

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: SB729

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|-----------------|--------------|--------------|-------------|------------|-------------|-----------|
| 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: McEachin

3. Committee: Commerce and Labor

4. Title: Electric utilities; alternative energy research and demonstration projects.

5. Summary: Electric utilities; alternative energy research and demonstration projects. Establishes a procedure for an investor-owned public utility to obtain approval of the State Corporation Commission for alternative energy research and demonstration projects. Such projects are research projects implemented primarily to collect information regarding the feasibility and cost effectiveness of alternative energy technologies, including offshore wind energy, solar energy, energy storage other than pump storage, distributed renewable power programs and tariffs, and customer-based metering energy management and efficiency projects. The utility may recover the costs of an approved project, with a fair return thereon, through an adjustment to rates. A utility is limited to annual investment in such projects of the lesser of (i) 1.5 percent of the electric utility's revenues from operations in Virginia for the preceding year or (ii) \$100 million. A project may be approved if the utility demonstrates that the project will satisfy one or more of the following: (a) enhance the electric utility's understanding of the effect of emerging energy technologies on the utility's systems and customers; (b) promote economic development; (c) provide environmental benefits; and (d) supplement any of the electric utility's other renewable energy or energy efficiency initiatives. This measure expires on July 1, 2015.

6. Fiscal Impact Estimates: None on state agencies.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: None on state agencies.

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

10. Technical Amendment Necessary: None noted.

11. Other Comments: No.

Date: 2/2/2010 TF