

**\*\*REVISED\*\***  
**State Corporation Commission**  
**2009 Fiscal Impact Statement**

**1. Bill Number: SB1348**

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: Wagner**

**3. Committee: Passed Both Houses**

**4. Title: Demand-side management, energy conservation, energy efficiency, and demand reduction.**

**5. Summary:** Demand-side management, energy conservation, energy efficiency, and demand reduction. Directs the State Corporation Commission (SCC) to conduct a proceeding to determine achievable, cost-effective energy conservation and demand response targets that can be accomplished through demand-side management portfolios administered by generating electric utilities. The SCC is required to report to the Governor and the General Assembly by November 15, 2009. The legislation also requires the SCC to approve a demand-side management program that is proposed by a certain generating electric utility or a qualified nonutility provider if certain conditions are satisfied. The State Air Pollution Control Board in consultation with the SCC and Department of Mines, Minerals and Energy (DMME), shall adopt an air general permit or permits for the construction, installation, and operation of distillate oil, natural gas, liquid propane gas, and bio-diesel fired electric generating facilities that participate in a voluntary demand response program (i.e. load curtailment, demand response, peak shaving or like program) and that qualify as non major facilities under the Clean Air Act Amendments of 1990. Participation in PJM Interconnection LLC's Emergency Load Response Program, as defined in PJM Interconnection LLC's Manual 13 Emergency Operations, shall not be considered as participating in a voluntary load reduction program. The air general permit shall have requirements ensuring air quality is protected, including appropriate control technologies.

**6. Fiscal Impact Estimates:** Not available, see Item 8.

**7. Budget Amendment Necessary:** None

**8. Fiscal Implications:** This legislation establishes a proceeding to evaluate potential methods to reduce electricity consumption and peak demand. If properly implemented, such programs may reduce demand during critical times, and possibly electricity consumption – but the cost to implement may exceed the amount of savings and could potentially increase utility rates.

**9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission, the Department of Mines, Minerals and Energy and the State Air Pollution Control Board.

**10. Technical Amendment Necessary:** Please see last paragraph of item 11 regarding differences in Senate Bill 1348 and House Bill 2531.

**11. Other Comments:** The State Corporation Commission is directed to establish and conclude a proceeding for a report by November 15, 2009 to determine achievable, cost-effective energy conservation and demand response targets. The time frame for a report 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 – it would be extremely difficult to meet the November 15 report deadline.

A portion of this bill is a Section 1 bill.

This bill differs from House Bill 2531 as follows: (i) in the second enactment clause, section 3, the language on lines 57 and 58 of the enrolled version of Senate Bill 1348 (demand-side management program) differs from the provisions of lines 58 and 59 of the enrolled version of House Bill 2531 (demand response program); and (ii) in the second enactment clause, section 3, the language on line 63 of Senate Bill 1348 (demand-side management program provider) differs from the provisions on line 63 of House Bill 2531 (curtailment service provider).

Date: 3/10/09 David Eichenlaub/A. Bowser  
Cc: Secretary of Commerce and Trade