# State Corporation Commission
## 2009 Fiscal Impact Statement

1. **Bill Number:** SB1248

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|---|---|---|---|---|---|---|
| **House of Origin** | X | Introduced | ___ | Substitute | ___ | Engrossed |
| **Second House** | ___ | In Committee | ___ | Substitute | ___ | Enrolled |

2. **Patron:** Northam

3. **Committee:** Commerce and Labor

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

5. **Summary:** 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:** None

8. **Fiscal Implications:** This legislation increases the current level of electric energy reduction. 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. This legislation adds a penalty of $.03/kWh if the utility fails to meet its benchmark, unless determined by the State Corporation Commission (SCC) that the reason for failure is beyond the utility's control. Such penalty payment goes to the proposed to-be-established Virginia Energy Efficiency and Conservation Fund, administered by the Department of Mines, Minerals and Energy for the payment of financial incentives to non-utilities to implement energy efficiency and conservation programs.

   The Department of Mines, Minerals and Energy indicates it will be able to administer the Fund with its current resources.

   The legislation requires the SCC to establish the projected amount of electric energy and peak reductions, the real-time pricing signals and tariffs, and determine the effectiveness of utilities to meet such targets. Such programs would be reported with a utility's integrated resource plan (IRP). In combination with passage of other potential legislation, Commission additional staff could be required.

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

10. **Technical Amendment Necessary:** None

11. **Other Comments:** It is unclear as to how any penalty payment would be collected, from stockholders or ratepayers.

Date: 1/27/09 D. Eichenlaub
Cc: Secretary of Commerce and Trade