

# COMMISSION ON ELECTRIC UTILITY REGULATION

**Chairman: Thomas K. Norment, Jr.**

**Tuesday, January 27, 2009, 4:00 p.m.**

**3rd Floor East, GAB**

## **S.B. 1253**

**Patron: Deeds**

**Electric service provided to public schools and libraries.** Prohibits electric utilities from charging public schools and libraries for service provided to them.

## **S.B. 1273**

**Patron: Vogel**

**Electric utility regulation.** Revises the procedures for setting the rates of investor-owned electric utilities. The State Corporation Commission (SCC) shall determine rates, for each investor-owned incumbent utility, that are just, reasonable, and nondiscriminatory. Proceedings shall be governed by the provisions of Chapter 10 of Title 56 and shall provide fair rates of return on common equity applicable to the generation and distribution services of the utility. The SCC may use any methodology to determine rates of return it finds is consistent with the public interest. In subsequent biennial reviews, the SCC may order changes in the utility's rates to ensure that such rates continue to be just, reasonable and nondiscriminatory. Rates, terms and conditions for each service shall be reviewed separately on an unbundled basis, and such reviews shall be conducted in a single, combined proceeding. In the initial rate proceeding, the SCC is required to direct each incumbent electric utility to refund to retail customers the amount by which its actual stranded cost recoveries under capped rates exceeded the stranded costs actually incurred by the utility, which refunds shall be based on customer usage in 2008. Provisions applicable to rate caps shall not be applicable to incumbent electric utilities after the SCC's establishment of new rates. The measure repeals provisions that (i) established parameters in setting the rate of return on equity, (ii) authorize utilities to seek rate adjustment clauses for specific costs on a stand-alone basis, (iii) direct the SCC to approve an enhanced rate of return for certain generation facilities, and (iv) establish various other checks on the utility's rates.

## **S.B. 1339**

**Patron: Herring**

**Electric utility regulation.** Directs the State Corporation Commission to take into account, when considering requests for a certificate, permit, or approval for a generation facility, whether the facility is consistent with the utility's integrated resource plan. The measure also (i) establishes a fourth voluntary renewable portfolio standard goal of 15

percent by 2025; (ii) allows utilities to recover costs of designing and operating demand management, conservation, energy efficiency, and load management programs, including an enhanced rate of return on capital invested in energy efficiency, including advanced metering infrastructure, of 200 basis points for between three and seven years; (iii) requires utilities to develop tariffs offering real-time variable rates; and (iv) requires that rates for utility payments to eligible customer-generators under a net energy metering program be not less than the rate the utility charges its customers for electricity provided 100 percent from renewable energy.

#### **H.B. 1705**

**Patron: Poisson**

**Community 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.

#### **H.B. 1994**

**Patron: Bulova**

**Renewable portfolio standard program.** Establishes a goal for investor-owned incumbent electric utilities to have 15 percent of their total electric energy sales in the base year be from renewable energy sources in calendar year 2025. Currently, such a utility may participate in the voluntary renewable energy portfolio standard program if it demonstrates that it has a reasonable expectation of achieving 12 percent of its base year electric energy sales from certain renewable energy sources during calendar year 2022. A participating utility that meets the specified percentage goals is eligible for performance incentives that increase the fair combined rate of return on common equity and provide an enhanced rate of return on costs associated with the construction of renewable energy generation facilities.

#### **H.B. 2000**

**Patron: Vanderhye**

**Electric utility rate structures; advancing conservation and efficiency.** Directs the State Corporation Commission to encourage investor-owned electric utilities to file tariffs with rate structures that reflect time of day and seasonal cost differentials. In proceedings

that involve a new or amended retail rate structure, the Commission is directed to consider several factors, including the extent to which the rates are designed to align with the utility's marginal cost of providing service at different times of the day. In such rate structure proceedings, electric utilities may seek, and the Commission may approve, financial incentives for the implementation of creative rate options that would allow the utility and its customers to share the economic benefits of rate structures that lower the utility's fuel costs. The measure also directs the Commission to give the highest level of priority in its development of the electric energy consumer education program to efforts to increase consumer awareness and knowledge of electricity rate structures and the overall cost of electricity.

