

VAEEC Webinar Series

Policy Update + Legislative Priorities

January 12, 2018

Chelsea Harnish, VAEEC
Richard Caperton, Oracle



Agenda

Welcome and Introductions

Governor-Elect Northam's Transition

- Policy Councils

- Appointees

State Corporation Commission

- Commissioner retirement

- Intervening in Utility EE Proceedings

Clean Energy Virginia Initiative

- What it is and Why it matters for EE

- Next steps

General Assembly Session

- Explaining the legislative process

- Opportunities and challenges

- Key bills

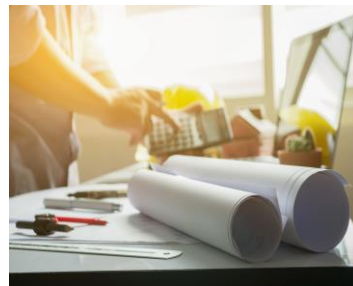
Questions



VAEEC Programs

From our report, *“Why Energy Efficiency is a Smart Investment for Virginia”*

1. Expand Utility Energy Efficiency Programs
2. Support Implementation of Commercial Property Assessed Clean Energy
3. Adopt rigorous energy building codes for new home construction
4. Expand performance-based contracting for state-owned buildings and institutions of higher education
5. Provide and support opportunities for benchmarking of state, local and commercial buildings



Transition: Governor-Elect Northam

Policy Councils

Governor-Elect Northam's transition team held policy councils for each of the secretariats

- Policy Council for Commerce and Trade
 - Four Focus Areas: Economic Development and Workforce; Energy; Structural Reform and; Housing
 - Main Takeaways: Governor-Elect Northam is focused on economic development and providing support for the rural areas of the Commonwealth- energy efficiency can play a role to help him achieve both of these goals
- Policy Council for Natural Resources
 - The Administration understands that energy efficiency is a core part of natural resources protection.
 - The carbon rule is a huge opportunity for EE, and the Administration understands the need to quickly complete the relevant rulemakings.
- Our messaging: We continue to advocate for our five programmatic areas and laid out specific ways to achieve the goals laid out in our report released last year with updates, which can be viewed: <http://vaeec.org/7049-2/>

Transition: Governor-Elect Northam

Appointees

- **Secretary of Commerce and Trade: Ester Lee**

Esther Lee is a strategic business leader with senior management experience in Fortune 500 companies and government. Ms. Lee served as Global Chief Marketing and New Business Officer at Burson-Marsteller, one of the world's largest strategic communications firms. In 2009, President Barack Obama appointed her as Senior Policy Adviser to the U.S. Secretary of Commerce where she created and led the Office of Innovation and Entrepreneurship. Previous to her appointment, Ms. Lee worked for various companies in technology, media, and finance, including Siemens and CNN. Ms. Lee serves as Vice Chair of the Fairfax County Economic Development Authority and co-founder of the Council of Korean Americans. She received a Bachelor's in economics from Harvard University and an MBA from MIT's Sloan School of Management.

- **Secretary of Natural Resources: Matthew Strickler**

Matt Strickler serves as Senior Policy Advisor to the House Committee on Natural Resources. His portfolio includes fisheries, oceans, wildlife, and coastal policy, as well as related energy and public lands issues. He also handles matters related to The National Environmental Policy Act (NEPA). Mr. Strickler graduated from Washington and Lee University and holds master's degrees in public policy and marine science from the College of William and Mary and the Virginia Institute of Marine Science. Before joining the Committee in 2012, Matt worked in the Virginia General Assembly as a legislative assistant to then-state Senator Ralph Northam.



State Corporation Commission

Commissioner Retirement

- Late last year, Judge Dimitri announced his early retirement from the State Corporation Commission next month. Commissioner Dimitri had been at the SCC for nearly a decade.
- Another Commissioner, Judge Judith Jagdmann, is up for re-appointment this session
- Virginia is only one a few states where utility commissioners are appointed by the legislature instead of the Governor.
- The General Assembly will interview potential candidates for the open seat and will vote to appoint someone during the current General Assembly session.
- VAEEC is working with several of our partners who have put together a profile for the ideal candidate, which includes:

An appreciation for clean energy technologies and services; a commitment to bringing clean energy to all ratepayers, especially those who are low-income; an understanding of the importance of utility data access, as well as rate design; and more.



