

Final Minutes
Governor's Energy Policy Advisory Council (GEPAC) and
The Built Environment Work Group

Thursday, July 24, 2008
Patrick Henry Building, 1111 E. Broad St., Richmond, Virginia

Called to order: 09:40 a.m.

GEPAC members present:

Stephen Walz as Chair, The Honorable L. Preston Bryant, Jr., The Honorable Patrick Gottschalk, Jim Beamer for Eva Hardy, Larry Blanchfield, Karl Bren and John Lewis, Jr.

GEPAC members absent:

The Honorable Aneesh Chopra, Darlene Burcham, Eva Hardy, Dr. Irene Leech, George Minor, Ken Moss, Mike Quillen and William Tayler

Governor's Commission on Climate Change Built Environment Work Group members present:

The Honorable David Bulova, The Honorable John Gibbons, Kevin Bennett for LuAnn Bennett, Felix Garcia, Ann Jennings, and Paul Orentas

Welcoming remarks and introductions were made.

Minutes from the June 25, 2008 meeting will be circulated to absent GEPAC members for approval and posted on the Town Hall website.

An overview of the GEPAC and the Climate Change Commission Built Environment Work Group charges and assignments was presented by GEPAC Chair Stephen Walz.

- The Climate Change Commission was established to determine ways to reach the Virginia Energy Plan greenhouse gas reduction goal. Five charges to the Climate Change Commission are contained in Executive Order 59, which include:
 - Conducting an inventory of the level of, and contributors to Virginia's carbon emissions.
 - Determining risks faced by Virginia from climate change.
 - Determining adaptations needed to meet GHG reductions.
 - Assessing other state action plans.
 - Identifying other steps to take to meet GHG reduction goals.
- Governor Kaine prefers national actions but realizes the Commonwealth cannot wait. Greenhouse gas reductions can be achieved by efficient energy use and reduction of the growth of energy usage in buildings.
- By implementing energy efficient mechanisms in buildings, there is the potential for
 - 14% electric use reductions
 - 7% natural gas reductions
 - 10% fuel oil reductions

- The Climate Change Commission Built Environment Workgroup has been established to examine and address energy and environmental aspects and demands of building infrastructure. Other work groups within the Climate Change Commission will look at:
 - Electric generation
 - Sequestration
 - Transportation and land use

- General guidance given to the Climate Change Commission work groups included the following:
 - Recommendations should be kept to 15 for each group.
 - Recommendations should be action oriented to move forward. Do they make sense for Virginia?
 - The most promising opportunities should be identified, and a strong foundation should be built for each recommendation.
 - Legislative support must be built through working with committee chairs on advancing action-oriented recommendations through the legislative process.
 - Focus on recommendations that achieve multiple energy and environmental goals and provide multiple benefits (e.g., energy and water quality).
 - Present recommendations to legislators through forums like their upcoming joint House/Senate Agriculture Committee retreat.

The group heard summary information about existing state energy efficiency actions and energy efficiency potential studies conducted which was discussed at the June GEPAC meeting.

- Discussions focused on the following items:
 - Utility energy efficiency programs and funding – electric and natural gas utilities are operating a variety of long-term and new pilot efficiency programs, and some policies are before the SCC for approval.
 - Smart meters, advanced metering infrastructure
 - Performance contracting for public and private buildings to finance and install energy efficiency improvements, to be paid back out of savings.
 - Industrial efficiency activities – DOE Save Energy Now program, regional industrial assessment centers
 - Local efficiency activities – Go Green, Cool Cities initiatives
 - Consumer education programs – SCC, weatherization, LIHEAP
 - Building codes – DHCD is working on improving international, national code changes to make it easier for Virginia to adopt.

- Information on Executive Order 48 was presented, which includes a goal to reduce the annual cost of non-renewable energy purchases by 20% by fiscal year 2010.
 - Agencies are to report annually to Department of Mines, Minerals and Energy (DMME) on compliance.
 - Reports are to be posted on the DMME website.

The group discussed some Built Environment options based on recommendations from South Carolina, North Carolina, Maryland and Metropolitan Washington Council of Governments, which will be reviewed as options for Virginia.

- The status of regionally-close state Climate Change Plans are as follows:
 - South Carolina – close to being finalized
 - North Carolina – final
 - Maryland – draft

- A definition of “built environment” was identified, which for purposes of this dialogue was defined as the energy and environmental aspects of the infrastructure of buildings, and the demand they place on energy and the environment. Discussions prompted these observations from the group:
 - Do not limit discussions to a single definition of “built environment”.
 - Should climate change be taken into consideration when constructing new buildings or renovating older buildings (e.g., wind, water damage potential)?
 - Transportation should be considered in building design/location.
 - Are other state plans being looked at? Energy/development/climate patterns in the Southeast are very similar to Virginia, but we should look at other states’ innovative programs too.
 - Virginia should be the leader.
 - Economic competitiveness in Mid-Atlantic States is another reason to see what neighboring states are doing.

