

ESTABLISHING INVESTOR-OWNED UTILITY ENERGY EFFICIENCY INCENTIVES HB 1053 | SB 395



PROVIDING CERTAINTY FOR UTILITY ENERGY EFFICIENCY PROGRAMS

ABOUT ENERGY EFFICIENCY

Energy Efficiency = Jobs

Energy efficiency represents a **\$300M+ industry** in Virginia with an estimated **9,400 jobs**.

Energy Efficiency = Money Saved

Energy efficiency saves the U.S. economy **\$400 billion** every year. Efficiency programs typically range from **two to four cents per kilowatt hour (kwh)** compared with 6.5 cents per kwh for other energy sources.

Energy Efficiency = Carbon Reduction

We avoid **2.5 billion tons of CO₂** annually through energy efficiency.



BILL HIGHLIGHTS

HB 1053 and SB 395 create certainty for utilities in the way the SCC evaluates and approves energy efficiency programs while creating a mechanism for measuring and verifying savings of approved programs by:

1. Removing the current provision used by the SCC to award revenues lost by utilities for implementation of their energy efficiency programs.
2. Establishing a performance incentive to award utilities for implementing successful, cost-effective energy efficiency programs.
3. Creating a process to develop an independent mechanism to measure and verify savings of approved energy efficiency programs.

If these bills pass, they will require the Department of Mines, Minerals and Energy and the SCC to convene a stakeholder group to develop a standardized and independent protocol to measure, verify and evaluate energy savings attributable to utility energy efficiency programs.

Through the performance incentive, utilities will receive an additional percentage of program costs if they can achieve a Levelized Cost of Saved Energy (LCSE):

- An additional 1% of program costs are returned if the LCSE is at or below six cents per kilowatt hour;
- An additional 2% of program costs are returned if the LCSE is at or below five cents per kilowatt hour;
- An additional 3% of program costs are returned if the LCSE is at or below four cents per kilowatt hour;
- An additional 4% of program costs are returned if the LCSE is at or below three cents per kilowatt hour