



February 16, 2011

The Honorable Thomas K. Norment, Jr.  
Chairman  
Commission on Electric Utility Regulation

Dear Senator Norment:

On behalf of the 65 member companies and organizations of the Virginia Alternative & Renewable Energy Association (VA-AREA), I submit for your review a suggested topic for consideration at a future Commission on Electric Utility Regulation (CEUR) if time considerations do not permit discussion during the upcoming 2/17/11 CEUR meeting.

As you are well aware, the Virginia General Assembly has supported several meaningful renewable energy measures during the 2011 session that will assist various segments of the industry grow their businesses, create new jobs and become more engaged in meeting Virginia's projected 11,700 MW of new demand between now and 2020. VA-AREA very much appreciates these new opportunities for the industry and looks forward to working with you and the rest of the General Assembly in the future to build upon the progress we have made.

What appears to be lacking this session due to understandable time constraints, however, is a broad, long-term discussion of what role renewable energy can and should play in meeting Virginia's growing energy demand in the next 10-20 years, generating new economic development opportunities for the Commonwealth while still being mindful of the short and long-term impact to ratepayers as new generation options are developed.

Naturally, VA-AREA believes that renewable energy can and will play an important role in meeting the projected demand and as with other segments of the energy industry, renewable energy has great potential to create thousands of new jobs and inject significant financial capital into Virginia's sluggish economy. Rest assured, the members of VA-AREA recognize that renewable energy is not a silver bullet to meeting Virginia's anticipated energy demand growth, but further discussion and study is needed to help legislators and regulators gauge what the right role may be.

Thus, we pose the following questions that we believe merit further analysis and discussion by CEUR in the coming months:

1. Given the need to add 11,700MW of new generation by 2020, what is the appropriate role renewable energy can play in meeting that new demand and yielding additional benefits to VA?

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2. Given that nuclear power plants take 10 years to permit and build and that new coal facilities are not getting permitted at the Federal level, what is the best mix of new generation available to bring online in a more immediate timeframe to help meet demand and grow our economy?

3. While it is generally accepted that the cost of renewable energy today is more expensive than fossil fuel generation, what are some factors that may mitigate that issue partially or entirely?

A. What is the cost and benefit to the ratepayer if renewable energy can lessen the demand to construct very expensive and unpopular high voltage transmission lines to the most populous areas of the Commonwealth necessary to import significant additional out of state power since renewable energy projects would be local and more likely to tie into existing transmission lines?

B. What is the cost and benefit to ratepayers if the Commonwealth embarks upon an aggressive effort to generate more energy within Virginia as opposed to remaining the 2nd largest importer of power in the country? Would ratepayers benefit from the economic development benefits from all of the job creation and capital investment associated with such an effort? Furthermore, what role will an increased in-state market for renewable energy play in attracting manufacturers of renewable energy systems and components to Virginia?

C. What can and should the Commonwealth do now to mitigate the potential adverse impacts to ratepayers generated by policy uncertainty at the Federal level and the current EPA plan to regulate greenhouse gasses from power plants?

4. While much of the current and past renewable energy discussion has centered on Virginia's investor-owned utilities and electric co-ops, the real growth in the industry is being driven by non-utility renewable energy developers. What is the best role independent developers can play in this discussion and does current energy policy in Virginia act as a barrier to future development and if so, what modifications can be made to address this question?

VA-AREA believes renewable energy will indeed play a more meaningful role in helping meet Virginia's growing energy demand in the coming years, but strategic planning and integration are necessary to maximize the benefits to the Commonwealth's economy and its ratepayers. We hope CEUR will consider this request and call on VA-AREA to provide industry experts and relevant information at the appropriate time.

Respectfully,

  
Ken Hutcheson

President

Virginia Alternative & Renewable Energy Association

Cc:

The Honorable Louise Lucas  
The Honorable John Watkins  
The Honorable Richard Saslaw  
The Honorable Timothy Hugo  
The Honorable William Janis

The Honorable Terry Kilgore  
The Honorable Kenneth Plum  
The Honorable James Scott  
The Honorable Robert Tata