

## State Corporation Commission 2007 Fiscal Impact Statement

**1. Bill Number** SB1275

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Whipple

**3. Committee**    Commerce and Labor

**4. Title**            Renewable energy and energy efficiency program requirements.

**5. Summary/Purpose:** Renewable energy and energy efficiency program requirements. Requires that by the period June 1, 2020, through May 31, 2021, and in subsequent years, 12% of the electric energy sold by each supplier to retail customers in the Commonwealth be generated from renewable generation energy sources, and that each supplier achieve reductions in the consumption of electric energy by its retail customers, through the supplier's implementation of energy efficiency programs, in an amount equal to 5% of the amount of electric energy consumed by its retail customers in 2006. The requirements are phased in over a period commencing June 1, 2008. The 12% requirement for renewable generation energy sources is comprised of three categories of renewable energy sources, each of which has separate percentage requirements. Generators of renewable energy receive renewable energy credits for power generated through eligible renewable sources or conserved through energy efficiency programs. Suppliers who do not comply with the minimum percentage requirements are required to make alternative compliance payments into a new Virginia Sustainable Energy, Energy Efficiency, and Energy Conservation Fund. Distributors are authorized to recover incremental costs of compliance incurred during the capped rate period under the procedure for recovery of the costs of purchased power. Electric cooperatives and municipal electric utilities are exempted from the measure.

**6. Fiscal Impact Estimates are:** Tentative. Such impacts are expected to be substantial. See item 8.

**6a. Expenditure Impact:**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2006-07			
2007-08	\$250,000		
2008-09	\$150,000		
2009-10	\$156,000		
2010-11	\$162,000		
2011-12	\$169,000		
2012-13	\$175,000		

**7. Budget amendment necessary:** No.

**8. Fiscal implications:** The bill will require that the Virginia State Corporation Commission assume substantial new responsibilities which would require the hiring of at least two additional employees on an on going basis. The Virginia State Corporation Commission would also incur the costs associated with public notice and possible outside consulting assistance during the first year of the program. The bill would also have a substantial impact on electric consumers in that it would require additional purchases of alternative energy supplies and demand side resources. The additional costs of such requirements cannot be quantified with any precision. While actual impacts of the bill on ratepayers are difficult to quantify, the maximum impact of potential impact of the bill can be calculated using alternative compliance payments. Based on those payments, consumer impacts could be as high as \$51 million in 2009 increasing to \$466 million in 2020.

**9. Specific agency or political subdivisions affected:** Virginia State Corporation Commission

**10. Technical amendment necessary:** There appears to be a typographical error in § 56-598 B 11 on line 243. The year should be 2019 instead of 2018.

**11. Other comments:** None.

**Date:** 01/17/07 / CW

cc: Secretary of Commerce and Trade