
State Corporation Commission

SCC Update for the CEUR
Highlights of Recent SCC Reports
Presented December 14, 2009

Presentation Overview

- Reports By SCC to the Virginia General Assembly and the Governor, directed by the 2007 re-regulation bill and recent legislation.

September 1, 2009 Report to the CEUR and the Governor re: Status of Implementing Re-Regulation.

- Annual report directed by § 56-596 B:
 - Recent Cases, Proceedings, and SCC rulemakings directed by (or associated with) the 2007 legislation, as presently amended.
 - Other SCC Regulatory Activities associated with electric energy initiatives recently enacted by the General Assembly.

September 1, 2009 Report

Key Cases/Proceedings directed by the Act

“Going-in rate cases” required by § 56-585.1 A of the Code.

- Integral provision in 2007 re-regulation.
- Proceedings initiated during the first 6 months of 2009, as per statute for Virginia’s IOUs, e.g., DVP, APCO, and Allegheny.

September 1, 2009 Report

Key Cases/Proceedings directed by the Act

Going-in rates cases (cont'd)

- DVP case set for hearing on January 20, 2010.
- APCO case to be heard on March 16, 2010.
- Allegheny Case, filing & hearing delayed;
pending application to transfer distribution
territory to electric cooperatives.

September 1, 2009 Report

Key Cases/Proceedings directed by the Act

Going-in rates cases (cont'd)

- Going-in cases require SCC to examine rates, terms and conditions of service for IOUs' generation, distribution and transmission functions.
 - Establishes the rates IOUs may charge until potentially adjusted in connection with biennial reviews (or intervening general rate case).
 - Rate-setting generally governed by Chapter 10 of Title 56, with certain exceptions, e.g., rate of return and rate reductions/refunds.

September 1, 2009 Report

Other Key Cases/Proceedings directed by the General Assembly)-- IRP filings

- **Integrated Resource Plan Filings** by Virginia's IOUs, directed by Chapter 24 of Title 56 (§ 56-597 *et seq.*), enacted in 2008.
- As defined by statute, an Integrated Resource Plan is a “*document developed by an electric utility that provides a forecast of its load obligations and an plan to meet those obligations over the ensuing 15 years to promote reasonable prices, reliable service, energy independence, and environmental responsibility.”*”

September 1, 2009 Report

Other Key Cases/Proceedings directed by the General Assembly)-- IRP filings (cont'd)

- IRPs must be updated every two years after initial filing.

- Contents of IRPs (mandated by statute) include:
 - Forecast of demand for electric generation
 - Identification of supply resources likely to supply forecasted demand, including market purchases and DSM, as well as self-generation.

September 1, 2009 Report

*Other Key Cases/Proceedings directed by the
General Assembly)-- IRP filings (cont'd)*

- SCC is required to review proposed IRPs.
- SCC specifically directed by statute (56-599 E) to “analyze and review an integrated resource plan and, after giving notice and an opportunity to be heard,...make a determination as to whether an IRP is reasonable and in the public interest.”

September 1, 2009 Report

Other Key Cases/Proceedings directed by the General Assembly)---IRP filings (cont'd)

- IRP filing deadline established by statute was September 1, 2009.
- SCC 2008 rulemaking established IRP filing guidelines.
- APCO, DVP and KU have filed their IRPs.
- SCC has established dockets for interested parties to submit comments on filed IRPs.
- Allegheny has been permitted to delay filing of its IRP, pending outcome of proposed sale of distribution service territory to cooperatives.

September 1, 2009 Report (Cont'd.)

Other Key Cases/Proceedings directed by the General Assembly)---Renewable Portfolio Standard cases (RPS)

- Voluntary Renewable Portfolio Standard (RPS) program for Virginia's utilities, established under § 56-585.2 of the re-regulation legislation.
- Provides financial incentives for Virginia's utilities to generate electricity using renewable energy sources.

September 1, 2009 Report (Cont'd.)

Other Key Cases/Proceedings directed by the General Assembly---RPS (Cont'd)

- RPS statutory, renewable generation goals:
- 4%** in 2010
- 4% in 2011-2015
- 7% in 2016
- 7% in 2017-2021
- 12% in 2022
- 12% in 2023-2024
- 15% in 2025
- **percentages of electric energy sold in base year 2007, minus average of energy sold in 2004-2006 that was supplied by nuclear generation plants.

September 1, 2009 Report (Cont'd.)

Other Key Cases/Proceedings directed by the General Assembly)---RPS (cont'd.)

- Utilities entitled by statute to approval of their RPS programs if they demonstrate to SCC that they have a reasonable expectation of achieving 12% target by 2022 and 15% target by 2025.
- Utilities with approved RPS programs can recover:
 - Incremental RPS program costs through RACs.
 - Performance incentive of 50 basis points on ROE.

September 1, 2009 Report (Cont'd.)

