

COMMISSION ON ELECTRIC UTILITY REGULATION

Chairman Thomas K. Norment

4:00 p.m., Monday, January 25, 2010

4th Floor East Conference Room, General Assembly Building

Legislation of Further Interest:

H.B. 39

Senator Stuart

Renewable portfolio standards; forest products. Removes the requirement that utilities participating in a renewable portfolio standard (RPS) program collectively use no more than 1.5 million tons of forest products such as wood chips, bark, and sawdust each year towards meeting RPS goals.

S.B. 111

Senator Petersen

Electric utilities; rate structure. Authorizes the State Corporation Commission (SCC) to review rate structure during the biennial review process. The bill explicitly adds innovative rate structures to the list of energy efficiency programs for which a utility may petition the SCC for cost recovery. The bill also requires the SCC to consider energy efficiency and environmental protection in all proceedings pursuant to the Virginia Electric Utility Regulation Act.

S.B. 429

Senator Herring

Electric utilities; real-time rates. Requires investor-owned electric utilities to develop tariffs offering real-time rates that vary in accordance with the utility's costs of providing electricity seasonally, daily, and throughout each day.

S.B. 565
Senator Ticer

Installation of voltage regulation technologies; recovery of costs. Allows electric utilities to recover the costs and to earn a 15 percent rate of return on investments in certain voltage regulation technologies. To qualify for this treatment, a voltage regulation device shall reduce energy consumption, improve grid efficiency, raise or lower voltage dynamically and be 99 percent or more efficient across at least 90 percent of the load curve.

S.B. 71
Senator McEachin

Energy efficiency resource standard. Requires each electric utility to implement a portfolio of cost-effective electric utility energy efficiency programs that will reduce the consumption of electric energy by its retail customers by 0.3 percent of the forecast consumption for 2011, 3.9 percent of the forecast consumption for 2015, and 12.2 percent of the forecast consumption for 2022. An electric utility may seek rate adjustment clauses to recover the costs of its cost-effective electric utility energy efficiency programs with an enhanced rate of return on such costs of 100 basis points, if the electric utility achieves consumption reductions of not less than 100 percent of the amounts scheduled or 150 basis points if it achieves reductions of 125 percent or more of the amounts scheduled. An electric utility that fails to achieve the scheduled consumption reductions shall make alternative compliance payments of \$0.075 for every kilowatt hour by which the utility failed to meet the scheduled consumption reductions. Utilities are not entitled to recover alternative compliance payments from customers. Alternative compliance payments are to be deposited in a Virginia Energy Efficiency and Conservation Fund and used to provide financial incentives for the implementation of energy efficiency and conservation programs.

S.B. 247

Senator Watkins

Regulation of the geologic storage of carbon dioxide; penalty. Authorizes the geologic storage of carbon dioxide by permit issued by the Director of the Department of Mines, Minerals and Energy. Operators must pay fees established by the Department to fund the administration of the regulatory program including compliance inspections; testing, and monitoring the geologic storage facility; and any mechanisms needed to ensure the public health and environment subsequent to the closure of operations. After 10 years, the operator may be released from liability stemming from the geologic storage of carbon dioxide if he is able to demonstrate the integrity of the facility. Title to the carbon dioxide and any liability related to the project then passes to the Commonwealth.

S.B. 393

Senator Wagner

Virginia Offshore Wind Project Development Commission. Creates the Virginia Offshore Wind Project Development Commission to facilitate the development of wind-powered electric energy facilities located off the coast of the Commonwealth beyond the Commonwealth's three-mile jurisdictional limit. The Commission is charged, among other tasks, with applying to the U.S. Minerals Management Service for leases or easements for sites for such projects and applying to the U.S. Department of Energy for up to \$4 billion in loan guarantees for such projects.

S.B. 150

Senator Stuart

Energy efficiency programs; rate recovery options for utilities. Eliminates the ability of an investor-owned utility to recover revenue reductions that result from implementation of energy efficiency programs. The bill also requires the Commission to only approve such a petition for a rate increase if it finds that the energy efficiency program will result in a net cost savings to customers after a reasonable period of time and the program is in the public interest.

