufficient detail to adequately inform the department of the size, scope, and nature of the target customers of the project, including, without limitation, the approximate proposed acreage and location, estimated capital investment, evidence of financial capacity, estimated project completion date, major project milestones, estimated generation capacity, estimated power loading internal to the microgrid, estimated power, including backup power, needed from the local distribution electric utility, estimated power supplied to the

WV Legislature

wholesale market, and the types or sources of each electric power generation unit. The letter of intent and all supplied information shall be held in confidence pursuant to §5B-2-21a(e) of this code by the department.

(i) Microgrid District Development; Notice Period and Negotiation. — At least 120 days before submitting a letter of intent and other materials to the department, an applicant seeking a microgrid district certification must make good faith efforts to negotiate for the supply of all or part of its electricity needs for the project from the local distribution electric utility. The letter of intent must also include documentation evidencing the good faith efforts to negotiate. This time-period limitation and negotiation requirement does not apply to microgrid districts proposing to produce 300 megawatts or more of electricity or for microgrid districts that are proposing to not be connected in any way to the local distribution electric utility after completion of all construction.

(j) Microgrid District Development; Special Contracts and Power Rates. — (1) A certified microgrid district seeking a special contract from a local distribution electric utility located in the state shall first enter negotiations for not more than 120 days with the local distribution utility regarding the terms and conditions of a special contract. The microgrid district shall provide reasonable access and terms to the local distribution utility to enable the electric utility's transmission and/or distribution facilities to tie into those of the microgrid district. The 120-day negotiation period required by this section may be satisfied by the precertification negotiation period required by §5B-2-21(i) of this code.

(2) If the negotiations result in a mutually agreeable special contract, the contracting parties shall jointly file the special contract pursuant to the rules of the commission.

(3) If negotiations for a special contract with the local distribution utility are unsuccessful, a certified microgrid district may file a petition with the commission to establish a special contract.

(4) The commission shall establish a special contract upon the filing of a petition pursuant to this section. The Public Service Commission shall consider all relevant factors in establishing special contracts. The Public Service Commission shall establish a special rate for the requested service, including backup and supplemental service to a microgrid district. The microgrid district's load not covered by a contract shall be considered non-firm and interruptible. The commission shall issue a final order determining the terms of a special contract within 90 days of filing of a petition.

WV Legislature