

State Corporation Commission 2006 Fiscal Impact Statement

1. Bill Number SB278

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Whipple

3. Committee Commerce and Labor

4. Title Renewable portfolio standard.

5. Summary/Purpose:

Renewable portfolio standard. Requires 20% of the electric energy sold by a supplier to retail customers in Virginia to be generated from renewable energy sources by the 2015/2016 reporting year. The requirement is phased in over a 10-year period. A supplier shall be excused from the requirements to the extent that renewable energy resources are not reasonably available in sufficient quantities in the marketplace for the suppliers to meet them. A supplier complies with the requirement by self-generating the renewable energy or purchasing sufficient renewable energy credits. The credits evidence the generation of the energy from renewable sources. A distributor's costs of compliance with these requirements will be recoverable through fuel factor adjustments.

6. See Item # 8.

7. Budget amendment necessary: No.

8. Fiscal implications: The fiscal implications are unknown at this time. The bill would potentially impose costs on suppliers and consumers of electricity. The bill would also impose costs on the State Corporation Commission. It is impossible to develop reliable estimates of such costs at this time.

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

10. Technical amendment necessary: A number of technical amendments may be necessary. It is not clear whether the bill is intended to apply to incumbent utilities. The cost recovery language would only be applicable to jurisdictional utilities. It seems that the intent of the bill is to include all suppliers, both incumbents and new alternative suppliers once rate caps expire. However, it appears as if the bill potentially exempts incumbents. The bill could also be interpreted as encouraging voluntary participation by incumbent utilities. Provisions pertaining to (i) cooperatives; (ii) recovery of certain costs after the capped rate expires; (iii) competitive implications; and (iv) the definition of recoverable costs may need to be clarified.

11. Other comments: No.

Date: 01/18/06 / cdw

cc: Secretary of Commerce and Trade