

080191672

HOUSE BILL NO. 1523

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Commerce and Labor
on February 7, 2008)

(Patron Prior to Substitute—Delegate Orrock)

A BILL to amend the Code of Virginia by adding in Title 56 a chapter numbered 24, consisting of sections numbered 56-597, 56-598, and 56-599, relating to resource planning by electric utilities.

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 56 a chapter numbered 24, consisting of sections numbered 56-597, 56-598, and 56-599, as follows:

CHAPTER 24.

ELECTRIC UTILITY INTEGRATED RESOURCE PLANNING.

§ 56-597. Definitions.

As used in this chapter:

"Affiliate" means a person that controls, is controlled by, or is under common control with an electric utility.

"Electric utility" means any investor-owned public utility that provides electric energy for use by retail customers.

"Integrated resource plan" or "IRP" means a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

"Retail customer" means any person that purchases retail electric energy for its own consumption at one or more metering points or non-metered points of delivery located in the Commonwealth.

§ 56-598. Contents of integrated resource plans.

An IRP should:

1. Integrate, over the planning period, the electric utility's forecast of demand for electric generation supply with recommended plans to meet that forecasted demand and assure adequate and sufficient reliability of service, including, but not limited to:

a. Generating electricity from generation facilities that it currently operates or intends to construct or purchase;

b. Purchasing electricity from affiliates and third parties; and

c. Reducing load growth and peak demand growth through cost-effective demand reduction programs;

2. Identify a portfolio of electric generation supply resources, including purchased and self-generated electric power, that:

a. Consistent with § 56-585.1, is most likely to provide the electric generation supply needed to meet the forecasted demand, net of any reductions from demand side programs, so that the utility will continue to provide reliable service at reasonable prices over the long term; and

b. Will consider low cost energy/capacity available from short-term or spot market transactions, consistent with a reasonable assessment of risk with respect to both price and generation supply availability over the term of the plan;

3. Reflect a diversity of electric generation supply and cost-effective demand reduction contracts and services so as to reduce the risks associated with an over-reliance on any particular fuel or type of generation demand and supply resources and be consistent with the Commonwealth's energy policies as set forth in § 67-102;

4. Include such additional information as the Commission requests pertaining to how the electric utility intends to meet its obligation to provide electric generation service for use by its retail customers over the planning period.

§ 56-599. Integrated resource plan required.

A. Not later than December 31, 2008, the Commission shall order each electric utility to develop an integrated resource plan. The order may establish guidelines for developing an IRP.

B. By September 1, 2009, each electric utility shall file an initial integrated resource plan with the Commission, which plan shall comply with the provisions of the order of the Commission issued pursuant to subsection A.

C. Each electric utility shall file an updated integrated resource plan at least every two years thereafter, which plan shall comply with the provisions of any relevant order of the Commission establishing guidelines for the format and contents of updated and revised integrated resource plans.

D. In preparing an integrated resource plan, each electric utility shall systematically evaluate, and

HOUSE SUBSTITUTE

HB1523H1

60 *may propose:*

61 *1. Entering into short-term and long-term electric power purchase contracts;*

62 *2. Owning and operating electric power generation facilities;*

63 *3. Building new generation facilities;*

64 *4. Relying on purchases from the short term or spot markets;*

65 *5. Making investments in demand-side resources, including energy efficiency and demand-side*
66 *management services;*

67 *6. Taking such other actions, as the Commission may approve, to diversify its generation supply*
68 *portfolio and ensure that the electric utility is able to implement an approved plan; and*

69 *7. The methods by which the electric utility proposes to acquire the supply and demand resources*
70 *identified in its proposed integrated resource plan.*

71 *E. The Commission shall analyze and review an integrated resource plan and, after giving notice*
72 *and opportunity to be heard, the Commission shall make a determination as to whether an IRP is*
73 *reasonable and is in the public interest.*

74 **2. That as part of its 2009 integrated resource plan developed pursuant to this act, each electric**
75 **utility shall assess governmental, nonprofit, and utility programs in its service territory to assist**
76 **low income residential customers with energy costs and shall examine, in cooperation with relevant**
77 **governmental, nonprofit, and private sector stakeholders, options for making any needed changes**
78 **to such programs.**

79 **3. That a copy of each electric utility's integrated resource plan filed with the State Corporation**
80 **Commission in 2009 pursuant to this act shall also be provided to the chairmen of the House**
81 **Committee on Commerce and Labor, the Senate Committee on Commerce and Labor, and the**
82 **Commission on Electric Utilities Restructuring.**