

Virginia Commission on Coal and Energy

Thursday, December 3, 2009, 1:00 p.m.
House Room D, General Assembly Building
Richmond, Virginia

Summary

The Virginia Commission on Coal and Energy met in Richmond. Chairman Terry G. Kilgore welcomed the members and called the meeting to order.

Presentations

Al Christopher, Department of Mines, Minerals and Energy. Mr. Christopher provided the Commission with an overview of the Virginia Energy Plan and the status of recommendations from the Plan. Mr. Christopher noted a number of actions taken to increase energy independence resulting in a 40 percent reduction in the rate of energy growth base case and a 20 percent increase of in-state energy production base case. Reductions in energy consumption have been achieved through a range of government and utility-sponsored efficiency programs. Energy education is in the process of being expanded by the SCC in response to the legislative requirement to institute a Consumer Education Plan. Environmentally related advancements include the Governor's Commission on Climate Change, the development by the EPA of greenhouse gas regulations, and transportation standards for land use. Additional energy research and development investment have been made by the Tobacco Indemnification and Community Revitalization Commission, the Virginia Coastal Energy Research Consortium, the Center for Innovative Technology, and the Virginia Center for Coal and Energy Research. These groups have reported difficulties in matching federal funds. Overall, Mr. Christopher's presentation shows the progress that has been made towards the many recommendations of the Virginia Energy Plan. An update to the plan is due July 1, 2010.

Thomas Steinhauser, Department of Social Services (DSS). Mr. Steinhauser provided the Commission with the biennial reporting for the Low-Income Energy Assistance Program (LIHEAP). The program is 100 percent federally funded through a block grant, and consists of four components: fuel assistance, crisis assistance, cooling assistance, and weatherization (which is administered by the Department of Housing and Community Development). To be eligible, a recipient must earn less than 130 percent of the federal poverty limit. There may be an increased benefit for households with members that are elderly, disabled, or have children under six. In 2009, the Commonwealth received \$127.7 million in total funding: \$118.1 million in a block grant and \$9.6 million in contingency funds. This was more than triple Virginia's typical allocation of \$38 million when the program was funded at \$2.1 billion. With the additional funding, the DSS was able to increase historically low benefit amounts while serving more households. The vast majority of benefit subsidies are paid directly to the household's energy provider. With Virginia's Fuel Assistance benefit only covering about 47 percent of a household's heating costs, it is reasonable to assume many of the same households will seek assistance through another source. DSS collaborates with other nongovernmental programs such as Dominion's EnergyShare Program or American Electric Power's (AEP) Neighbor-to-

Neighbor Program. Many of the utility-sponsored programs require the household to exhaust their Fuel Assistance benefit before they are eligible to receive assistance through their program. Though fuel prices are projected to drop, there has been a 24 percent increase in applications for Fuel Assistance. Members asked about the status of seniors under the program and the classification of assets for the purpose of determining eligibility under the poverty guidelines. Members were also interested in whether federal funding would continue at 2009 levels.

Shea Hollifield, Department of Housing and Community Development (DHCD). Ms. Hollifield provided the Commission with an overview of the Weatherization Assistance Program. The program is funded from two federal sources: the U.S. Department of Energy's Weatherization Assistance Program and the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program. The U.S. Department of Energy (DOE) initiated the Weatherization Assistance Program in 1976 to reduce dependency on foreign oil and decrease energy costs for low-income families while improving health and safety. Annual cost savings are approximately \$350 for a low-income family after weatherization. Assistance is provided regionally by 22 nonprofit organizations and funds are allocated to providers based on the federal guidelines. Eligibility for assistance is determined through an intake process and priority is given to the elderly, disabled, and households with children. Both rental and homeowner units are eligible. The weatherization process includes an energy audit, prioritized work specifications (which may be accomplished directly through providers or subcontractors), and a postproject assessment to document the energy savings accomplished. The program has received \$94.1 million in additional funding from the American Recovery and Reinvestment Act (ARRA). Members were also interested in the level of future federal funding. Ms. Hollifield responded that the spending of ARRA funds would continue for two and a half years. It was also asked about the number of providers and whether enough providers were qualified to properly weatherize homes.

Rita Randolph, Dominion. Ms. Randolph provided the Commission with an overview of EnergyShare, Dominion's year-round energy assistance program. The program is a public-private partnership that provides both heating assistance and cooling assistance. A citizen steering committee determines eligibility criteria and sets guidelines. The assistance takes the form of payment for any type of heating or cooling bill. Recipients must have a disconnection notice (unless over age 60) and live in Dominion's service area. The income guideline is 50 percent of local area median income. Maximum assistance is \$600 for heating and \$300 for cooling. Like the government-administered programs, payments go directly to energy vendors. Dominion funds agency administrative expenses and every cent donated goes to help people in need. The United Way of Greater Richmond and Petersburg is the managing agency that collects and distributes funds as directed by the formula developed by EnergyShare committees. Approximately 70 health and human service agencies screen clients for eligibility and administer EnergyShare throughout Virginia. EnergyShare has helped more than 20,000 families with more than \$35 million since its inception. Members complimented Dominion on the success of its program.

