Virginia Commission on Energy and Environment

Energy Efficiency and Conservation Subcommittee

November 24, 2009, 1:00 pm
Virginia Welcome Center at Fredericksburg, Mile Marker 131, I-95 South
Fredericksburg, Virginia

Summary

Members Present: Senator Petersen, Senator Stuart, Delegate Sickles, Dave Eichenlaub (for Arlen Bolstad), Steve Walz, and Dr. Karen Schultz

Senator Chap Petersen called the meeting to order and the subcommittee began with a presentation from Martin Krebs (VODT). All presentations are available on the Commission's website at http://dls.virginia.gov/energy.htm. Mr. Krebs provided a brief overview of the Virginia Welcome Center at Fredericksburg and the design and construction process that resulted in the building's LEED Gold rating. Senator Petersen asked Mr. Krebs if there was a cost differential in meeting the LEED Gold rating. Mr. Krebs responded that there was a cost differential, but he would have to follow-up with the exact differential. Mr. Krebs stated that all of the materials and practices used to construct the building were widely available and easy to procure.

Following the VDOT presentation, Dominion, APCO, and ODEC provided the subcommittee members with a brief update on stimulus funding that their respective companies have applied for and expect to receive. Of the three utilities, the Co-Ops have thus far received the most stimulus money; a total of $20 million for two of the regional Co-Ops.

Cathie France with Virginia Natural Gas provided a presentation on the Natural Gas Conservation and Ratemaking Efficiency Act. Mrs. France reported that per capita natural gas use has dropped since implementation of the Act and her company views the new law as a success. Following Mrs. France was Cynthia Marple with the American Gas Association. Mrs. Marple presented on natural gas trackers for infrastructure improvement and how such trackers can be used to improve energy efficiency in aging pipeline infrastructure. Mrs. Marple reported that 13 states have implemented such trackers. At the conclusion of the presentation Mrs. France distributed draft legislation that would create a tracker for natural gas infrastructure improvements in Virginia. Senator Petersen and members of the subcommittee received the draft for review.

Dave Eichenlaub provided an overview of the SCC report examining realistic and cost effective energy conservation and demand response targets for investor-owned utilities in the Commonwealth.

Senator Stuart asked Mr. Eichenlaub to explain the DSM cost recovery provisions in the reregulation act. Senator Stuart noted that he disagrees that utilities should be allowed to recover (1) a margin on their costs of operating DSM programs and (2) loss profits due to a reduction in electricity sales. Senator Stuart also asked if customer bills would increase as a result of DSM cost recoveries by the utilities. Mr. Eichenlaub noted that the SCC found that customer bills could increase, despite a decrease in the use electricity.

Senator Petersen asked Mr. Eichenlaub for his personal opinion on what energy efficiency programs are the most effective. Mr. Eichenlaub responded that the SCC takes no position on the issue, but from his personal experience the price of electricity and a corresponding price signal are the most effective components of energy efficiency programs.

Staff introduced and reviewed two draft bills for consideration by the subcommittee. The first draft would require certain state buildings to be constructed to LEED Silver or Green Globes Two standards. The second draft would clarify that the SCC has the authority to regulate rate structure during the biennial review process. The subcommittee discussed both drafts and recommended reporting the drafts to the full Commission for consideration.

<u>Public Comment</u>

Bill Murray, Dominion, noted that he expects customer bills to decrease as a result of DSM programs implemented by Dominion.

Cathie France, VNG, provided an explanation of the draft legislation creating a cost tracker for infrastructure improvements.