State Corporation Commission

VAEEC Intervening in Utility Energy Efficiency Proceedings

Why is the open Commission seat important to VAEEC?

- The SCC oversees utility energy efficiency programs
- Utility energy efficiency programs make up **98% of Virginia's progress** towards meeting the voluntary 10% energy reduction goal

Upcoming Utility Energy Efficiency Proceedings

In March, VAEEC will formally intervene in support of both Appalachian Power Company and Dominion Energy's proceedings before the SCC to renew, extend or implement energy efficiency programs for utility customers.

- Appalachian Power Company (PUR-2017-00094 and PUR-2017-00126): Extending their low-income program, and applying for six new residential and commercial programs
- Dominion Energy (PUR-2017-00129): Renewing their low-income program



Clean Energy Virginia Initiative

What it is and why it matters for energy efficiency

Last November, the Virginia Air Pollution Control Board approved Governor McAuliffe's regulations to limit **carbon emissions** from Virginia's electric generating facilities. These regulations will:

- cap emissions at 33 or 34 million tons
- reduce carbon emissions **30% between 2020-2030**

The state will hold quarterly consignment auctions to determine the cost of the allowances and the money from that auction will be given back to the utilities (not to state), which is a first of its kind in the US.

Five percent of the allowances will be withheld from the consignment auction and will be transferred to the Department of Mines, Minerals and Energy (DMME) to implement **energy efficiency programs**.

Regulations:

http://www.townhall.virginia.gov/L/GetFile.cfm?File=C:\TownHall\docroot\Meeting\1\26694\Agenda_DEQ_26694_v1.pdf



Clean Energy Virginia Initiative

Next steps in the rulemaking process

DEQ Rulemaking

- Open comment period extended through April 9th, 2018
- Public hearings throughout the Commonwealth in early March
- VAEEC encourages members to submit comments supporting the energy efficiency carve out
- More details: <http://www.townhall.virginia.gov/ViewStage.cfm?StageID=8130>

DMME Rulemaking

- DMME has confirmed they will do a separate rulemaking for the 5% energy efficiency carve out
- DMME will most likely not do anything on this prior to the closing of the DEQ comment period
- VAEEC will continue providing resources to DMME as they investigate options for program design and implementation
- VAEEC will keep our members posted as things progress



General Assembly Session

How the legislative process works

2018 is considered a “long session”, of just 60 days, and runs from January 10th-March 10th, 2018

This first day of session was the last day for bills to be pre-filed but legislators have until next Friday to submit final bill versions; bills are then uploaded to the Virginia Legislative Information System (LIS). website:

<http://lis.virginia.gov>.

The SB or HB before a bill number denotes the chamber the bill originated in.

Bills are assigned to committees in each chamber for review. Committees have until “crossover” to review bills in their respective chamber. After crossover (Feb. 13th), the house can only review senate bills and vice versa.

Energy bills typically go to the Commerce and Labor committee in both chambers. While a bill can come up at anytime, in the house, energy bills are sent to a special subcommittee on Energy, which only meets once before crossover and typically meets within a week of crossover.

Once a bill passes a committee, it can be sent to another committee or it is sent to the full chamber. A bill is “read” three times in each chamber. A bill can only be debated on the floor during the second reading and it is passed or rejected on the third reading.

General Assembly Session

Opportunities and challenges during the 2018 session

The official make-up of the Virginia House of delegates is 51 Republicans and 49 Democrats with the Republicans having a majority rule. Delegate Kirk Cox was elected as the new Speaker of the House on Wednesday, the first day of session, after the retirement of Del. Bill Howell last year.