Ronald J. Jefferson, Appalachian Power. Mr. Jefferson discussed the newly enhanced Neighbor-to-Neighbor Program, which is partnered with Dollar Energy Fund, a nonprofit organization dedicated to providing low-income households with utility assistance. Appalachian

Power has contributed \$500,000 to help low-income customers pay their electric bills—an increase of 500 percent over last year’s \$100,000 contribution. Approximately 40 community-based agencies in Appalachian Power’s service area are taking applications for the program. Because of Dollar Energy Fund’s nonprofit status and fundraising expertise, the new partnership will expand the reach of potential contributors to include corporations and foundations, thus potentially increasing the number of households helped by the program. Eligible households are customers of Appalachian Power in Virginia who are at or below 150 percent of the Federal Poverty Income Guidelines. A network of community-based organizations throughout Virginia provides application intake services to clients. Members expressed interest in the eligibility guidelines and partnership with Dollar Energy Fund.

Dr. Michael Karmis, Virginia Center for Coal and Energy Research (VCCER). Dr. Karmis provided the Commission with an update to the status of carbon sequestration research and implementation with the Southeast Regional Carbon Sequestration Partnership (SECARB) in Virginia and Central Appalachia. The partnership has applied for funding from the U.S. Department of Energy Clean Coal Power Initiative (CCPI) for the demonstration of advanced carbon capture and storage at the Dominion Virginia City Hybrid Energy Center in Wise County, Virginia. Carbon dioxide removed from the station’s air emissions at the Virginia City Hybrid Energy Center would be moved by pipeline for permanent storage in unmineable coal seams and underground saline formations in the region. Dr. Karmis stated that large deployment tests are necessary to demonstrate and confirm technologies. Large tests will also provide sequestration “assurance” to the investor community seeking to fund an energy project that can be impacted by CO₂-limiting legislation—absence of such tests in a region, or on a specific geologic formation, may delay sequestration demonstration and clean coal deployment. A side benefit may be enhanced production of methane, the primary component of natural gas, from the coal seams. The project proposes to have numerous economic development benefits to the region including a \$162.8 million annual overall economic benefit to the region; \$420 million spent in construction costs for the capture facility and pipeline; 35.5 equivalent full-time employees operating the carbon capture and storage facilities; \$29 million in direct state and local revenues from the storage operations; 2.5 Bcf of ECBM production, valued at \$17 million, estimated from the demonstration project injection; and development of coal research infrastructure in the region. The question of liability remains a major barrier for carbon capture and sequestration. Legislation is needed to reduce risks and liability, define responsibility and jurisdiction during operation and postclosure of facilities, insure long-term responsibility for geologic storage of CO₂, and resolve questions of ownership of the geologic storage resource. Mr. Martin stated that the liability legislation was key to receiving federal funds for the project.

Subcommittee Update. Delegate R. Lee Ware provided the full commission with an update of the activities of the Uranium Mining Subcommittee, which was created by the Coal & Energy Commission by motion on November 6, 2008. Since that meeting just over a year ago, the subcommittee met four times to develop and finalize a scope for the study that would be used to execute the contract with the National Academy of Sciences or, more specifically, with the National Research Council (NRC), which is under the same umbrella organization as the National Academy of Sciences. Delegate Ware reports that the public comment at each meeting was robust, extensive, and thoughtful. After receiving public comment, the scope of study was finalized and adopted by the subcommittee at the meeting on May 21, 2009. The Governing

Board Executive Committee of the NRC met on November 11, 2009, to review the scope and determine whether the study would be accepted. As a result of that meeting, the NRC has asked for clarification on several issues. First, it is critical that NRC maintain its independence in carrying out the study. The request to perform the study emanates from the Coal and Energy Commission—which would be considered the study sponsor, notwithstanding that funding for the study might be provided by a for-profit entity, and that the signatory for the study would be the Virginia Center for Coal and Energy Research at Virginia Tech, acting as an agent for the Commonwealth. Second, the NRC is committed to providing a completely objective, high-quality scientific assessment of the issues. To that end, any funding must be guaranteed as fully available throughout the course of the contract term and there should be no contingencies save the production of deliverables under the contract. The NRC committee undertaking the study would seek information from all interested parties, but would operate with complete independence from Virginia Uranium and from the study's sponsor, the Commonwealth of Virginia. Finally, the NRC would like to amend or delete the last item in the scope of study. The amendment would limit that item to a nontechnical summary of the report for public education and outreach purposes. It should also be noted by the Commission that, while the study would provide independent, expert advice to inform decisions about the future of uranium mining, the study would not make recommendations about whether or not uranium mining should be permitted, nor would the study include site-specific assessments. If the NRC were to accept the modifications and enter into the contract to perform the study, Delegate Ware anticipated that the next step of the subcommittee would be to hold public hearings to determine the scope of the socio-economic study and the entity best suited to perform that study.

Members of the Uranium Mining Subcommittee unanimously voted to accept the scope as recommended by the NRC. Delegate Ware hopes that the socio-economic study could take place contemporaneously with the study by the NRC. The Commission thought that staff might prepare an informal query to determine which institutions might be interested in performing the socio-economic study.

Public Comment. The Commission received public comment expressing concern about the treatment of communities living around mining operations and dust exposure, particularly at the hands of Canadian mining corporations.