



A Touchstone Energy® Cooperative 

Virginia Commission on Energy & Environment

November 19, 2008

Jackson Reasor on behalf of
The Electric Cooperatives of Virginia

- ***Discussion of measures employed by your utility to encourage conservation and efficiency and an analysis of the practical and economic obstacles of such measures—***
 - For the past 20-25 years, many electric cooperatives in Virginia have been conducting programs for demand response and energy efficiency:
 - Direct load control of water heaters and air conditioners
 - Interruptible rates
 - Voltage reduction
 - Collectively reduce monthly demand by as much as 200 MWs

- ***Discussion of measures employed by your utility to encourage conservation and efficiency and an analysis of the practical and economic obstacles of such measures (cont'd.) -***
 - Electric cooperatives have been managing a variety of energy efficiency programs such as the Energy Saver Home program and home energy audits.
 - Believe strongly in consumer education and take advantage of The Cooperative Living Magazine (distribution ~400,000 consumers) to inform members on ways to be efficient in energy consumption.

- ***Discussion of measures employed by your utility to encourage conservation and efficiency and an analysis of the practical and economic obstacles of such measures (cont'd.)***
 - Practical side:
 - Some technology required to implement programs might work well in an urban environment, but not well at all in rural areas.
 - There is still a lack of adequate communication technology in rural areas.
 - The number of consumers per mile which might render the program less cost effective to implement. Some programs might be very advantageous in one part of the Commonwealth but might not make sense at all in another (e.g., air conditioner control in the mountains of western Virginia).

- ***Discussion of measures employed by your utility to encourage conservation and efficiency and an analysis of the practical and economic obstacles of such measures (cont'd.)***
 - Economic side:
 - Resources required to implement many programs, whether related to manpower or financial investment, affects the bottom line of the cooperative.
 - Because cooperatives are member-owned, each consumer ultimately pays for all expenses incurred, whether there is a direct benefit to that consumer or not.
 - Cooperative retail rates need to be restructured so there is no disincentive to promoting energy efficiency to its consumers .

- ***Identification of any conservation or increased efficiency goals adopted by your utility and the motivation for such goals –***
 - The electric cooperatives are evaluating new programs that will be implemented beginning in 2009.
 - Will be conducting measurement and verification on programs to analyze and verify the actual results.
 - These programs will begin during the first quarter of 2009 and be on-going.

- ***Recommendations for an ideal statutory and regulatory climate that could further stimulate utilities to take a leading role in conservation and efficiency efforts –***
 - Mandates and statutes imposing energy and demand reduction are not recommended; there is no “one size fits all” model for achieving reduction.
 - If regulatory or legislated mandates require a set number of reductions, and do not take into account those already achieved by a utility, it would be unrealistic for those numbers to be met.
 - If the Commonwealth is considering establishing a climate for reduction in energy and demand, there are issues that should be addressed by the Commonwealth (e.g., establishing criteria for state facilities, requiring the county and local areas to meet certain criteria, and exploring tax incentives).

- ***Identification of issues unique to your organization with respect to the other utilities –***
 - Business model of electric cooperatives is unique and very different from investor-owned utilities. Consumers are member-owners. Decisions made by the cooperative and programs implemented must take into account the entire membership.
 - If the cooperative must spend money on programs, the benefit to the entire system must be taken into account through cost-benefit-analysis so that the subsidization from customer to customer is mitigated or minimized.

- ***Reaction and responses to the information and recommendations in the ACEEE and SCC reports –***
 - We agree with the SCC’s conclusion that little attention has been given to rate design issues over the last decade. Rates should be designed so that utilities are incented to promote energy efficiency.
 - We also agree that the terms “cost effective,” “fair,” and “efficient” must be clearly defined.
 - The Commonwealth’s “Virginia Energy Plan” has established goals, timelines and strategies and the Electric Cooperatives prefer to continue working within the parameters of that document.