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SENATE BILL NO. 794

Offered January 12, 2011

Prefiled December 28, 2010

A *BILL to amend and reenact §§ 56-597 and 56-598 of the Code of Virginia, relating to integrated resource planning by electric utilities.*

 Patron—McEachin

 Referred to Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:**1. That §§ 56-597 and 56-598 of the Code of Virginia are amended and reenacted as follows:**

§ 56-597. Definitions.

As used in this chapter:

"Affiliate" means a person that controls, is controlled by, or is under common control with an electric utility.

"Electric utility" means any investor-owned public utility that provides electric energy for use by retail customers.

"Environmental impact" means the result of an action, outcome, or activity related to the IRP on natural and physical resources including wetlands, sea levels, fisheries, air quality, water quality and quantity, public health, climate, land masses, and ground water.

"Externalities" means the costs, benefits, and other effects on societal welfare, health, and the environment that (i) result from the production of energy, delivery of energy, or reduction in the use of energy through efficiency improvements and (ii) are external to a transaction between the supplier of energy or efficiency improvements and the wholesale or retail customer of the energy, which costs, benefits, and other effects shall be (a) expressed in monetary terms if capable of being monetarily quantified or (b) qualitatively considered if not capable of being monetarily quantified.

"Integrated resource plan" or "IRP" means a document developed by an electric utility that provides a forecast of its load obligations and a plan to meet those obligations by supply side and demand side resources over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.

"Price stability" means the lack of significant variation in either the real price or nominal price paid by customers over the planning period.

"Retail customer" means any person that purchases retail electric energy for its own consumption at one or more metering points or non-metered points of delivery located in the Commonwealth.

§ 56-598. Contents of integrated resource plans.

An IRP should:

1. Integrate, over the planning period, the electric utility's forecast of demand for electric generation supply with recommended plans to meet that forecasted demand and assure adequate and sufficient reliability of service, including, but not limited to:

a. Generating electricity from generation facilities that it currently operates or intends to construct or purchase;

b. Purchasing electricity from affiliates and third parties; and

c. Reducing load growth and peak demand growth through cost-effective demand reduction programs;

2. Identify a portfolio of electric generation supply resources, including purchased and self-generated electric power, that:

a. Consistent with § 56-585.1, is most likely to provide the electric generation supply needed to meet the forecasted demand, net of any reductions from demand side programs, so that *over the long term* the utility will continue to provide reliable service at reasonable prices ~~over the long term~~ *that take into consideration environmental impacts, externalities, and price stability*; and

b. Will consider low cost energy/capacity available from short-term or spot market transactions, consistent with a reasonable assessment of risk with respect to both price and generation supply availability over the term of the plan;

3. Reflect a diversity of electric generation supply and cost-effective demand reduction contracts and services so as to reduce the risks associated with an over-reliance on any particular fuel or type of generation demand and supply resources and be consistent with the Commonwealth's energy policies as set forth in § 67-102; and

4. Include such additional information as the Commission requests pertaining to how the electric utility intends to meet its obligation to provide electric generation service for use by its retail customers

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59 over the planning period.