

Coal and Energy Commission
Special Subcommittee on Energy Policy
November 9, 2005, Richmond

The Special Subcommittee on Energy Policy held its first meeting to discuss ways to increase Virginia's energy independence, and to insure both short-term and long-term energy availability. Senator John Watkins, Chairman of the Special Subcommittee, discussed the need for legislators to collaborate with representatives from various energy-related industries; to this end, he invited several interested citizens to participate in the subcommittee's discussions.

Staff briefed the subcommittee on draft legislation proposed by Senator Frank Wagner, which would add a title to the Virginia Code outlining a new Virginia Energy Plan. Senator Wagner's draft sets out nine energy objectives, along with the elements of a state energy policy directed at achieving those objectives. It then charges the Department of Mines, Minerals and Energy with developing a plan to implement the policy. The plan is to include projections for energy usage and supply for a twenty year period, an analysis of these projections, and recommendations for how to best meet Virginia's energy supply needs. It is to be prepared by January 1, 2007, and updated every five years thereafter.

The most controversial section of the draft provides a process for the State Corporation Commission to designate optimal low-emission energy facility sites. The designation process seeks to make the Commonwealth an active participant in resolving its long-term energy needs by creating an incentive for locating wind farms, liquefied natural gas terminals, and nuclear power plants at sites that are determined to best meet objective criteria. Once such sites are designated as optimal, they will be exempt from local land use plans and zoning ordinances. Delegate Harry Parrish expressed concern that this was taking control away from local governments. Senator Wagner responded that he anticipated local governments being active early in the process of site designation, and that this bill would not relieve developers from existing environmental permitting requirements. The designation process is meant to signal that Virginia is ready to accept such an energy facility, and that some of the planning has already been done.

Steve Walz, of the Department of Mines, Minerals and Energy, then presented a brief summary of the Virginia Energy Plan established by executive order and an update on a study exploring off-shore exploration being conducted by the Secretary of Trade and Commerce.

Executive Order Thirty Seven (1991) established a state energy plan in order to coordinate energy conservation activities among the executive branches. The stated goals are to operate state government as a model of energy efficiency, and to ensure the sustainable use of energy in Virginia. The current plan sets out six policy objectives, and then lists specific strategies to help various agencies meet these objectives. Implementation is not mandatory; it is merely encouraged.

Senator Watkins asked if these goals were being met. Mr. Walz responded that the complete impact of the order was unknown. In a recent survey, only 40% of the agencies responded. However, within those agencies, there was a 10.3% reduction in energy consumption from 2002 - 2005. Mr. Walz also stated that new efforts towards implementation are being focused on the non-responding agencies.

Pursuant to House Joint Resolution 625 (2005), the Secretary of Trade and Commerce, with the help of DMME, has been studying the possibility of exploring natural gas resources in the Virginia coastal areas. Mr. Walz highlighted some of their preliminary findings, which indicate that Virginia's coastal region contains great potential natural gas, and possibly oil, resources, but further investigation is needed. Also, Virginia's ability to profit from any of these resources is dependent on federal Congressional action. Mr. Walz expects the final report to be published by mid-December.

Senator Watkins encouraged all interested parties to comment on Senator Wagner's proposed legislation. The next meeting of the subcommittee will be held on November 28th at 2:00. Topics of discussion will include an overview of the energy supply situation in Virginia, as well as the regulatory structures currently in place, and any recent or pending Congressional action relating to energy issues.

The Honorable John C. Watkins, Chairman
Legislative Services contact: Jessica Eades