

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** SB1440

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

**2. Patron:**        Herring

**3. Committee:** Commerce and Labor

**4. Title:**        **Integrated resource planning; electrical consumption.**

**5. Summary:** This bill requires each electric utility to include in its integrated resource plan, and amendments thereto, a plan for the utility to reduce its customers' electricity consumption by 2025 to a level that is 19 percent less than the forecasted 2025 consumption level, through investments in programs that will reduce the amount of base load power that the utility will be required to make available to meet expected customer consumption. The measure requires electric cooperatives to prepare integrated resource plans on the same terms applicable to investor-owned electric utilities. If a utility fails to comply with a benchmark, it is required to pay an alternate compliance payment in an amount not to exceed three cents per kilowatt hour (\$.03/kWh) consumed in excess of the benchmark amount. Funds collected from these alternate compliance payments are to be deposited in the Virginia Energy Efficiency and Integrated Resource Plan Compliance Fund (the Fund), established by this bill. The Fund shall be used to finance financial incentives, including grants and low-interest loans, to persons other than utilities for the implementation of energy efficiency and conservation programs.

**6. Fiscal Impact Estimates:** Preliminary.

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

**8. Fiscal Implications:** This bill requires each electric utility, including distribution cooperatives, to include in its integrated resource plan (IRP) a means to reduce electricity consumption by 2025 to a level that is 19 percent less than forecasted in 2025 with a 1.4 percent annual growth rate. Companies who fail to meet such expectations will be required to pay \$.03/kWh in excess of the benchmark to the Virginia Energy Efficiency and Integrated Plan Compliance Fund (the Fund) established by this bill. These penalties are to be used for financial incentives to non-utility persons to implement energy efficiency and conservation programs.

Since the bill increases the number of biennial IRPs required from electric utilities from four to 16, the State Corporation Commission (SCC) anticipates seeing an increase in workload of its utility staff. The SCC anticipates that the additional workload created by this bill, in addition to that created by other bills being considered, may require additional staff.

The bill also names the Department of Mines, Minerals and Energy (DMME) as administrator of the Fund created by this bill. DMME anticipates that these additional responsibilities can be absorbed with current staff and a fiscal impact on their agency should not result.

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

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** This bill is similar to the introduced version of SB1447.

**Date:** 2/5/2009 dpb

**Document:** G:\FIS\2009 Fiscal Impact Statements\DMME\SB1440.Doc aek

cc: Secretary of Commerce and Trade