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HOUSE JOINT RESOLUTION NO. 704

Offered January 14, 2009

Prefiled January 14, 2009

Requesting the State Corporation Commission to study the advisability of increasing the implementation of smart meter technologies in the Commonwealth. Report.

Patron—Scott, J.M.

Referred to Committee on Rules

WHEREAS, traditional electrical meters only measure total consumption over a billing period and do not provide consumers with information regarding when the energy was consumed; and

WHEREAS, traditional metering systems, which charge consumers the same rate for consuming power at any time during the billing cycle, promote inefficiency because they fail to provide information that could induce consumers to reduce usage at times when wholesale prices spike due to supply shortages and high demand; and

WHEREAS, electrical meters that provide real-time or near real-time reading of electricity prices and usage, known as smart meters, allow consumers to adjust their usage patterns to the wholesale cost of electric power as it varies over time; and

WHEREAS, charging consumers based on the amount of power consumed during specific times, and on the wholesale cost of the electricity during those times, will lead consumers to adjust their consumption habits to be more responsive to market prices; and

WHEREAS, adjusting consumption based on the price signals that smart meters can provide may delay or avoid the need for utilities to construct additional generation capacity, to run high-cost units at times of constrained generation, or to purchase electricity from higher priced sources, each of which can reduce the cost of electric service; and

WHEREAS, smart meters provide information from the meter into the home through a two-way wireless interface allowing customers to immediately see how their actions affect usage; and

WHEREAS, the implementation of smart metering technologies may, by reducing total energy consumption, reduce emissions of carbon dioxide and other pollutants; and

WHEREAS, in June 2008, Oncor, a Dallas-based utility, announced a plan to install three million advanced meters by 2012 at a cost of \$690 million; and

WHEREAS, Southern California Edison announced in September 2008 a \$1.63 billion smart metering program under which 5.3 million meters will be installed between 2009 and 2012; and

WHEREAS, in February 2006, the State Corporation Commission began a proceeding to determine whether all electricity customers should be offered time-of-use rates and advanced metering and communications technology, and the Commission staff recommended against the immediate adoption of the federal standard enacted in § 1252(a)(14) of the Energy Policy Act of 2005; and

WHEREAS, while the State Corporation Commission rejected the immediate adoption of the federal standard, it left the door open for future action; and

WHEREAS, the 2007 legislation that repealed provisions that would have required the implementation of market-based retail electricity prices through retail deregulation recognized that the cost-effective conservation of energy through fair and effective demand-side management and load management programs provided an opportunity to revisit the Commonwealth's policy on smart meters; and

WHEREAS, the State Corporation Commission convened a work group on demand/peak reduction as part of its study under the third enactment of Chapter 933 of the 2007 Acts of Assembly, which recommended in October 2007 that the Commission "should begin evaluation of deployment of advanced meters, advanced metering infrastructure (AMI), and the capabilities that would support the ultimate creation of a 'smart grid'"; and

WHEREAS, Dominion Virginia Power has plans to deploy 200,000 smart meters as part of a demonstration program of smart grid technology that includes advanced system control, real-time outage notification, power quality monitoring, and the ability to measure customer responsiveness to changing energy prices and the impact on energy demand during peak usage periods; and

WHEREAS, the unresolved issues pertaining to the implementation of smart meter technologies include the cost of rolling out the new technology and the accounting treatment of existing meters, the costs of which have not been fully depreciated; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the State Corporation Commission be requested to study the advisability of increasing the implementation of smart meter

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59 technologies in the Commonwealth. In conducting its study, the Commission shall (i) examine the
60 deployment of smart meter technologies in other states; (ii) evaluate alternative metering infrastructure
61 that will allow utilities to communicate with customers in a manner that allows customers to reduce
62 usage in response to high demand; and (iii) recommend measures to address costs of meters and other
63 equipment replaced by smart meter technologies.

64 All agencies of the Commonwealth shall provide assistance to the State Corporation Commission for
65 this study, upon request.

66 The State Corporation Commission shall complete its meetings by November 30, 2009, and shall
67 submit to the Governor and the General Assembly an executive summary and a report of its findings
68 and recommendations for publication as a House or Senate document. The executive summary and
69 report shall be submitted as provided in the procedures of the Division of Legislative Automated
70 Systems for the processing of legislative documents and reports no later than the first day of the 2010
71 Regular Session of the General Assembly and shall be posted on the General Assembly's website.