



**2009 Conservation, Efficiency  
and Renewable Resource  
Self-Assessment Report of the  
Virginia Electric Cooperatives to  
the Governor and the  
General Assembly**

*2009 Conservation, Efficiency and Renewable Resource Self-Assessment Report (The Report) of the Virginia Electric Cooperatives to the Governor and the General Assembly*

- That each utility consumer services cooperative...on or before October 31, 2009, file with the State Corporation Commission an assessment of the statutory, regulatory, organization, physical, contractual, financial and market impediments to cooperative implementation of initiatives relating to dynamic rates, standby rates, interruptible rates, and rates for purchases of electricity generated from renewable sources....The Commission will evaluate its accuracy and completeness....on or before December 1, 2009.

# SCC Executive Summary

- Concludes that the Report is complete and accurate.
- Notes that the short turnaround time for completing its evaluation did not allow for soliciting public comment.

# The Report's Executive Summary

- Cooperatives are different from IOUs:
  - Not for profit
  - Governed by democratically elected Board of Directors
  - Vertically unbundled, limiting their control over resource mix fuel diversity, dynamic price signals and other initiatives
  - Assess risks and opportunities with a sole focus on the benefit and cost to member-consumers

# The Report's Executive Summary (Continued)

- Cooperatives are different from each other:
  - Size
  - Density
  - Topography
  - Rural/Suburban
  - Economic
  - Communication Infrastructure

# The Report's Executive Summary (Continued)

- Virginia's cooperatives have long been leaders in the promotion of demand response and energy efficiency programs.
- Overlapping and uncoordinated regulatory mandates at the state and federal level run the risk of imposing significant additional costs on co-op members without an identifiable gain in efficiency or resource conservation.

# The Report's Executive Summary (Continued)

- **Dynamic Rates:** Until wholesale power rates are structured to reflect time-based savings that can be passed through to the consumer, there would be little or no offsetting value or benefits to co-op member-owners based on the development and implementation costs.

# The Report's Executive Summary (Continued)

- **Standby Rates:** Cooperatives stand ready to offer standby service to their member-owners, subject to appropriate pricing to capture all associated costs, including a share of the overhead and a share of the risk and appropriate tariffs to pass those costs on to the customer receiving the standby service.

# The Report's Executive Summary (Continued)

- **Interruptible Rates:** Cooperatives can and do offer interruptible rates. There are challenges in properly structuring the applicable tariff, and physical constraints such as communication infrastructure may mean that interruptible rates are not effective for some users.

# The Report's Executive Summary (Continued)

- **Renewable Energy:** Cooperatives could offer renewable energy rates to member-owners who would like that option, provided, first, that those rates can be based on a bundling of undifferentiated power with RECs, and second, that the rate captures the cost of the RECs and recovers that cost from the member-owners who choose the green tariff.

# The Report's Recommendations

- Recognize cooperatives' legacy of DR and EE programs.
- Adopt an analysis equivalent to the Cooperatives' Member-Consumer Benefit Analysis model in deliberations of future initiatives that may affect the Cooperatives.

# The Report's Recommendations (Continued)

- Enact legislation clarifying the validity for Virginia Cooperative consumers of rates for electricity from 100 percent renewable energy using RECs to qualify power sold under such rates as 100 percent renewable energy.
- Enact legislation clarifying that prepaid meters in support of prepaid service, and the operation of those meters to terminate service when prepayment is exhausted, does not violate any pre-termination notice requirement.

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