

Support HB1636

Improving Review Standards for Energy Efficiency Programs

Delegate Sullivan

Reasons to Support

1. HB 1636 will help to implement cost-effective energy efficiency programs in Virginia with a simpler test for approving utility energy efficiency proposals, which are often blocked under current law.
2. The bill finds that the public interest is served by utility efficiency programs and measures when the net present value of the total benefits of a program or measure exceeds the net present value of the total incremental costs of implementing that program or measure as calculated over the lifetime of the measures implemented thereunder.
3. The total benefits to be considered would include both cost savings and non-energy benefits to the public.
4. This common sense test would apply to electric utilities under Section 56-576 and natural gas utilities under Section 56-600. A program or measure that fails this test would be considered under existing four-part test for efficiency programs.
5. The bill would help address the problem that Virginia is far behind both legislatively established goals to reduce energy usage and other states in implementing utility energy efficiency programs.

Importance of Changing the Standard for Efficiency Proposals

For too long, Virginia utilities have failed to adequately invest in energy efficiency because of an overly complex standard for approving energy efficiency programs. Instead of implementing the cheapest energy solution – efficiency – whenever the benefits would exceed the costs, Virginia utilities have spent money on more costly fuels and facilities, including transmission, generation and other contentious facilities. These alternatives harm both pocketbooks and the environment compared to efficiency solutions.

As a result of the SCC's implementation of current standards, the General Assembly's goal to reduce demand for electric energy by ten percent (10%) by 2022 has not and will not be met. DMME reported in 2016 that Virginia utilities have achieved only 10% of that goal and only have plans to achieve 25% of the goal by 2022. Bloomberg and others have recognized that Virginia ranks near the bottom of states for utility energy efficiency programs.

HB1636 will help to fix these problems by requiring the State Corporation Commission to approve proposals that meet the bill's "total resource cost" test. That test would consider both cost savings and non-utility benefits to the public. If this test is not satisfied, the SCC would consider proposals under the existing four-part test. This would eliminate some of the current barriers to more effective energy efficiency programs consistent with meeting customers' overall needs for energy services. By also establishing explicit efficiency requirements and priorities, Delegate Sullivan's proposed HB1703 would do still more to assure that energy efficiency is given the emphasis it deserves.