

***Draft Minutes***  
***Governor's Energy Policy Advisory Council***

Wednesday June 25, 2008  
VCU Siegel Center 1200 W. Broad St., Richmond, Virginia

Called to order: 09:10 a.m.

Members Present:

Stephen Walz as Chair, The Honorable L. Preston Bryant, Jr., The Honorable Patrick Gottschalk, Larry Blanchfield, Darlene Burcham, Karl Bren, John Lewis, Jr., George Minor, Michael Quillen, and Bob Burnette for Eva Hardy

Members Absent:

The Honorable Aneesh Chopra, Dr. Irene Leech and Ken Moss

Governor's Commission on Climate Change members: Felix Tapawan Garcia, Jodi Gidley, and Paul Orentas

Welcome

- Stephen Walz congratulated John Lewis, Jr. with the Greater Richmond Transit Authority on their recent award from the American Public Transit Authority as being the best transit system in its size classification.
- Mr. Walz described the energy efficiency goal in the Virginia Energy Plan, which is to reduce the rate of growth of energy use in Virginia by 40 percent, and increase Virginia's indigenous energy production by 20 percent by 2017. GEPAC recommendations on ways to accomplish this goal will be forwarded to the Governor's Commission on Climate Change for review.

Minutes

- Minutes from the March 26, 2008 meeting were accepted and approved with no revisions.

Existing Energy Conservation and Efficiency Actions – Overview

- Stephen Walz discussed several energy conservation programs and actions currently available in Virginia, including:
  - Electric utilities' consumption and demand reduction pilots
  - Natural gas utility programs, including revenue decoupling
  - Performance contracting
  - Industrial efficiency programs through universities such as ODU and VA Tech.
  - Consumer energy education program being developed by the SCC with input from other state agencies and stakeholders.
  - Local government and school system options.
  - State agency energy functions like weatherization assistance, building code revisions, Virginia Energy Management Program (demand control/natural gas purchasing/training for agency and facility energy managers).
  - Private business and consumer actions to conserve energy.

## Energy Efficiency Potential Studies - Overview

- Stephen Walz described several energy efficiency potential studies, plans and programs that have been developed by the State Corporation Commission's 2007 energy efficiency study, American Council for an Energy-Efficient Economy, McKinsey & Company, the public-private National Action Plan for Energy Efficiency, and the federal Energy Star program. These were summarized to provide ideas for expanded implementation of energy efficiency in Virginia.
- Dr. Neal Elliott with the American Council of Energy Efficient Energy (ACEEE) discussed key points on the assessment of policies for an energy efficient Virginia.
  - ACEE performs three basic functions related to state energy efficiency potential and implementation:
    - Prepare annual state policy scorecards.
    - Prepare state assessments.
    - Assist states with ongoing energy policy implementation.
  - Virginia Project overviews:
    - Assess potential for expanded electric efficiency policies.
    - Project approach:
      - State specific data collection.
      - Stakeholder outreach.
      - Analysis and report preparation.
      - Policy implementation assistance.
    - Possible policies the ACEEE may consider are:
      - Energy Efficiency Resource Standards
      - Building Energy Codes
      - Appliance Efficiency Standards
      - State Manufacturers' Incentives
      - Clean Distributed Generation Supporting Policies
      - Expanded State & Local Government Facilities
      - Consumer Education and Outreach
      - Low-Income Efficiency Programs
      - Advanced New Building Programs
      - Advanced New Buildings Programs
      - Energy Efficiency R&D Initiative
      - Expanded Demand Response Programs
    - ACEEE would like to hear feedback from Council members about which of the possible policies should be considered.

## Energy Efficiency – Examples of Utility Plans and Activities

- John Smatlack with Dominion discussed Dominion's new energy efficiency programs as examples of utility plans and activities.
  - Energy conservation programs: "Smart Grid" technology; incentives for energy efficient home construction, energy efficiency lighting, air conditioner cycling, heat pump efficiency, and commercial energy efficiency; power cost monitors; refrigerator turn-in program; and energy audits and improvements for low-income customers.
  - The smart grid initiative will include

