
Virginia Commission on Energy
and the Environment

State Corporation Commission
November 19, 2008

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Origin of SCC Proceeding

Third Enactment Clause of SB 1416 of the 2007
Session of the General Assembly

Energy Efficiency Goal

Reduce electric energy consumption by 10%
of 2006 throughput level by 2022

Programs to meet goal should be 'cost-effective',
'fair' and 'efficient'

Directives of the Third Enactment Clause asked the SCC:

Is the 10% goal achievable? If not, what percentage is appropriate.

Identify mix of programs

Design a plan for “development and implementation” of recommended programs

Who can “most efficiently deploy and administer various elements of the plan?”

The cost?

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SCC Response:

Established Case PUE-2007-00049 on June 8, 2007 to address directives

Stakeholder Workgroup held three full-day meetings

Five self-directed subgroups formed regarding:

- General Issues

- Conservation & Energy Efficiency

- Demand Response

- Financial Considerations

- Consumer Education

Staff filed its Report with the SCC on November 16, 2007

- Sub-group interim work product presented to full workgroup

- Sub-group work products included in Staff's Report

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SCC Report

Submitted Staff's Report to the General Assembly
without endorsement on December 15, 2007

Report included workgroup & sub-group work products

Staff goals obtained:

Efficient mechanism to channel stakeholder positions to
policymakers

Makes a determination that the 10% goal is achievable

Notes menu of potential programs set forth in the Virginia
Energy Plan

Discussed the interrelated nature of, and asked for policy
guidance in, four key policy areas

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SCC Report (continued)

Key Areas

To what, if any, extent should regulated retail electric prices in Virginia be used as a means to promote cost-effective conservation of energy through fair and effective demand side management, conservation, energy efficiency, and load management programs?

Will participants pay for their own energy efficiency measures out of anticipated electric bill savings or will energy efficiency measures be funded out of a pot of money collected from the general body of ratepayers?

Apart from pure peak reduction programs that must be administered by the system operator, will energy efficiency programs be administered by electric utilities, government agencies, commercial organizations, other types of third parties, or some combination of the entities listed here?

To what, if any, extent should the Commission incorporate quantified environmental externalities --- or any other externalities ---into the regulatory process?

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SCC Report (continued)

Recommends that electric utilities provide information and data to determine the “cost-effectiveness” of Demand-Side Management programs

(demand response, conservation, energy efficiency, and load management programs are collectively referred to as Demand-side Management programs, or “DSM”)

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Progress

Dominion Virginia Power (“DVP“) Pilots:
PUE-2007-00089 - Approved by SCC on 1/17/08

- 5 Energy Conservation programs
- 4 Demand Response programs
- Extend CFL buy-down program

DVP has submitted 2nd quarterly report

- all programs implemented
- most programs saturated
- most programs underway/operational

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Progress (continued)

Renewable energy

PUE-2008-00003 – Appalachian Power Company's ("APCo") petition to participate in a Renewable Energy Portfolio Standards ("RPS") program pursuant to §56-585.2 B, was granted, with conditions, by the SCC on 8/11/08

PUE-2008-00044 - DVP seeks approval of a renewable energy tariff using Renewable Energy Credits ("REC"), oral argument on 11/12/08, pending before the SCC

PUE-2008-00057 - APCo seeks approval of a renewable energy tariff using RECs from an existing hydro contract, oral argument on 11/12/08, pending before the SCC

DVP reported on 10/31/08 in its Annual Report on Renewable Energy that it plans to participate in a RPS program, but has not yet submitted a plan to the SCC

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Progress (continued)

DVP announced on 6/19/08, a major energy conservation plan, Powering Virginia

Using 'smart grid' technologies including Advanced Metering Infrastructure (AMI) and various customer or contractor incentives

Expected to submit plan to SCC for approval during 1st quarter 2009

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Progress (continued)

SCC's Consumer Education Plan

Product from Subgroup 5 of PUE-2007-00049, regarding Consumer Education focused on centralized core program

SB 596 of 2008 General Assembly directed SCC to develop & implement an electric energy consumer education program regarding energy conservation, efficiency, demand-side management & response and renewable energy

The SCC Staff developed a plan with the continued help of the members of Subgroup 5 and has submitted it to the SCC

Pending SCC approval for presentation to the Commission on Electric Utility Regulation before year's end

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Progress (continued)

SCC's Integrated Resource Planning ("IRP") Guidelines

PUE-2008-00099 – SCC established proceeding on 11/12/08 pursuant to §56-599

Includes Staff's proposed guidelines regarding data requirements to be included with the submission of an IRP

Requires electric investor-owned utilities ("IOU") to submit 15-year forecasts & plans by 9/1/09

IOUs to provide the SCC with detailed forecast data

IRP will enable Staff & IOUs to evaluate marginal costs to help determine 'cost-effectiveness' of various programs and strategies

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Progress (continued)

Electric utility Rate Cases for IOUs to be submitted in 2009

Current discussion regarding potential legislation in 2009 seeking a goal to reduce electric peak demand, similar to the current goal to reduce energy consumption