S.B. 450

Senator Whipple

Mandatory renewable energy portfolio standard program. Provides for a mandatory renewable energy portfolio standard program. Under current law, the renewable energy portfolio standard program is a voluntary program to which investor-owned utilities apply to receive certain incentives. The bill creates a mandatory RPS program that retains the existing RPS goals and positive incentives and authorizes the SCC to charge a noncompliance fee to utilities that do not meet the RPS goals. The bill also creates the Virginia Sustainable Energy Fund into which utilities that fail to meet the program goals pay noncompliance fees.

S.B. 516
Senator Norment

Commission on Electric Utility Regulation. Extends the Commission on Electric Utility Regulation until July 1, 2012. Under current law, the Commission would expire on July 1, 2010.

S.B. 577
Senator McEachin

Virginia Offshore Wind Project Development Authority. Creates the Virginia Offshore Wind Development Authority to facilitate and support the development of wind-powered electric energy facilities located off the coast of the Commonwealth beyond the Commonwealth's three-mile jurisdictional limit. The Commission is charged with, among other tasks, (i) collecting metocean data, (ii) identifying existing state and regulatory or administrative barriers to the development of the offshore wind industry, (iii) upgrading port facilities to accommodate the manufacturing and assembly of offshore wind energy project components and vessels that will support the construction and operations of offshore wind energy projects, (iv) securing federal loan guarantees, and (v) developing, constructing, and operating interconnection facilities on the Virginia shoreline to connect offshore wind energy projects to the electric grid.

H.B. 86
Delegate Marshall, R.G.

State Corporation Commission; public interest standard. Directs the State Corporation Commission that it can find that a proposed rate, charge, service, or facility of a public service company is in the public interest only if it determines that the proposal is in the best interests of the citizens of the Commonwealth.

H.B. 88
Delegate Kilgore

Prepaid electric utility service. Authorizes electric cooperatives to install and operate a prepaid metering equipment and system upon a customer's request. The equipment and system will terminate electric service immediately and automatically when the customer has incurred charges for electric service equal to the amount prepaid by the customer. Such service would be exempt from existing requirements that a utility provide one billing cycle before initiating a proceeding for a residential customer's nonpayment for local service, pay interest on deposits, return deposits after one year of satisfactory credit, give 10 days' notice prior to terminating service, and not terminate a customer's residential service for payment of basic nonresidential service.

H.B. 92

Delegate Kilgore

Electric cooperatives; renewable energy certificates. Provides that an electric cooperative is deemed to offer an approved tariff for electric energy provided 100 percent from renewable energy if it bundles its electricity with renewable energy certificates. Currently, an individual retail electricity customer may purchase electric energy provided 100 percent from renewable energy from any licensed competitive supplier of electricity if the customer's incumbent electric utility does not offer electricity provided 100 percent from renewable energy. A renewable energy certificate is a tradable commodity issued by a regional transmission entity, including its affiliate or successor, that validates the generation of electricity from renewable energy sources.

H.B. 327

Delegate Plum

Electric energy efficiency standard. 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, by 2026 by 19 percent less than the consumption level currently projected for such year. Between 2011 and 2026, utilities are required to meet interim benchmarks established by the State Corporation Commission. The measure authorizes investor-owned electric utilities to earn the same enhanced rate of return on costs of energy efficiency programs that is currently provided for renewable powered generation facilities to recover the costs of designing and operating energy efficiency programs. A utility's energy efficiency programs shall be reported in its integrated resource plans.

H.B. 389

Delegate Janis

Virginia Offshore Wind Project Development Authority. Creates the Virginia Offshore Wind Development Authority to facilitate and support the development of wind-powered electric energy facilities located off the coast of the Commonwealth beyond the Commonwealth's three-mile jurisdictional limit. The Commission is charged with, among other tasks, (i) collecting metocean data, (ii) identifying existing state and regulatory or administrative barriers to the development of the offshore wind industry, (iii) upgrading port facilities to accommodate the manufacturing and assembly of offshore wind energy project components and vessels that will support the construction and operations of offshore wind energy projects, (iv) securing federal loan guarantees, and (v) developing, constructing, and operating interconnection facilities on the Virginia shoreline to connect offshore wind energy projects to the electric grid.

