

FALL 2020 FORUM & TRADE SHOW

Large Energy Users: Efficiency Opportunities & Challenges

November 10, 2020

Sponsored by



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Delivering for Virginia: Opt-out Rules for Industrial Energy Efficiency

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OUTLINE

- Context
- Update on opt-out rules
- Why large customer participation is crucial
- Principles of successful programs
- Recommendations

CONTEXT

- April 2020, Virginia became the first southern state with a goal of providing residents with 100% carbon free energy by 2050
- Virginia Clean Economy Act (VCEA) to drive this transition
- Energy efficiency a foundational path to reducing GHGs and industry can play a role
 - Manufacturing accounts for 11% of Virginia CO2 emissions
 - And 16% of electricity sales
- State Corporation Commission (SCC) tasked with updating 2009 rules on opt-out provisions for large service customers

Comparing Previous & Updated Opt-out Rules

Category	2009 Legislation	2020 Updates
LGS definition	used more than 500 kilowatts from a single meter of delivery	used more than one megawatt of demand from a single site
Exemption qualification	nonparticipation shall describe the energy efficiency savings achieved or expected to be achieved	nonparticipation shall describe the energy efficiency savings achieved in the prior five years from its ... specific measures

Category	2009 Legislation	2020 Updates
Energy efficiency savings reporting	<p>To qualify for the exemption, each Customer shall demonstrate energy efficiency savings equal to or greater than the percentage energy efficiency reductions expected to be achieved by its Utility's energy efficiency programs</p>	<p>To qualify for the exemption, each customer shall have measurable and verifiable energy efficiency savings in the prior five years. Additionally, each customer ... shall furnish yearly reports describing the energy efficiency savings achieved by the customer during each year in which nonparticipation is in effect.</p>
Utility notices	<p>-</p>	<p>Each utility shall notify its customers of the percentage energy efficiency reductions expected to be achieved by the utility's energy efficiency programs for which the commission has approved rate adjustment clauses</p>

Why Large Customer Participation is Crucial

- Industries are in transition (energy, emissions, supply chain...)
- Drivers for sustainability, emissions reduction & waste reductions commitments strengthening (including science-based targets)
- Maximizing energy efficiency program participation allows utilities to access the least-cost resource
- Keeps costs low for smaller customers
- Improves the data on efficiency measures undertaken by large customers driving down program portfolio costs

Avenues to Keep Large Customers in the Program

- Pay attention to large customer needs, ensuring energy efficiency programs are responsive to their needs
- Design responsive programs.
- Demonstrate the value of programs—direct & indirect
- Build strong partnerships. Offer good account management
- Provide useful tools to users to help them make significant energy & GHG reductions
- Consider partnering with external firms to provide access to process & engineering expertise

Best Principles for Self-direct Programs

- Companies should have the option to earmark energy efficiency (EE) funds in lieu of program contributions
- Allow for multi-year aggregation of funds in energy savings accounts (e.g. over 3 year, rolling use it or lose it provision) with unused funds returning to the utility—encourages customers to implement projects
- There should be a recourse for administrators in case of customer non-performance (e.g. funds not spent in the savings account on a 3-year rolling basis revert to the program)
- The SCC should provide more clarity on whether companies that opt out are responsible for none or a portion of the fees

Recommendations

- It would be beneficial to include energy management programs (e.g. ISO 50001 or strategic energy management [SEM]) and energy managers as requirements for opt-out.
- The proposed rules just require that a company have an energy efficiency program and provide information over its past 5 years. A threshold for performance improvement could be considered (e.g. a X% improvement rate/year in energy reductions).

REFERENCES

- [*Myths and Facts about Industrial Opt-Out Provisions*](#), ACEEE
- Kelly, M., [*Everyone Benefits When Everyone Pays: The Importance of Keeping Large Customers in Utility Programs*](#). ACEEE Summer Study. 2016
- Chittum, A. [*Follow the Leaders: Improving Large Customer Self-direct Programs*](#), ACEEE Summer Study. 2011
- [*§ 56-585.1*](#), Code of Virginia, 2020
- Molina, M., [*The Best Value for America's Energy Dollar: A National Review of the Cost of Utility Energy Efficiency Programs*](#), ACEEE, 2014

QUESTIONS & ANSWERS

To submit a question,

- Request to share your audio, or
- Use the session chat-box

AGENDA

12:00-12:15 PM	WELCOME & UPDATES
12:15-12:30 PM	EXHIBITOR & NETWORKING SHOWCASE
12:30-1:30 PM	ADVANCING EFFICIENCY WITH EMERGING TECHNOLOGIES
1:30-1:45 PM	EXHIBITOR & NETWORKING SHOWCASE
1:45-2:45 PM	LARGE ENERGY USERS: EFFICIENCY OPPORTUNITIES & CHALLENGES
2:45-3:00 PM	ENERGY EFFICIENCY IMPLEMENTATION IN THE TIME OF COVID-19
3:00-4:00 PM	EXHIBITOR & NETWORKING SHOWCASE
4:00-4:30 PM	EXPLORING THE INTERSECTION OF HEALTH & ENERGY EFFICIENCY
4:00-4:30 PM	NETWORKING RECEPTION