

**H. B. 4367**

(By Delegates Manypenny, Skinner, Staggers,  
Wells, Fleischauer and Manchin)

[Introduced January 29, 2014; referred to the  
Committee on Energy then the Judiciary.]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article, designated §24-2G-1, §24-2G-2, §24-2G-3, §24-2G-4, §24-2G-5 and §24-2G-6, all relating to utility resource planning; providing a short title; making findings and declaring a purpose; defining terms; establishing required energy efficiency programs; allowing for the establishment of a third-party energy efficiency program administrator; requiring integrated resource planning; and setting deadlines and target dates.

*Be it enacted by the Legislature of West Virginia:*

That the Code of West Virginia, 1931, as amended, be amended by adding thereto a new article, designated §24-2G-1, §24-2G-2, §24-2G-3, §24-2G-4, §24-2G-5 and §24-2G-6, all to read as follows:

**ARTICLE 2G. ENERGY EFFICIENCY.**

**§24-2G-1. Short title.**

This article may be known as the "West Virginia Energy

1 Efficiency Resource Act."

2 **§24-2G-2. Findings and purpose.**

3 The Legislature finds and declares that:

4 (1) Energy efficiency is the least expensive and least risk  
5 resource for meeting electricity demand; and

6 (2) It is in the public interest for electric utilities to  
7 offer energy efficiency and peak demand reduction programs to their  
8 customers and to integrate demand-side resources into long-term  
9 resource planning.

10 **§24-2G-3. Definitions.**

11 As used in this article:

12 (1) "Demand response program" means a program established by  
13 an electric utility that promotes changes in electricity usage by  
14 customers from their normal consumption patterns in response to:

15 (A) Changes in the price of electricity over time; or

16 (B) Incentives designed to promote lower electricity use at  
17 times of high wholesale market prices or when system reliability is  
18 jeopardized.

19 (2) "Commission" means the West Virginia Public Service  
20 Commission.

21 (3) "Cost effective" refers to a standard that is met for an  
22 energy efficiency program if the program passes the Program  
23 Administrator Cost Test, meaning that on a life cycle basis, the  
24 total avoided supply-side costs to the utility, including

1 representative values for electricity or natural gas supply,  
2 transmission, distribution, and other associated costs, are greater  
3 than the total costs to the utility of administering and  
4 incentivizing the energy efficiency program.

5 (4) "Electricity consumption" and "electricity consumed" mean  
6 the sum of retail electricity sales to all customers and reported  
7 electricity losses within the electric distribution system.

8 (5) "Electric utility" means any investor-owned electric  
9 utility.

10 (6) "Peak demand" means the highest level of electricity  
11 demand in the state measured in megawatts during the period from  
12 January 1 to December 31 of a year on a weather-normalized basis.

13 (7) "Plan" means an electricity savings and demand reduction  
14 plan and cost recovery proposal.

15 **§24-2G-4. Energy efficiency programs required.**

16 (a) By May 31, 2014, the commission shall initiate a  
17 proceeding to establish targets for electricity and peak demand  
18 savings for 2020 and 2026. Establishment of such targets shall be  
19 based on:

20 (1) Availability of cost-effective energy efficiency in West  
21 Virginia.

22 (2) Short-term and long-term utility bill impacts of electric  
23 utility investment in energy efficiency.

24 (3) Economic development potential of electric utility

1 investment in energy efficiency.

2 (4) Experience of other states in implementing energy  
3 efficiency resource standards.

4 (b) By July 1, 2014, the commission shall issue an order:

5 (1) Requiring each electric utility to: (A) Provide for its  
6 electric customers cost-effective energy efficiency and  
7 conservation programs that achieve, at a minimum, verifiable energy  
8 savings equivalent to the targets established in subsection (a) of  
9 this section; and (B) provide for its electric customers  
10 cost-effective demand response programs that achieve, at a minimum,  
11 verifiable peak demand savings equivalent to the targets  
12 established in subsection (a) of this section.

13 (2) Adopting rate-making policies that provide cost recovery  
14 for all energy efficiency and demand response programs approved by  
15 the commission and provide reasonable financial incentives for  
16 electric utilities who implement programs and services that  
17 successfully achieve customer energy efficiency improvements.

