



Energy Advisory Committee

Wednesday, November 7, 2012 10:00 a.m.

House Room C, General Assembly Building

Remote Locations:

(1) 423 Major Williams, Blacksburg, VA 24061

**(2) GW Energy Initiative, Suite 323, room 323C, Research I, 20101
Academic Way, Ashburn, VA 20147**

Delegate John Cosgrove, chairman of the Energy Advisory Committee of the Joint Commission on Technology and Science, called the meeting to order. In addition to the participants in Richmond, two electronic meeting sites were noticed. One member participated from Blacksburg, Virginia, and two members participated from Ashburn, Virginia, via teleconference. Upon motion by Delegate Tom Rust, and seconded by Delegate Ken Plum, the committee unanimously voted to allow committee member Thomas Arrington to participate electronically pursuant to the Freedom of Information Act emergency provisions set forth at § 2.2-3708.1 of the Code of Virginia. Mr. Arrington experienced transportation problems, and was unable to travel to Richmond for the meeting.

The meeting began with an update by Carol Wampler from the Department of Environmental Quality (DEQ) on the "permit by rule" process established by 2009 legislation. The legislation allows a permit by rule for small renewable energy projects. DEQ has defined a "small project" as an electrical generation facility that is less than 100 megawatts, or a combustion project of less than 20 megawatts. DEQ has developed rules for wind, solar, and combustion energy. It determined that water-related rules were not necessary, as hydropower is pre-empted by the Federal Energy Regulation Commission.

In addition to creating these rules, DEQ is also working to provide resources for local government, such as the development of model ordinances. They have just completed a model wind ordinance, and hope to have others completed by the end of the year. At the completion of Ms. Wampler's presentation, Deputy Secretary of Natural Resources Maureen Matsen commended Ms. Wampler for her work on implementing the permit by rule process.

Next, Ken Moss provided an overview of the work of Piedmont Bioproducts. The project currently includes a ten acre demonstration site consisting of a feedstock development program and a refinery system to convert biomass into petroleum-replacement products. The Piedmont Bioproducts process allows for an alternative crop to be grown in the tobacco region, and is more cost effective than corn ethanol. The project provides opportunities for rural, southern Virginia, and is good for marginal farmlands. While still

in its demonstration phase, there is planning for a commercial site that he hopes to have operational by 2014. His vision is to become a regional fuel terminal, as the sites can be replicated everywhere in the state. A 100-ton plan would create 16 plant jobs, and twice as many feed stock jobs. Committee member Bob Stolle indicated that Piedmont Bioproducts is a CIT Portfolio Company, and that it has also partnered with the Tobacco Commission.

Mr. Ray Crabbs provided an update on his waste-to-energy project. Mr. Crabbs had presented to the committee about his ideas in 2011, and he said that what he had talked about "in theory" was now operational. INEOS BioEnergy, LLC completed a waste-to-energy facility in Indian River County, Florida in August of 2012. He indicated that he is looking at potential sites in Virginia to expand waste-to-energy facilities in Virginia.

Cynthia Adams, Executive Director of the Local Energy Alliance Program in Charlottesville and a member of the Virginia Energy Efficiency Coalition addressed the committee concerning energy efficiency issues. She said that research indicates that Virginians are interested in saving energy, and think that energy efficiency raises property values. She discussed some of the current barriers to energy efficiency, such as the need to increase the public's "energy literacy," difficulty in financing efficiency improvements, a need to translate efficiency into the property appraisal system. The Virginia Energy Efficiency Coalition is a new organization that strives to support policy, programs, and technologies to grow the energy efficiency industry. Committee member Richard Hirsch said that he supports Ms. Adam's efforts in this area, and sees a need to re-educate energy stakeholders on the value of efficiency. He said that energy policy needs to focus as much on efficiency as it does on supply. Michel King, another committee member, noted that legislation during the 2012 session required the Appraisal Board to report to the Virginia Housing Commission concerning the inclusion of efficiency issues in property appraisals. Staff indicated that she would look for the report and forward it to the committee members.

In the final presentation of the day, Mike Healy with the Maryland, District of Columbia, and Virginia Solar Energy Industry Association provided an overview of his association's 2013 legislative priorities. They would recommend allowing for power purchase agreements (a financing tool similar to a lease) in Virginia, creating a tax credit for investments in qualifying energy equipment, including solar thermal energy in the renewable portfolio standards, and authorizing a distributed generation study.

At the completion of the presentations, Delegate Cosgrove asked the members if they had any policy recommendations to bring before the 2013 Session of the General Assembly. Mr. Arrington suggested that Virginia needs to work to increase the attractiveness of the biofuels industry in Virginia. This could be accomplished through biofuels production grants, green jobs tax credits, and biodiesel use requirements. He suggested that any incentives would need to be in place for five years to be successful.

Delegate Cosgrove shared with the committee that he was considering proposing a bill during the 2013 Session that would impose a fee on hybrid vehicles to offset the fact that

such vehicles do not require much gas, and thus the owners do not pay as much gas tax as other vehicles. He shared draft language that would impose a \$25 fee on hybrids; current law imposes a \$50 annual fee on electric vehicles. Delegate Plum said he was not opposed to the idea, but wondered if the legislation should distinguish between hybrid vehicles like the Volt that is primarily electric and gets close to 100 miles per gallon, and a car like a Prius that uses more gas and gets 50 miles per gallon. Delegate Cosgrove indicated that he would bring the idea to JCOTS to consider.

Delegate Cosgrove thanked the committee members for their work during the Interim, and for sharing their expertise with the General Assembly.

A copy of all of the meeting presentations is available on the JCOTS website.