

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 30, 2016

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COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

CASE NO. PUE-2016-00022

Ex Parte: In the matter of receiving input for evaluating the establishment of protocols, a methodology, and a formula to measure the impact of energy efficiency measures

SCHEDULING ORDER

During the 2016 Session of the Virginia General Assembly, two identical bills, House Bill 1053 and Senate Bill 395, were passed by the General Assembly. These bills both require:

§ 1. That the State Corporation Commission (the "Commission") shall evaluate the establishment of uniform protocols for measuring, verifying, validating, and reporting the impacts of energy efficiency measures implemented by investor-owned electric utilities providing retail electric utility service in the Commonwealth and the establishment of a methodology for estimating annual kilowatt savings and a formula to calculate the levelized cost of saved energy for such energy efficiency measures. The Commission shall promptly commence such evaluation following the effective date of this act and shall receive input from interested parties and the Department of Mines, Minerals and Energy. The Commission shall submit to the Governor and the General Assembly a report of its findings and recommendations by December 1, 2016.¹

NOW THE COMMISSION, upon consideration of this matter, is of the opinion that while this legislation has not yet become effective, it requires the Commission's prompt review and receipt of input from interested persons and entities prior to submitting a report of its findings and recommendations to the Governor and General Assembly. Therefore, the

¹ Senate Bill 395 was signed into law by the Governor on March 7, 2016, and is effective July 1, 2016. 2016 Va. Acts Ch. 255 (quotation marks added). House Bill 1053 is currently awaiting further action by the Governor.

Commission herein establishes a schedule in advance of the effective date in order to receive timely input on this matter.

The Commission finds that an evaluation ("Evaluation") should be conducted to consider the establishment of: (i) uniform protocols for measuring, verifying, validating, and reporting the impacts of energy efficiency measures; (ii) a methodology for estimating annual kilowatt savings for such energy efficiency measures; and (iii) a formula to calculate the levelized cost of saved energy for such energy efficiency measures (collectively, "Objectives"). The Commission will conduct the Evaluation and consider the Objectives as they concern energy efficiency measures implemented by both investor-owned electric utilities and investor-owned natural gas utilities,² as both types of utilities conduct energy efficiency programs.

Further, since evaluation and verification of energy savings of energy efficiency programs typically are measured against the projected savings included in cost/benefit analyses, the Commission is of the opinion that the Evaluation also should encompass the methodologies by which utilities calculate the components of the cost/benefit tests³ in proceedings requesting approval to implement energy efficiency programs. In particular, the Evaluation should consider: (i) whether the application of costs and benefits is consistent across utilities; (ii) whether consistent application of costs and benefits across utilities is necessary or reasonable; and (iii) whether the application of the cost/benefit tests can be improved by enhanced evaluation and verification protocols for estimating savings actually realized (collectively, "Cost/Benefit Questions").

² Though natural gas utilities are not specifically referred to by House Bill 1053 and Senate Bill 395, the Commission, in its discretion, is including consideration of natural gas utilities' energy efficiency measures to provide for a more thorough Evaluation.

³ The cost/benefit tests include, at a minimum, the Participants Test, the Utility Cost Test, the Ratepayer Impact Measure Test, and the Total Resource Cost Test. *See* the Commission's Rules Governing Cost/Benefit Measures Required for Demand-Side Management Programs, 20 VAC 5-304-10 *et seq.*

Accordingly, the Commission shall receive input from the Virginia Department of Mines, Minerals and Energy ("DMME"), from investor-owned electric utilities and investor-owned natural gas utilities providing service in the Commonwealth, and from other interested persons or entities, concerning the Objectives and/or the Cost/Benefit Questions. We will direct that the Clerk of the Commission provide copies of this Scheduling Order to: DMME; Virginia Electric and Power Company d/b/a Dominion Virginia Power, Appalachian Power Company, and Kentucky Utilities Company d/b/a Old Dominion Power Company (collectively, "Electric Companies"); Appalachian Natural Gas Distribution Company, Atmos Energy, Columbia Gas of Virginia, Inc., Roanoke Gas Company, Southwestern Virginia Gas Company, Virginia Natural Gas, Inc., and Washington Gas Light Company (collectively, "Natural Gas Companies"); and the Office of the Attorney General, Division of Consumer Counsel ("Consumer Counsel").

We also will direct the Staff of the Commission's Division of Energy Regulation ("Staff") to identify other persons or entities that potentially may have an interest in this matter, including electric cooperatives and participants in past Commission cases wherein an Electric Company, a Natural Gas Company, or an electric cooperative has sought approval of energy efficiency programs and/or conservation and ratemaking efficiency plans, and to provide these persons or entities with copies of this Scheduling Order by electronic transmission or, when electronic transmission is not feasible, by first class mail. Further, we will direct the Director of the Commission's Division of Information Resources to post a copy of this Scheduling Order on the Commission's website.

We will provide DMME, the Electric Companies, the Natural Gas Companies, Consumer Counsel, and any other interested person or entity an opportunity to provide written and/or oral

comments on the Objectives and the Cost/Benefit Questions under consideration in this matter.

In addition to any general comments, the Commission seeks specific input concerning:

- Existing measurement and verification protocols and their applicability for Virginia;
and
- Appropriate formulae for developing the cost of saved energy resulting from energy efficiency programs and appropriate inputs for such formulae.

Finally, the Commission will hold a public session to receive comments from interested persons and entities regarding the Objectives and the Cost/Benefit Questions under consideration in this matter.

Accordingly, IT IS ORDERED THAT:

(1) This matter is docketed and assigned Case No. PUE-2016-00022 for purposes of receiving input from DMME and interested persons and entities.

(2) The Clerk of the Commission hereby is directed to provide a copy of this Scheduling Order to DMME, the Electric Companies, the Natural Gas Companies, and Consumer Counsel.

(3) Within five (5) business days of the filing of this Scheduling Order with the Clerk of the Commission, the Staff shall transmit electronically or by first class mail copies of this Scheduling Order to those persons and entities identified by the Staff as potentially having an interest in this matter. The Staff shall promptly file with the Clerk of the Commission a certificate of transmission or mailing and include a list of names and addresses of the persons and entities to whom the Scheduling Order was transmitted or mailed.

(4) The Director of the Commission's Division of Information Resources promptly shall post a copy of this Scheduling Order on the Commission's website.

(5) On or before May 25, 2016, interested persons or entities may file comments with Joel H. Peck, Clerk, State Corporation Commission c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218. Comments shall refer to Case No. PUE-2016-00022 and shall address the Objectives and/or the Cost/Benefit Questions noted above. Those desiring to submit comments electronically may do so on or before May 25, 2016, by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/case>.

(6) On or before June 24, 2016, the Staff shall file with the Clerk of the Commission an original and fifteen (15) copies of a Staff Report containing its evaluation of the issues under consideration in this matter.

(7) A public session shall be convened on July 12, 2016, at 10 a.m. in the Commission's second floor courtroom, Tyler Building, 1300 East Main Street, Richmond, Virginia 23219, to receive comments regarding the Objectives and the Cost/Benefit Questions under consideration in this matter.

(8) This matter is continued.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to all persons on the official Service List in this matter. The Service List is available from the Clerk of the State Corporation Commission, c/o Document Control Center, 1300 East Main Street, First Floor, Tyler Building, Richmond, Virginia 23219. A copy also shall be sent to the Commission's Office of General Counsel and Division of Energy Regulation.