- Policy recommendations for consideration by GEPAC and the Built Environment Workgroup were grouped by issue for discussion purposes in the following areas:
 - Utility energy efficiency programs and funds
 - Renewable incentives/regulatory reform, clean energy distributed generation
 - Consumer/energy manager/building operator education, training and technical assistance
 - Building codes and incentives
 - Green building government lead by example
 - Voluntary industry-government partnerships
 - Appliance and equipment efficiency standards
 - Market transformation and incentives
 - Green power purchasing – bulk efficiency equipment purchasing
 - Demand response
 - Other (the group also suggested adding net metering to the list)

Targeted and more in-depth discussions were held on neighboring state and MWCOG policy recommendations regarding (1) utility energy efficiency programs and funds, and (2) consumer/energy manager/building operator education, training and technical assistance.

- (1) Energy efficiency programs – Demand Side management goals
 - South Carolina – their policy would reduce electric use by 1%/year by 2015 and 1.5%/year by 2020
 - North Carolina – their policy proposes to reach a level of demand side management investment equal to 1.5% of utility resources by 2012.

- Discussion focused on which of these approaches would be better for Virginia, setting an electric use reduction goal or setting a level based on return on investment?

- Both approaches have strengths and weaknesses. (Staff will look at the draft ACEEE report information on concepts to share with the group.)
 - We cannot lose sight of the competitive nature of utilities to participate in these reduction programs via the rate of return for providers.
 - Integrated resource plans need to be filed by utilities with the State Corporation Commission; would these plans allow them to address long-range demand side management?
 - How would savings be measured and who should do it? (State, utility, contractor). Numbers can be easily manipulated.
 - Measure and verify components must be included.
 - Other funding sources for Virginia should be explored (e.g., establishment of a public benefits fund derived from a charge on utility bills of \$1-2/month to devote to funding such programs).
 - An energy assistance authority could be created to assist consumers with energy efficient projects.
 - VRA has the authority to finance local activities and local performance contracting. Localities could put up funds for consumers to make energy efficient improvements, to be paid back through property taxes over several years.
 - Dominion advanced metering proposal would reduce usage by 1/3 (2.6 mwh/yr) savings.
- Agreement on possible recommendations by GEPAC and the Built Environment Work Group was reached. Since utility investments are driven by the rate of return on investments, funding for energy efficiency programs needs to be addressed. The group also expressed support for smart meters, smart boards, and other smart grids/chips to control electricity usage.
 - (2) Education / Training/ Technical Assistance
 - South Carolina – Starting in 2018, completion of training will be required for energy managers and facility operators in all sectors by a licensing requirement.
 - North Carolina – their policy is similar to South Carolina’s, but goes beyond it to expand education and training opportunities for consumers and primary/secondary schools programs.
 - Maryland – their draft policy would encourage energy efficiency investments in existing and new building by making energy information available to potential home buyers.
 - Discussion focused on ways to encourage and deliver energy education and training programs in Virginia.
 - The State Corporation Commission consumer education campaign should be expanded beyond electricity usage to natural gas and energy efficiency tips, etc.
 - Cooperative Extension offices could perform energy audits, but they are limited on what they can do. These offices would need additional staff and financial resources to take on this training responsibility.
 - Energy education and training must become more consumer-friendly for small business and industry employees, who cannot spare staff to attend multi-day training programs.
 - The Virginia Energy Workforce Consortium could be tapped to provide a pipeline for utility/energy-related jobs.

- The aging of the coal/utility workforce is a challenge to be addressed.
 - EarthCraft Homes conducts training on the “science of buildings” for builders, which is open to the public and provides an opportunity to train consumers about energy efficiency and conservation.
- A possible recommendation from GEPAC and the Built Environment Work Group on training will focus on supporting the concept of providing energy education, training and technical assistance, to be funded through a funding mechanism similar to that used to support the leaking underground storage tank program.

Next Steps - GEPAC will discuss policy recommendations on renewable incentives, building codes, green building government lead-by-example, voluntary industry-government partnerships, appliance and equipment efficiency standards, market transformation and incentives, green power purchasing, and demand response at their next meeting in August.

Public Comment – No public comment received.

Next Meetings for joint GEPAC and Built Environment Work Group:

- **August 27, 2008 at 9:30 a.m. in Richmond** (the Climate Change Commission will meet that afternoon, and a public comment hearing will be held that evening in Richmond at Virginia Commonwealth University)
- **September 3, 2008 at 9:30 a.m. in Richmond (tentative)**

Adjourned: 1:40 p.m.

Prepared by Eileen Leonard, Department of Mines, Minerals and Energy, July 28, 2008

Minutes approved August 27, 2008