

## State Corporation Commission 2009 Fiscal Impact Statement

**1. Bill Number:** HB2506

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

**2. Patron:** Pollard

**3. Committee:** Passed Both Houses

**4. Title:** Energy efficiency programs.

**5. Summary:** Energy efficiency programs. Authorizes investor-owned electric utilities to recover the costs of designing, implementing and operating energy efficiency and peak-saving programs, including a margin on operating expenses. The State Corporation Commission (SCC) may permit recovery of revenue reductions related to such programs to the extent it determines such revenue has not been reasonably recovered through margins from incremental off-system sales. None of these costs to be recovered shall be assigned to large customers over 10 MW of demand. The SCC shall promulgate rules by November 15, 2009, to establish the procedures for large general service customers over 500 kW demand that have implemented their own verifiable programs and seek an exemption from assignment of the costs to be recovered.

**6. Fiscal Impact Estimates:** Not available. See Item 8.

**7. Budget Amendment Necessary:** None

**8. Fiscal Implications:** The bill provides for utility recovery of costs, including a margin on operating expenses related to the design and implementation of energy efficiency and peak-shaving programs. It also permits recovery of lost revenue resulting from decreased consumption resulting from such programs. In light of the exemption for certain customers and the uncertainty that the costs of such programs may be offset by the savings resulting from such actions, this legislation could potentially increase electric utility rates, particularly for small commercial and residential customers. In combination with the passage of other pending legislation, additional staff could be required.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission; Office of the Attorney General

**10. Technical Amendment Necessary:** This bill conflicts with Senate Bill 1248 in several places. In some instances, the differing provisions provide conflicting direction on the same issue. See item 11.

**11. Other Comments:** The State Corporation Commission is directed to establish and conclude a proceeding by November 15, 2009, to promulgate rules for large customer exemption. The time frame to adopt the regulations is very tight in that if this proposal is passed, the directive

would become effective July 1, 2009. The time frame provided in the bill may be too short – the State Corporation Commission allows due process for notice, testimony, hearing, evaluation and Commission consideration, as well as publication and notice within the Virginia Register – it would be extremely difficult to meet the November 15 deadline.

In addition, the following differences have been noted in the language of House Bill 2506 as compared with Senate Bill 1248: (i) lines 62-65 of the enrolled version of House Bill 2506 differs from the provisions on lines 62-64 of the enrolled version of Senate Bill 1248; (ii) lines 286-313 of House Bill 2506 differs from lines 285-301 of Senate Bill 1248; (iii) in the second enactment clauses of the bills, House Bill 2506 on line 561 differs from line 549 of Senate Bill 1248, and (iv) House Bill 2506 includes a third enactment clause which Senate Bill 1248 lacks.

Date: 3/10/09 D. Eichenlaub  
cc: Secretary of Commerce and Trade