H.B. 441
Delegate Toscano

Community and agricultural net metering. Requires the State Corporation Commission to establish a program of community net metering, which will allow a group of residential, small commercial, and other customers to establish an "eligible community customer" to act collectively to generate renewable energy for their own use. Members of an eligible community customer develop a net metered system that provides that excess generation by some members of the group will be used to offset consumption by other members within the group. The generating capacity of an eligible community customer's facility shall not exceed two megawatts at a single site but may exceed the amount of electricity provided by the incumbent electric utility over a net metering period at the site that hosts the generation facility. If electricity generated by the generation facility or facilities within the eligible community customer group in a year exceeds the net electricity consumption by members of the group, the utility shall reduce the eligible community customer's bill for the next monthly billing period by the amount of the excess. The measure also creates a category of eligible customer-generators for operators of agricultural net metering facilities that have a capacity not exceeding two megawatts.

H.B. 442
Delegate Toscano

Electric utilities; renewable energy. Authorizes an electric utility customer to continue generating and selling renewable energy to any entity pursuant to the terms of a power purchase agreement that was in effect on the date the State Corporation Commission approved a tariff for the incumbent electric utility that serves the exclusive service territory in which the customer is located to offer electric energy provided 100 percent from renewable energy, provided that such power purchase agreement complied with applicable law at the time of its execution. The measure also states that the customers' generation and sale of renewable energy under such an agreement is exempt from restrictions on such activities that are a consequence of their occurring within a utility's exclusive service territory.

H.B. 628
Delegate Kilgore

Undergrounding of electric transmission lines. Amends existing provisions related to the undergrounding of certain electric transmission lines to provide that if there is a feasible overhead alternative for construction of a transmission line of 150 kilovolts or more, the State Corporation Commission shall not approve construction of such transmission line as an underground line, unless all the localities in which the line passes request construction of such line underground in accordance with existing procedures.

H.B. 671
Delegate May

State Corporation Commission; public hearings. Requires the State Corporation Commission to conduct a public hearing in any proceeding involving approval of the construction or operation of an electrical utility facility. At least one hearing shall be held in the area affected by the proposed facility, and at least one Commissioner of the State Corporation Commission is required to be physically present at any hearing held in the area affected. The requirements do not apply to any small renewable energy project for which the Department of Environmental Quality has issued a permit by rule.

H.B. 673
Delegate May

State Corporation Commission; members. Increases the number of members of the State Corporation Commission from three to five, effective February 1, 2011. The measure also requires that each Commissioner initially elected or appointed to the State Corporation Commission on and after January 1, 2011, shall have a principal place of residence that is in a region of the Commonwealth in which no other Commissioner had his primary place of residence at the time of that other Commissioner's initial election or appointment.

H.B. 668
Delegate May

State Corporation Commission; electric transmission line verification costs. Requires the applicant seeking approval of an electrical transmission line of 138 kilovolts or more to pay all costs associated with the required verification of the applicant's load flow modeling, contingency analyses, and reliability needs. The requirement applies whether verification is conducted by the Commission or by a third-party consultant selected by the Commission.

H.B. 675
Delegate May

Approval of transmission lines; environmental impact. Requires the State Corporation Commission, as a condition of approving the construction of an underground or overhead transmission line, to establish certain conditions to minimize adverse environmental impact and the aesthetic appearance of the right-of-way.

H.B. 1022
Delegate Hugo

Renewable energy portfolio standard program. Provides that an investor-owned electric utility will receive triple credit toward meeting the goals of the renewable energy portfolio standard program for energy derived from offshore wind.

H.B. 1236
Delegate Toscano

Information on energy conservation. Requires investor-owned electric utilities and natural gas distribution companies to provide information to customers to support and encourage conservation actions. The bill requires the State Corporation Commission to determine the type of information and issue guidelines indicating what information is to be (i) included with customers' periodic bills, (ii) sent annually to customers in reports, and (iii) made accessible to customers on the Internet.

H.B. 1237
Delegate Armstrong

Economic development incentive rates. Requires certain incumbent electric utilities to offer electric service at an economic development incentive rate to certain nonresidential customers. To be eligible for an economic development incentive rate, a customer shall have a new load of at least 1,000 KW and either increase employment by at least 75 full-time equivalent employees per 1,000 KW of new load or make a capital investment of \$400,000 per 1,000 KW of new load. An economic development incentive rate provides eligible customers the option of either (i) a monthly credit of \$6 per KW for three years or (ii) a monthly credit of \$6 per KW for the first year, reduced by \$0.75 per KW in each of the following years of an eight-year term.