

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: SB596

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

2. Patron: Norment

3. Committee: Commerce and Labor

4. Title: **Commission on Electric Utility Regulation**

5. Summary: Commission on Electric Utility Regulation. Continues the Commission on Electric Utility Restructuring as the Commission on Electric Utility Regulation and extends its scheduled expiration from July 1, 2008, until July 1, 2010. The Electric Utility Restructuring Act is renamed the Virginia Electric Utility Regulation Act, and provisions of the Act that address the transition to retail competition are revised to address provisions of 2007 legislation that curtailed many aspects of the scheduled re-regulation of electric generation services. Requires the State Corporation Commission convene a work group on consumer education issues to continue the process commenced in Case No. PUE-2007-00049.

6. Fiscal Impact Estimates: See Item 8.

7. Budget Amendment Necessary: See Item 8.

8. Fiscal Implications: The fiscal impact on the State Corporation Commission will be minimal in the beginning with regards to the development of a plan for an electric energy consumer education program to inform consumers of energy conservation, energy efficiency, demand-side management, demand response, and renewable energy. The plan can be developed with existing staff and resources. Once the program is defined, then the cost to establish and implement the consumer education program could be significant depending on the scope of the program. (Assuming the program would cost a minimum of \$ 1 million per year, then the SCC's special regulatory tax collected from consumers of regulated electric utilities would increase accordingly. For a residential customer using 1,200 kilowatt-hours of electricity a month, the annual impact would be equivalent to 30 cents. If the cost is \$ 2 million per year, then the cost on the same consumer would be 60 cents annually.)

There would need to be a budget amendment for the fiscal year in which the program is authorized to begin.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary:

11. Other Comments: Since Virginia's natural gas local distribution companies are also going to be engaged in conservation programs and efficient natural gas usage initiatives, perhaps the scope of the program should include natural gas energy consumer education as well. If so, then a portion of the program's cost could also be recovered through the special regulatory tax on natural gas consumption.

Date: 2/21/2008 ks

cc: Secretary of Commerce and Trade