

COMMONWEALTH OF VIRGINIA  
STATE CORPORATION COMMISSION

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COMMONWEALTH OF VIRGINIA

At the relation of the

STATE CORPORATION COMMISSION

CASE NO. PUE-2007-00049

Ex Parte: In the matter of determining a recommended mix of programs, including demand side management (DSM), conservation, energy efficiency, load management, real-time pricing, and consumer education, to be implemented in the Commonwealth to cost-effectively achieve the energy policy goals set in § 67-102 of the Code of Virginia to reduce electric energy consumption

ORDER ESTABLISHING PROCEEDING

The General Assembly of Virginia enacted on April 4, 2007, Chapter 933 of the 2007 Acts of Assembly ("Chapter 933")<sup>1</sup> that, among other provisions, established:<sup>2</sup>

That it is in the public interest, and is consistent with the energy policy goals in § 67-102 of the Code of Virginia, to promote cost-effective conservation of energy through fair and effective demand side management, conservation, energy efficiency, and load management programs, including consumer education. These programs may include activities by electric utilities, public or private organizations, or both electric utilities and public or private organizations. The Commonwealth shall have a stated goal of reducing the consumption of electric energy by retail customers through the implementation of such programs by the year 2022 by an amount equal to ten percent of the amount of electric energy consumed by retail customers in 2006.

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<sup>1</sup> Chapter 933 (SB 1416) amends and reenacts §§ 56-233.1, 56-234.2, 56-235.2, 56-235.6, 56-249.6, 56-576 through 56-581, 56-582, 56-584, 56-585, 56-587, 56-589, 56-590, and 56-594 of the Code of Virginia; amends the Code of Virginia by adding sections numbered 56-585.1, 56-585.2, and 56-585.3; and repeals §§ 56-581.1 and 56-583 of the Code of Virginia, relating to the regulation of electric utility service.

<sup>2</sup> Third Enactment Clause of SB 1416.

The State Corporation Commission ("Commission") is now directed to establish a proceeding<sup>3</sup> to:

- (i) determine whether the ten percent electric energy consumption reduction goal can be achieved cost-effectively through the operation of such programs, and if not, determine the appropriate goal for the year 2022 relative to base year of 2006, (ii) identify the mix of programs that should be implemented in the Commonwealth to cost-effectively achieve the defined electric energy consumption reduction goal by 2022, including but not limited to demand side management, conservation, energy efficiency, load management, real-time pricing, and consumer education, (iii) develop a plan for the development and implementation of recommended programs, with incentives and alternative means of compliance to achieve such goals, (iv) determine the entity or entities that could most efficiently deploy and administer various elements of the plan, and (v) estimate the cost of attaining the energy consumption reduction goal.

Upon the conclusion of the above-described proceeding, the Commission is directed to submit its findings and recommendations to the Governor and General Assembly, on or before December 15, 2007 ("Commission's Report"). The Commission's Report shall include:

recommendations for any additional legislation necessary to implement the plan to meet the energy consumption reduction goal. In developing a plan to meet the goal, the Commission may consider providing for a public benefit fund and shall consider the fair and reasonable allocation by customer class of the incremental costs of meeting the goal that are recovered in accordance with subdivision A 5 b of § 56-585.1 of the Code of Virginia.<sup>4</sup>

The Commission is of the opinion that the proceeding we are directed to establish should receive the input of the broadest range of persons and organizations having an interest in energy conservation within the Commonwealth. Accordingly, the Staff of the Commission ("Staff") should invite representatives of incumbent electric and gas utilities, competitive service

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<sup>3</sup> Id.

<sup>4</sup> Id.

providers ("CSPs"), retail customers, the Virginia Department of Mines, Minerals, and Energy ("DMME"), the Governor's Energy Council ("Council"), cooperative and municipal providers of electric and gas service in the Commonwealth, PJM Interconnection, environmental and consumer organizations, and any other interested persons to participate in a work group that will assist Staff in making the determinations called for in the Third Enactment Clause of Senate Bill 1416 and to develop recommendations to the Commission regarding the Commission's Report due on December 15, 2007.

