

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: HB2531

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Kilgore

3. Committee: Commerce and Labor

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 measure directs the SCC's cost-benefit analysis to take into consideration certain data on program costs and avoided costs and to consider four standard industry-recognized tests. The SCC is required to report to the Governor and the General Assembly by November 15, 2009. The measure 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. Such a successful determination should have a positive implication and reduce electricity rates from what they might have otherwise been. The State Air Pollution Control Board, in consultation with DMME and the SCC, is directed to adopt certain regulations and permits.

- 9. Specific Agency or Political Subdivisions Affected:** State Corporation Commission, the Department of Mines, Minerals and Energy and the Department of Environmental Quality (State Air Pollution Control Board)
- 10. Technical Amendment Necessary:** Line 22 references subsection C which does not exist in the substitute. Also, line 11 of the title refers to DEQ while the text of the bill, line 70, refers to the Air Pollution Control Board (which is within DEQ).
- 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 appears to be identical to Senate Bill 1348.