The house set its governing rules on Wednesday as well with two promising changes:

1. Subcommittee votes will be recorded instead of allowing voice voting.
2. Committees will be proportionally represented by both parties. Last year, the House Commerce and Labor had 16 republican members and seven democratic members. This year, the 23-member committee has 12 republican members and 11 democratic members.

General Assembly Session

VAEEC Legislative Priorities

Bills Introduced that VAEEC supports:

- HB 204: *Commercial Benchmarking enabling legislation* (Del. Sullivan); this bill is the direct result of the DMME Benchmarking Stakeholder Group, which gives localities the authority to mandate commercial benchmarking programs if they so choose and includes program design requirements
- HB 1261: *Cost-effectiveness tests used in utility proceedings* (Del. Hugo)- Determines that proposed energy efficiency programs proposed are in the public interest if the net present value of the benefits exceeds the net present value of the costs as determined by any three of four benefit-cost tests.



Investor-owned utilities over-earnings debate

We are tracking this closely. VAEEC has **NO** opinion on whether the rate review freeze should be repealed or whether the utilities should be able to keep any portion of their over-earnings. However, if the utilities are able to keep some portion of their over-earnings- both current and future, we are advocating to expand existing programs and opportunities for more programs.

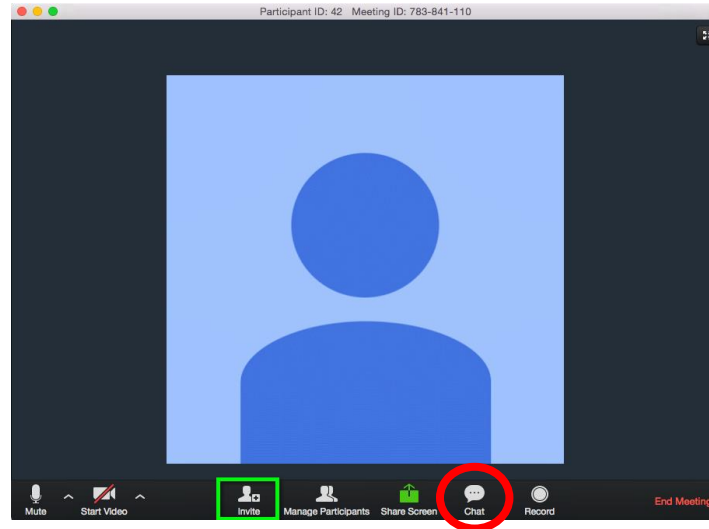
General Assembly Session

Other bills VAEEC is tracking

- **HB 58:** LED use in public outdoor lighting (Bell)- requires the use of LED bulbs in public lighting currently using incandescent lights, which are maintained by state agencies with exemptions
- **HB 560:** EE Revolving Fund (Sullivan)- Creates the Virginia Energy Efficiency Revolving Fund to provide no-interest loans to any locality, school division, or public institution of higher education for energy conservation or efficiency projects, funded by 40 percent of the annual revenue over \$325M of certain state recordation taxes and other funds given to the Fund.
- **HB 781:** Virginia Open Data Initiative Act (Kearney)- Increases public awareness of and access to the data created by and available from state agencies and provides for the appointment by the Governor of a Chief Data Officer to maintain the official website of the Commonwealth of Virginia as a dedicated open data website.
- **HB 963:** Mandatory EE savings targets (Sullivan)- Requires investor-owned electric utilities, cooperative electric utilities, and investor-owned natural gas distribution utilities to meet incremental annual energy efficiency goals.
- **HB 964:** Removing the RIM test (Sullivan)- Removes the RIM test as a test the SCC can use to determine cost-effectiveness of an EE programs
- **HB 965:** Prioritizing the TRC test (Sullivan)- An energy efficiency program or measure that meets the Total Resource Cost Test is declared to be in the public interest.

Questions?

Type your questions by clicking the “Chat” button located at the bottom of your screen



Contact information



Chelsea Harnish
Chelsea@vaeec.org



Richard Caperton
Richard.Caperton@oracle.com