

State Corporation Commission 2009 Fiscal Impact Statement

1. Bill Number: SB1296

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Reynolds

3. Committee: Commerce and Labor

4. Title: **Energy efficiency and demand response goals.**

5. Summary: Energy efficiency and demand response goals. Establishes a goal that every investor-owned utility in the Commonwealth reduce the consumption by their retail customers in the Commonwealth, through implementation of energy efficiency programs, in 2025 by 19 percent compared to the consumption level currently projected for such year. The measure also establishes a goal that such utilities reduce their maximum peak demand in 2025 through their implementation of load-shifting and similar demand response programs to a level that is 26 percent less than the currently projected maximum peak demand for such year. The measure allows utilities to recover costs of designing and operating demand response and energy efficiency programs through a rate adjustment clause, and requires utilities to develop tariffs offering real-time variable rates.

6. Fiscal Impact Estimates: Not available, see Item 8.

7. Budget Amendment Necessary: No

8. Fiscal Implications: This legislation increases the current level of electric energy 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. This legislation adds a further goal of reducing electric peak demand through establishment of real-time pricing signals and rates. Utility receipt of “all recoverable costs” would likely be passed on to customers through increased electricity rates.

The bill requires the State Corporation Commission 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. These programs would be reported with a utility’s IRP. In combination with passage of other potential legislation, additional staff could be required.

9. Specific Agency or Political Subdivisions Affected: State Corporation Commission

10. Technical Amendment Necessary: No, but see Item 11.

11. Other Comments: There appears to be some confusing/unclear provisions in the bill regarding some of the language within the definitions and provisions regarding capitalized recoverable costs.

This bill is in the Utilities Subcommittee.

Date: 1/25/09 D. Eichenlaub

cc: Secretary of Commerce and Trade