### **H.B. 2105**

**Patron: McClellan**

**Electric utility regulation.** Directs the State Corporation Commission to take into account, when considering requests for a certificate, permit, or approval for a generation facility, whether the facility is consistent with the utility's integrated resource plan. The measure also (i) establishes a fourth voluntary renewable portfolio standard goal of 15 percent by 2025; (ii) allows utilities to recover costs of designing and operating demand management, conservation, energy efficiency, and load management programs, including an enhanced rate of return on capital invested in energy efficiency, including advanced metering infrastructure, of 200 basis points for between three and seven years; (iii) requires utilities to develop tariffs offering real-time variable rates; and (iv) requires that rates for utility payments to eligible customer-generators under a net energy metering program be not less than the rate the utility charges its customers for electricity provided 100 percent from renewable energy.

### **H.B. 2155**

**Patron: Toscano**

**Net energy metering.** Requires an electric utility that purchases excess electricity generated by an eligible customer-generator under the net energy metering program pay for such electric power at a rate that is at least equal to the retail tariff rate that the customer-generator is charged for the electricity it buys from the utility. The maximum generation capacity for a nonresidential customer-generator is increased from 500 kilowatts to two megawatts. The measure also requires the State Corporation Commission to establish a program that will allow a customer with multiple, separately billed facilities located within a utility's service territory, one or more of which are eligible customer-generators, to aggregate the electricity consumption and generation of its participating facilities.

**H.B. 2173****Patron: Hogan**

**Utility Facilities Act; renewable energy generators.** Excludes any company, or aggregation of not more than five companies, that sells steam or electricity generated or produced from a renewable energy source to not more than five commercial or industrial customers from regulation as a public utility, public service corporation, or public service company. If the facility generates electricity, its nameplate capacity shall not exceed one megawatt. An affected electric utility may file a proposed tariff to reflect any changes in service as a result of purchases of the electricity.

**H.B. 2371****Patron: Nutter**

**Electric utilities; real-time rates.** Directs the State Corporation Commission to promulgate regulations requiring electric utilities to offer electric service to non-residential customers under a tariff that utilizes rates that vary in real time in accordance with hourly changes in the utility's costs of providing electricity. To be eligible to receive service under the tariff, the customer shall operate a distributed generation facility that produces electricity from renewable power. The regulations shall also include provisions that require the utility to purchase from such a customer electricity generated at its distributed generation facility at a price that reflects the utility's avoided costs as they vary hourly. To be eligible for this part of the tariff, the facility's capacity shall not exceed 200 megawatts. Up to 50 percent of the amount of electricity for which the eligible customer is entitled to receive payment under such tariff may be in the form of reduced consumption through on-site efficiency measures. A utility is not required to offer service under the tariff after July 1, 2012, though customers receiving service under the tariff may continue to do so. No more than one percent of the utility's aggregate average monthly consumption is eligible to take service under the tariff. The Commission is required to report annually on the status of the measure and the effectiveness of the tariff.

**H.B. 2372****Patron: Nutter**

**Electric utility rates; curtailing peak power purchases.** Directs the State Corporation Commission to promulgate regulations requiring electric utilities to offer electric service to nonresidential customers under a tariff that induces customers to curtail electricity usage during periods when the utility's costs of purchasing electric power rise above their norm as a result of heightened load demand and system congestion. The tariff shall ensure that the utility's costs savings are shared with customers who curtail demand for electric power through reduced rates or charges.

**H.B. 2315****Patron: Carrico**

**Electric utility rates; deferral of increases.** Requires the State Corporation Commission (SCC) to defer a portion of an investor-owned electric utility's increase in residential electric rates or charges if, as a result of the increase, the new residential rates are 15 percent higher than its residential rates in the year preceding the rate increase. The deferred amount is the revenue that would be collected by the utility over the 36 months following the SCC's order, based on the difference between the new rate and 115 percent of its residential rate in the preceding year. The deferred amount, with interest at a rate set by the SCC, will be recovered from residential retail customers over a three-year period.

**H.B. 2519****Patron: Phillips**

**Electric utilities; over-recovery of fuel costs.** Requires the State Corporation Commission (SCC) to establish procedures regarding refunds by electric utilities of moneys collected from fuel cost tariffs in excess of actual fuel costs. The measure directs the SCC to continuously review fuel costs of all electric utilities and, if the SCC finds that a utility is in an over-recovery position, or likely to be so, to reduce the fuel cost tariffs to correct the over-recovery or require the utility to refund over-recoveries to customers. Currently, the SCC is authorized to review the fuel costs only of those utilities not bound by a rate case settlement that extended in its application beyond January 1, 2002, and if it finds that such a utility is in an over-recovery position, or likely to be so, the SCC is authorized to reduce its fuel cost tariffs to correct the over-recovery.