

**Virginia Energy Purchasing Governmental Association
(VEPGA)
2010 Annual Meeting
April 23, 2010**

VEPGA Contract Issues and Legislative Update

VEPGA Contract

- A. Issues for New Contract**
 - 1. Context**
 - 2. Virginia Power Base Rate Case Settlement**
 - 3. Exploratory Meetings with Virginia Power**
 - 4. Negotiation Process**
 - 5. Electronic Billing and Payment**

- B. Issues for Current Contract**
 - 1. Fuel Factor (see attached)**
 - 2. Switching Rate Schedules**
 - 3. REC Tariff**
 - 4. Joint Action Committee**
 - a. LED Pilot**
 - b. Streetlighting Reporting System**

Legislative Update

- A. VEPGA White Paper**
- B. 2010 General Assembly Session (see attached)**

VEPGA Fuel Factors on Calendar Year Basis

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Jan	1.948	2.721	2.308	2.902	4.265	1.944
Feb	1.854	2.544	2.220	2.902	4.265	1.944
March	2.134	2.362	2.353	2.902	4.265	1.944
April	2.217	2.624	3.074	2.902	4.265	1.944
May	2.242	2.666	2.882	2.902	4.265	1.944
June	2.228	2.623	3.023	2.902	4.265	1.944
July	2.178	2.494	2.902	4.265	2.541	2.8?
Aug	2.464	2.594	2.902	4.265	2.541	2.8?
Sept	2.947	2.878	2.902	4.265	2.541	2.8?
Oct	3.450	3.390	2.902	4.265	2.541	2.8?
Nov	3.612	3.098	2.902	4.265	2.178	2.8?
Dec	<u>3.339</u>	<u>2.674</u>	<u>2.902</u>	<u>4.265</u>	<u>2.178</u>	<u>2.8?</u>
	2.551	2.722	2.773	3.584	3.343	2.372

VEPGA Fuel Factors on Fiscal Year Basis

	<u>7/1/05 to 6/30/06</u>	<u>7/1/06 to 6/30/07</u>	<u>7/1/07 to 6/30/08</u>	<u>7/1/08 to 6/30/09</u>	<u>7/1/09 to 6/30/10</u>	<u>7/1/10 to 6/30/11</u>
July	2.178	2.494	2.902	4.265	2.541	2.8?
Aug	2.464	2.594	2.902	4.265	2.541	2.8?
Sept	2.947	2.878	2.902	4.265	2.541	2.8?
Oct	3.450	3.390	2.902	4.265	2.541	2.8?
Nov	3.612	3.098	2.902	4.265	2.178	2.8?
Dec	3.339	2.674	2.902	4.265	2.178	2.8?
Jan	2.721	2.308	2.902	4.265	1.944	2.8?
Feb	2.544	2.220	2.902	4.265	1.944	2.8?
March	2.362	2.353	2.902	4.265	1.944	2.8?
April	2.624	3.074	2.902	4.265	1.944	2.8?
May	2.666	2.882	2.902	4.265	1.944	2.8?
June	<u>2.623</u>	<u>3.023</u>	<u>2.902</u>	<u>4.265</u>	<u>1.944</u>	<u>2.8?</u>
	2.794	2.749	2.902	4.265	2.182	2.8?