18 (3) Establishing guidelines for evaluation and reporting on  
19 progress towards achieving the targets established in subsection  
20 (a) of this section.

21 (c) By December 31, 2015, the commission shall initiate a  
22 proceeding to determine the feasibility of setting energy savings  
23 targets for natural gas companies and to establish such targets if  
24 appropriate.

1 (d) By December 31, 2019, the commission shall review the  
2 performance of the electric utilities in achieving the 2020 targets  
3 set forth in subsection (a) of this section, together with  
4 information about future energy savings potential and with  
5 integrated resource plans provided pursuant to section six of this  
6 article, and develop recommendations as to whether there should be  
7 any adjustments, up or down, in the 2026 targets established in  
8 subsection (a) of this section.

9 **§24-2G-5. Third-party administration.**

10 If the utility-specific programs developed pursuant to section  
11 four of this article fail to make adequate progress towards the  
12 targets specified in subsection (a) of that section for three  
13 consecutive years, the commission may, after notice and opportunity  
14 for hearing, provide for the development, implementation, and  
15 monitoring of gas and electric energy efficiency and conservation  
16 programs and measures, including programs and measures delivered in  
17 multiple service territories, by one or more entities appointed by  
18 the commission for these purposes. The commission may specify that  
19 the implementation of these programs and measures satisfies a  
20 utility's corresponding obligations, in whole or in part, under  
21 section four of this article and under any prior orders of the  
22 commission. If such an independent third-party entity administers  
23 energy efficiency programs in lieu of the utility under this  
24 section, the targets described in section four of this article

1 shall apply to that third party administrator for those years that  
2 the entity administers the programs. The commission has the  
3 authority to fund energy efficiency and conservation programs  
4 developed, implemented, and monitored by an independent entity  
5 under this section via a volumetric charge to customers. The  
6 charge shall be known as the energy efficiency charge and shall be  
7 paid to a fund administrator appointed by the commission. Funds  
8 collected through an energy efficiency charge may not be funds of  
9 the state, are not available to meet the general obligations of the  
10 government, and may not be included in the financial reports of the  
11 state. The commission will annually provide the Legislature with  
12 a report detailing the revenues collected and the expenditures made  
13 for energy efficiency programs under this section.

14 **§24-2G-6. Integrated resource planning required.**

15 (a) Not later than July 1, 2014, the commission shall issue an  
16 order directing electric utilities to develop an initial integrated  
17 resource plan to be filed not later than December 31, 2014, in  
18 conjunction with other similar deadlines required by other states  
19 or entities of the electric utilities. This order may include  
20 guidelines for developing an integrated resource plan.

21 (b) (1) Electric utilities shall file with the commission  
22 initial integrated resource plans as directed by the commission and  
23 must comply with this section and with the order issued pursuant to  
24 subsection (a) of this section.

1       (2) Electric utilities shall file updated integrated resource  
2 plans at least every two years after the initial integrated  
3 resource plan which shall comply with any relevant order of the  
4 commission establishing guidelines for the format and contents of  
5 updated and revised integrated resource plans.

6       (c) The commission shall analyze and review an integrated  
7 resource plan and, after giving notice and hearing comment at a  
8 public hearing, file the plan as appropriate. The commission may  
9 request further information from the utility, as necessary. This  
10 section does not affect the obligations of utilities to obtain  
11 otherwise required applicable commission approvals.

12       (d) The commission shall consider the information reported in  
13 the integrated resource plan when it evaluates the performance of  
14 the utility in rate and other proceedings.

15       (e) The plan shall address both supply-side and demand-side  
16 resources on a consistent and integrated basis. The plan shall  
17 compare projected peak demands with current and planned capacity  
18 resources in order to develop a portfolio of resources that  
19 represents a reasonable balance of cost and risk for the utility  
20 and its customers in meeting future demand for the provision of  
21 adequate and reliable service to its electric customers for a least  
22 the following twenty years.

NOTE: The purpose of this bill is to require utility resource planning. The bill provides a short title. The bill makes findings

and declares a purpose. The bill defines terms. The bill establishes required energy efficiency programs. The bill allows for the establishment of a third-party energy efficiency program administrator. The bill requires integrated resource planning. The bill sets deadlines and target dates.

This article is new; therefore, it has been completely underscored.