

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: SB71

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: McEachin

3. Committee: Commerce and Labor

4. Title: **Energy efficiency resource standard; established**

5. Summary: Energy efficiency resource standard. Requires each electric utility to implement a portfolio of cost-effective electric utility energy efficiency programs that will reduce the consumption of electric energy by its retail customers by 0.3 percent of the forecast consumption for 2011, 3.9 percent of the forecast consumption for 2015, and 12.2 percent of the forecast consumption for 2022. An electric utility may seek rate adjustment clauses to recover the costs of its cost-effective electric utility energy efficiency programs with an enhanced rate of return on such costs of 100 basis points, if the electric utility achieves consumption reductions of not less than 100 percent of the amounts scheduled or 150 basis points if it achieves reductions of 125 percent or more of the amounts scheduled. An electric utility that fails to achieve the scheduled consumption reductions shall make alternative compliance payments of \$0.075 for every kilowatt hour by which the utility failed to meet the scheduled consumption reductions. Utilities are not entitled to recover alternative compliance payments from customers. Alternative compliance payments are to be deposited in a Virginia Energy Efficiency and Conservation Fund and used to provide financial incentives for the implementation of energy efficiency and conservation programs.

6. Fiscal Impact Estimates: Not available. See item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: This legislation would likely increase electricity rates for consumers because it increases the amount of energy reduction targets and bases such reductions upon a forecast rather than upon historical consumption as currently required. There may also be a need for additional staff and software purchase or lease.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission;
Department of Mines, Minerals and Energy

10. Technical Amendment Necessary: Potentially to clarify to what extent the State Corporation Commission is required to establish the target energy reduction goals and verify actual energy reductions.

11. Other Comments: The Department of Mines, Minerals and Energy will administer the Virginia Energy Efficiency and Conservation Fund.

This bill requires the SCC to forecast electricity usage and micro-manage such complex forecast modeling.

Date: 1/19/10 DRE