- Installation of smart meters in every residential home.
  - Voltage conservation through smart meters to allow more precise control of voltage during peak and off peak periods. Will save 1.5 million mw/hr annually, or enough to power 100,000 homes each year.
  - SCC approval needed. \$600 million investment by Dominion for this effort.
  - Three-year implementation schedule through 2011.
- Jim Kibler with Virginia Natural Gas discussed key points on Natural Gas Conservation and Ratemaking Efficiency Act (CARE).
    - Passed General Assembly unanimously.
    - Decoupling breaks link between utility earnings and energy consumption of customers – removes disincentive the utility has to promote energy conservation under traditional ratemaking method.
    - Decoupling benefits the environment, consumer and utility company.
    - Decoupling can be achieved through changes in rate designs.
    - Energy efficiency activities must be included under a decoupling plan. Possible conservation programs include;
      - Seasonal equipment check-ups
      - Weatherization kits
      - Low-income weatherization support
      - Energy Smart residential new construction program
      - Water heater replacement rebates
      - Furnace replacement rebates
      - Customer education
- HVAC Efficiency Ted Leopkey with the U.S. Environmental Protection Agency discussed key points on HVAC Quality Installation. He was speaking on behalf of the Piedmont Environmental Council.
    - 50% of air conditioners perform poorly due to installation issues such as improper airflow over indoor coil, improperly charged systems, over sizing equipment and duct leakage.
    - Energy Star brand influences consumer choice.
    - Can save 1300 – 1900 kwh per year with SEER 14 installation.
    - Energy Star HVAC QI guidelines identify requirements for quality installation.
    - Start up costs to implement this program would be approximately \$500,000 to \$1 million depending on the scope of any program.
- Industrial Energy Efficiency – Sam Manning with Old Dominion University discussed key points on Energy Conservation in Manufacturing and other Virginia industries.
    - ODU Industrial Assessment Center – 158 local projects, mostly in Hampton Roads area.
    - DMME funding for 3 projects – Lunch & Learn seminars on energy efficiency, smart lighting solutions and motor driven systems. Want to expand this session at COVES.
    - Offer Facilities Management diploma (non-credit)

- Lean initiatives with several companies to “cut out fat” to save money including energy savings.
- A new approach for one or more Virginia Assessment Centers is being explored. They would need to be developed with the cooperation of universities, the Virginia Manufacturing Association, the Philpot Manufacturing Extensive Partnership, and other interested parties.
- Demand Response – Jack Greenhalgh with New Era Energy, Inc. discussed key points on Demand Response.
  - Electricity industry has been turned up side down over the past five years.
  - Federal legislation in 2005 made Demand Response national policy.
  - PJM operates the world’s largest competitive wholesale electric market.
  - Available Demand Response programs: Rapid Response, Emergency Response and Economic Response.
  - Senator Wagner is drafting proposed legislation to establish goal for Demand Response and allow “clean Demand response”. This is based on the report of the Demand Response subcommittee from last year’s State Corporation Commission’s study of electric energy efficiency programs.
  - Request support of the Governor’s Energy Policy Advisory Council in obtaining a consensus bill for the next General Assembly.

#### Public Comment

- Barbara Kessinger – Prince William County Resident
  - Consumers in an area with multiple utility providers often hear differing messages and programs among electric service providers. This often confuses consumers about what services are available from their utility.
  - Ratepayers need continuity among providers regarding rate structures, demand and load response and other programs that may be offered.
  - Suggest an energy summit among electric service providers to discuss the above.
  - Would like to see this addressed by the Governor and General Assembly.

#### Energy Efficiency Ideas for Implementation in Virginia

- Council Roundtable Discussion – GEPAC Chair Stephen Walz led a discussion about additional energy efficiency ideas for implementation in Virginia.
- The group reviewed a briefing document listing of programs identified in the 2007 State Corporation Commission efficiency study report and from other stakeholders. Ideas listed for immediate implementation for all customer sectors included the CFL “quick start” and high-efficiency lighting programs, high-efficiency appliance/office equipment programs, improved building codes, smart equipment choices such as PowerCost Monitors and programmable thermostats, residential HVAC retrofit and quality installation programs, White Tags, tenant submetering, and “branding” similar to Energy Star label for energy efficient homes/buildings. Other programs were suggested for mid and long-term implementation.
- Other suggestions made by GEPAC members focused on:
  - Expansion of weatherization assistance programs.
  - Improvements to energy efficiency of manufactured homes.
  - Encouragement of churches to conserve energy.
  - Transportation sector programs (e.g., telework and ridesharing, mass transit incentives).

- “Pay-a-you-drive” insurance rates being explored by some auto insurance companies.
- Street lighting programs.
- “Truth-in-energy-use” data for selling/buying homes.
- GEPAC members will evaluate and recommend the most pragmatic energy efficiency ideas to the Governor’s Commission on Climate Change for their review as they address climate change in Virginia.

Next Meeting – DMME staff will take input from this meeting’s discussions and develop a list of recommended actions. The GEPAC will consider this at its next meeting. DMME staff will also develop ideas for new activities to support clean energy development in the Commonwealth for review at the next GEPAC meeting. A date has not been scheduled

Adjourned: 2:50 p.m.

Prepared by Eileen Leonard, Department of Mines, Minerals and Energy, June 26, 2008