*Other Key Cases/Proceedings directed by the General Assembly)--
RPS (cont'd.)*

- APCO's proposed RPS program approved by the SCC in 2008. APCO has filed an application requesting that the SCC find that three additional purchased power agreements are reasonable and prudent pursuant to Va. Code § 56-585.2. That request is pending.
- DVP has application for approval of RPS program pending before the SCC.

September 1, 2009 Report (Cont'd.)

*Other Key Cases/Proceedings directed by the General Assembly)---*Consumer Education Program

- **Virginia Energy Sense**--Consumer Education program required by § 56-592.1.
- Legislation enacted in 2008.
- Plan adopted by the SCC in December 2008; reported to the CEUR in December 2008.
- Program to be administered by the SCC to provide electric consumers information about:
 - Energy conservation, energy efficiency, demand-side management, demand response and renewable energy.

September 1, 2009 Report (Cont'd.)

*Other Key Cases/Proceedings directed by the General Assembly)---*Consumer Education Program (cont'd)

- **Virginia Energy Sense** will be a 5-year program to be initiated in early 2010.
- April 2009 RFP for market research, public relations, website development, advertising and grassroots outreach.
- SCC evaluated several proposals and awarded contract in December 2009.

November 15, 2009 Report to General Assembly and Governor re: Demand Response (DSM)

- SCC Proceeding directed by HB 2531 (2009)
- Formal Public Proceeding.
- Scope: SCC to determine “achievable, cost-effective energy conservation and demand response targets.”

DSM Study (Cont'd)

- Commission directed to determine:
 - Range of achievable consumption and peak load reductions.
 - Weighting for standard, industry-recognized cost-benefit tests.
 - Just and reasonable ratemaking methodology for allocating customer class responsibility for costs of utility-administered DSM programs.
 - Appropriateness of permitting nonresidential customers to “opt out” of utility DSM programs.

DSM Study (Cont'd)

- Commission Determinations in 11/15/09 Report:
 - 10% demand reduction by 2022—a goal established legislatively in HB 3068 (re-regulation bill)—not found to be unrealistic or unachievable, based upon evidence submitted in this proceeding.
 - DSM programs likely to cost ratepayers in terms of program costs, lost revenues, and marginal incentives.

DSM Study (Cont'd)

- Commission Determinations in 11/15/09 Report (Continued):
 - Ratepayer Impact Test (RIM) and Total Resource Cost (TRC) tests to be applied by SCC in evaluating costs/benefits of specific utility DSM proposals.
 - “Opting out” determined moot since HB 2506 E/E RAC provisions establish exemptions for certain large electric customers.
 - No DSM mandates proposed by SCC; it will evaluate utilities’ DSM proposals on case-by-case basis, consistent with law.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives,

- Report directed by HB 2506/SB 1248 enacted by the 2009 Session of the General Assembly.
- Cooperatives directed to provide self-assessment re: impediments to cooperative implementation of:
 - Dynamic rates
 - Standby rates
 - Interruptible rates
 - Rates for purchases of power from renewable resources.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives, (Cont'd)

- SCC directed by this legislation to review the cooperatives' assessments for accuracy and completeness.
- SCC directed to forward each assessment to the Governor and General Assembly by December 1, 2009, along with Commission's evaluation of accuracy and completeness of each report.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives, (Cont'd)

- Comprehensive assessment filed with the SCC on October 30, 2009, by the Virginia, Maryland and Delaware Association of Electric Cooperatives, on behalf of Virginia's 13 electric cooperatives.
- The report highlights the Cooperatives' efforts to promote demand response and energy efficiency programs, describing established load control programs, consumer education efforts, and exploring future programs such as advanced, prepaid metering technology.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives, (Cont'd)

- The Cooperatives Report recommended:
 - Recognize the Cooperatives' legacy of proactive leadership in conservation, demand response, and energy efficiency in benchmarking future initiatives.

 - Adopt an analysis equivalent to the Cooperatives' Member-Consumer Benefit Analysis model in deliberations of future initiatives that may affect the Cooperatives, and refrain from enacting mandates that will impose costs on cooperative member-consumers without specific commensurate benefits to those same member-consumers.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives, (Cont'd)

- The Cooperatives Report also recommended:
 - Enactment of legislation addressing the use of Renewable Energy Certificates in conjunction with power sold by utilities under tariffs offering 100 percent renewable energy.
 - Enactment of legislation authorizing the installation and use of prepaid meters in support of prepaid electric service.

SCC Review & Report re: Conservation, Efficiency and Renewable Resource Self-Assessment Report submitted by Virginia's Electric Cooperatives, (Cont'd)

- The Commission concluded that the Cooperatives' Report appears complete and accurate, but noted that the short turn-around time to receive, review and report on the Cooperatives' submission precluded the SCC from its usual practice of soliciting comments and/or testimony to provide a more thorough exploration of the Report.

SCC Update for the CEUR

- SCC Dockets & Activities re: electric utility regulation: Looking Ahead to 2010
 - Going-in rate cases for DVP, APCO and possibly Allegheny to be heard.
 - PATH transmission line scheduled for hearing in January 2010.
 - DVP “smart meter” case scheduled for hearing in February 2010.