We will not enlist specific members of the work group in this Order, other than to appoint the Director of the Division of Economics and Finance ("Director"), or his designee to call the work group into meeting and receive any written information, statements, or recommendations by interested persons to the work group. Based on our experience in related proceedings, the Commission is confident that a variety of interested persons having an interest in energy conservation will participate in the work group. The Commission will not limit the size of the work group. In order to promote maximum participation in the work group, we direct the Staff to provide copies of this Order by electronic transmission or, when electronic transmission is not possible, by mail, to individuals, organizations, and companies, identified by Staff as potentially having an interest in this proceeding.

In order for the work group to organize in a timely fashion to assist the Staff, we find that all persons with an interest in this proceeding and desiring to participate in the work group should file with the Clerk of the Commission a letter expressing their intention to participate in the work group. The letter should include a complete mailing address, voice telephone number, facsimile telephone number (if available), and electronic mailing address (if available). If several interested persons are members of the same organization or employees of the same

entity, they should designate in the letters one contact person. Interested persons are encouraged to transmit a copy of the letter filed with the Clerk, or other requested information, to [econfin@scc.virginia.gov](mailto:econfin@scc.virginia.gov).<sup>5</sup>

In addition to the notice that Staff is directed to give of this proceeding, the Director or his designee should send a letter no later than June 15, 2007, to all interested persons outlining the scope of content and Staff's plan and process to complete its review. The letter should invite comments to the work group. Comments should be in written form and transmitted to the Director in the manner and by the date set forth in the Director's letter.

The Commission directs the Staff to review all written information received by the Director and prepare a report to the Commission to assist the Commission in fulfilling its reporting obligations to the Governor and General Assembly under the Third Enactment Clause of Senate Bill 1416. The Staff should file its report on or before November 9, 2007.

IT IS THEREFORE ORDERED THAT:

- (1) This matter shall be docketed and assigned Case No. PUE-2007-00049.
- (2) Within five (5) business days of the filing of this Order with the Clerk of the Commission, Staff shall transmit electronically or mail copies of this Order to interested persons and organizations as discussed in this Order.
- (3) The Director shall send a letter on or before June 15, 2007, consistent with the findings above, inviting representatives of incumbent electric and gas utilities, CSPs, retail customers, DMME, the Council, electric cooperatives, and municipal providers of gas and

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<sup>5</sup> To allow broad and efficient dissemination of information received by the Director from the work group, we will request that all information be submitted, to the extent possible, in electronic form. This information will be posted on the Commission's Division of Economics and Finance website.

electric service in the Commonwealth, PJM Interconnection, environmental and consumer organizations, and any other interested persons to participate in a work group to assist Staff.

(4) On or before June 15, 2007, the Commission Staff shall file with the Clerk a certificate of transmission or mailing, as required by Ordering Paragraph (2) of this Order, and shall include a list of names and addresses of persons to whom the Order was transmitted or mailed.

(5) On or before June 25, 2007, all persons who desire to participate in the work group shall file with the Clerk of the Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, a letter expressing their intention to participate in the work group. The letter shall include a complete mailing address, voice telephone number, facsimile telephone number (if available), and electronic mailing address (if available). If several interested persons are members of the same organization or employees of the same entity, they shall designate in the letters one contact person. Interested persons should also transmit a copy of the letter filed with the Clerk, or the requested information, to [econfin@scc.virginia.gov](mailto:econfin@scc.virginia.gov).

(6) The Commission Staff shall post promptly upon receipt all written comments received by electronic transmission at [econfin@scc.virginia.gov](mailto:econfin@scc.virginia.gov) to the Division of Economics and Finance website: <http://www.scc.virginia.gov/division/eaf/index.htm>. The Commission Staff shall not be responsible for editing any posted document to remove information that may be deemed confidential.

(7) On or before November 9, 2007, the Commission Staff shall conduct an investigation, with input from a work group and other participants, and file with the Clerk of the Commission a Report presenting its findings and recommendations in response to the directives to the Commission contained in the Third Enactment Clause of SB 1416.

(8) This case is hereby continued generally.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

C. Meade Browder, Jr., Senior Assistant Attorney General, Office of the Attorney General,  
Division of Consumer Counsel, 900 East Main Street, Second Floor, Richmond, Virginia 23219;  
and the Commission's Office of General Counsel and Divisions of Economics and Finance,  
Public Utility Accounting, and Energy Regulation.

A True Copy  
Teste:

  
Clerk of the  
State Corporation Commission