

COMMISSION ON ELECTRIC UTILITY RESTRUCTURING

WHEREAS, the Commission on Electric Utility Restructuring, hereafter referred to as the Restructuring Commission, is established pursuant to Chapter 31 (§ 30-201 et seq.) of Title 30 of the Code of Virginia to work with the State Corporation Commission in conjunction with the phase-in within the Commonwealth of retail competition for the generation of electricity; and

WHEREAS, the phase-in of retail competition is being implemented pursuant to the provisions of the Virginia Electric Utility Restructuring Act (§ 56-576 et seq.) of the Code of Virginia, hereafter referred to as the Restructuring Act; and

WHEREAS, the Restructuring Act provides that rates for generation service by incumbent electric utilities, subject to certain adjustments, are capped until December 31, 2010, at rates established by the State Corporation Commission; and

WHEREAS, upon the expiration of the capped rate period, the Restructuring Act contemplates that retail customers will have the ability to purchase generation service from competing suppliers, and that those customers who do not select a supplier, or have contracted with a supplier that fails to perform, will have the ability to procure generation service from a default service provider designated by the State Corporation Commission; and

WHEREAS, the Restructuring Act further provides that, following the capped rate period, the State Corporation Commission shall determine rates for default service, and that the generation service component of default service rates may be based upon prices for generation capacity and energy in competitive regional markets, or a proxy therefor if the Commission is unable to identify regional electricity markets where competition is an effective regulator of rates, while considering customers' need for rate stability and for protection from unreasonable rate fluctuations; and

WHEREAS, Senate Bill 711 of the 2006 Session specifically authorizes the Restructuring Commission to evaluate and assess the implications of the scheduled expiration of the capped rates, and to appoint persons who are not members of the Restructuring Commission to one or more subcommittees for any purpose within the scope of the duties prescribed to the Restructuring Commission; now, therefore, be it

RESOLVED that the Restructuring Commission should conduct a two-year study of the provision of electric generation service in the Commonwealth following the termination of the rate cap period on December 31, 2010. In conducting the study, the Restructuring Commission may examine, among such other issues as it deems relevant, (i) how the State Corporation Commission should implement and monitor default service and (ii) measures to mitigate price volatility that may be present at times in wholesale markets. Pursuant to the authority that may be granted by Senate Bill 711, the chairman of the Restructuring Commission is authorized to establish a subcommittee, which may include persons who are not members of the Restructuring Commission, to conduct the study.

Adopted: February 6, 2006