

## State Corporation Commission 2009 Fiscal Impact Statement

**1. Bill Number:** HB2176

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Plum

**3. Committee:** Commerce and Labor

**4. Title:** Electric energy efficiency standards.

**5. Summary:** Electric energy efficiency standards. Establishes an energy efficiency standard under which investor-owned electric utilities are required to reduce the consumption by their retail customers in the Commonwealth, through implementation of energy efficiency and conservation programs, in 2025 by 19 percent compared to the consumption level currently projected for such year. Between 2010 and 2025, utilities are required to meet interim benchmarks established by the State Corporation Commission (SCC), which may be amended due to such factors as economic growth, the addition of load to serve plug-in vehicles, or regulatory, economic, or technological reasons beyond the utility's control. If a utility fails to comply with a benchmark, it is required to pay an alternate compliance payment in an amount not to exceed 3 cents per kilowatt hour consumed in excess of the benchmark amount. A utility's energy efficiency and conservation programs shall be reported in its integrated resource plans.

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

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** This legislation increases the current level of reduction and such programs, if properly implemented, may save energy, but the cost to implement may exceed the amount of savings and could potentially increase electric utility rates. Additionally, any assessed penalty for not meeting the target levels could potentially be passed on to customers through increased electricity rates.

The bill requires the SCC to establish the benchmark targets and determine the effectiveness of utilities to meet such targets. These programs would be reported with a utility's IRP. No additional SCC staff will be required.

The Department of Mines, Minerals and Energy reports it can administer the Virginia Energy Efficiency and Conservation Fund without additional costs.

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

**10. Technical Amendment Necessary:**

**11. Other Comments:** The bill is in the Energy subcommittee.

Date: 1/30/2009 T. Faherty

cc: Secretary of Commerce and Trade