Bill Impacts	Ratepayer	Environmental	Utility	2010 General Assembly Scorecard: Bill Summary
FINAL SCORE	- 5	+ 6	+ 11	Localities: + 5 (see √)
HB 27 Johnson SB 12 Wampler	neutral	neutral	helps	√ Creates an authority and converts Bristol Virginia Utilities into that authority, to be known as the BVU Authority. Assessment: <i>limited to Bristol—meant to provide more flexibility for utility operations.</i>
HB 88 Kilgore	hurts	neutral	helps	Electric cooperative operate prepaid plan that terminates service when prepared amount met; SCC review tariff Assessment: <i>sought by cooperatives; appears to avoid existing regulatory notice requirements for cutting off service.</i>
HB 92 Kilgore	hurts	hurts	helps	Electric cooperative can claim RECs are sufficient to count as electric energy provided 100 percent from renewable energy Assessment: <i>sought by cooperatives to prohibit customers from purchasing green energy from other suppliers.</i>
HB 389 Janis SB 577 McEachin	hurts	helps	helps	Creates Va. Offshore Wind Development Authority to support wind-powered electric energy facilities Assessment: <i>this encourages offshore wind development, which may be expensive compared to other supply options.</i>
HB 442 Janis	helps	helps	hurts	Permits existing green energy sales agreement to continue even after utility starts selling green energy. Assessment: <i>when APCo or DVP offer green energy (not just RECs), customers can honor existing contracts entered into prior to the tariff becoming effective.</i>
HB 533 Nixon SB 112 Petersen	hurts	helps	helps	Natural gas utilities may have riders for leaks in pipes. Assessment: <i>this allows an automatic pass through of increased costs without a chance to offset with cost decreases in other areas.</i>
HB 672 May	neutral	neutral	helps	√ Creates Va. Infrastructure Project Loan Fund administered by VRA for landfill gas energy & sewer & wastewater projects Assessment: <i>this provides additional financing for utility projects</i>
HB 756 Stolle	neutral	hurts/helps	helps	√ royalties offshore natural gas & oil :70% TranspTrust Fund; 20% Va. Coastal Energy Research Consortium; 10% to localities for transportation. Assessment: <i>this may encourage drilling but could provide funding for renewables and for local transportation.</i>
HB 787 Villanueva SB 394 Wagner	neutral	hurts	helps	Commonwealth policy to support oil & natural gas exploration, development, production (current policy limited to exploration) Assessment: <i>this encourage drilling</i>
HB 803 Poindexter SB 623 Hanger	neutral	helps	neutral	\$500 income tax credit green jobs over \$50,000 after 1/1/10; up to 350 jobs, get Enterprise Zone grant if in enterprise zone Assessment: <i>this encourages renewable manufacturing</i>
HB 806 Poindexter	neutral	helps	neutral	Alternative Fuels Revolving Fund: adds improvement of infrastructure; aggressively pursue grants & other funding Assessment: <i>this encourages use of alternative energy</i>
HB 928 Bell	neutral	helps	neutral	Creates Virginia Universities Clean Energy Development and Economic Stimulus Foundation Assessment: <i>this encourages use of alternative fuels</i>
HB 999 Nutter SB 656 Ruff	neutral	helps	neutral	√ Renewable energy manuf. equipment, facilities, & devices may be classified separately-local prop Assessment: <i>this encourages renewable manufacturing</i>
HB 1022 Hugo	hurts	helps	helps	Electric utility receives triple credit for RPS goal for offshore wind. Gov: utility sell very green RECs & buy other RECs for RPS Assessment: <i>this encourages offshore wind development, which may be expensive compared to other supply options.</i>
HB 1300 Kilgore SB 128 McDougale	neutral	hurts	helps	Air Pollution Control Bd re: facilities in nonattainment area meet NOx & SO ₂ without allowances from in-state or out-of-state Assessment: <i>this may make environmental compliance less stringent for utilities.</i>
HB 1308 Carrico SB 680 Puckett	hurts	neutral	helps	AEP compromise bill temporarily suspends interim rate increase and limits timeframe for SCC review. Assessment: <i>this temporarily delays a rate increase but restricts the time the SCC has to act on the utility application.</i>
SB 110 Petersen	neutral	helps	neutral	√ Localities secure loans re acquisition & installation clean energy improve; on parity w/ property tax liens. Assessment: <i>this may help finance clean energy projects: the final bill was limited in scope after Bankers Assoc. expressed concerns.</i>
SB 272 Whipple	neutral	helps	neutral	State public bodies may procure diesel fuel containing 2%, by volume, biodiesel or green diesel fuel; pilot programs may accept grants Assessment: <i>this may encourage biodiesel use: the final bill was much less prescriptive than the original bill</i>
SB 376 Puckett	neutral	neutral	hurts	Surface owner presumed to be owner of natural gas, including coalbed methane gas, unless ownership expressly conferred Assessment: <i>this was meant to address property owner concerns.</i>
SB 400 Stosch	neutral	neutral	neutral	SCC to establish by rule reasonable fees for copying, certifying, and providing access to records in Clerk's office Assessment: <i>this provides more certainty for costs for Clerk's records.</i>
SB 516 Norment	hurts	neutral	helps	Extends the Commission on Electric Utility Regulation to 7/1/12. Under current law, CEUR would expire on 7/1/10. Assessment: <i>this expands the term of the CEUR, which in the past has seemed to focus on utility than ratepayer concerns</i>
SB 645 Watkins	helps	hurts	helps	If feasible overhead alternative, SCC not approve underground line unless all the localities request undergrounding Assessment: <i>this may make it more difficult to underground transmission lines.</i>
SB 713 Petersen	neutral	neutral	neutral	Adds George Mason University to the membership of the Coastal Energy Research Consortium Assessment: <i>this allows greater participation in the consortium.</i>
Electricity rates (3 of 19) Natural Gas (3 of 4) Biodiesel (1 of 2) Commissions (4 of 12) GHG/ Clean Air (2 of 3) Munis (2 of 3) OffShore (7 of 11). Green Energy (2 of 4) TaxFunding (7 of 22) Transm (1 of 4) No bills passed: Energy Efficiency (4), Green Buildings (3), Net metering (1), Restrictive covenants (2), Wood products (3).				