

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2506

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

2. Patron: Pollard

3. Committee: Conference Committee

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. There would be no fiscal impact on the State Corporation Commission as a result of this bill.

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

10. Technical Amendment Necessary: None.

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.

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