

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

Wednesday August 27, 2008
VCU Siegel Center 2nd Floor Founders Room 1200 W. Broad St., Richmond, Virginia

Called to order: 09:30 a.m.

GEPAC members present:

Stephen Walz as Chair, Tristen Pegram for the Honorable Aneesh Chopra, Alleyn Harned for the Honorable Patrick Gottschalk, Darlene Burcham, Bob Burnette for Eva Hardy, Larry Blanchfield, Karl Bren, George Minor, and Ken Moss

GEPAC members absent:

The Honorable L. Preston Bryant, Jr., Dr. Irene Leech, John Lewis, Jr., 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, The Honorable Ralph Northam, Jodi Gidley, Bill Greenleaf, Ann Jennings, Paul Orentas, and Tyrone Murray

Welcoming remarks and introductions were made.

An overview of the GEPAC and the Climate Change Commission Built Environment Workgroup charges was presented by GEPAC Chair Stephen Walz. He explained that the group has been tasked with examining various policy and program options to be developed or enhanced within the Commonwealth to reach the 30% greenhouse gas reduction goal outlined in the Virginia Energy Plan. Recommendations developed by GEPAC and the Built Environment Workgroup will be forwarded to the Commission on Climate Change for consideration at its September 10, 2008 meeting.

Minutes from the July 24, 2008 meeting were reviewed and unanimously approved as written, on a motion by William Greenleaf, seconded by Alleyn Harned.

The group reviewed the draft recommendations developed at its July 24, 2008 meeting related to (1) investments in energy efficiency, (2) smart metering, and (3) educating Virginia's energy consumers. Those draft suggestions have taken into consideration similar options which have been developed and/or implemented from the neighboring states of South Carolina, North Carolina, and Maryland, as well as recommendations developed by the Metropolitan Washington Council of Governments.

Additional comments by members were made as follows:

- (1) Investments in Energy Efficiency

- Utility investments in energy efficiency are more strongly motivated if the utility can receive an equal rate of return on the demand side as with supply side options.
- Capital investments should be fully recoverable and subject to the same enhanced return as other clean energy sources.
- Laws governing electric and natural gas utilities should be harmonized to provide similar incentives for energy efficiency investments.
- New law allows decoupling of volume from revenue so that utilities can earn revenue even as volume is reduced because of energy efficient measures taken by utilities.
- Basic laws of economics must be allowed to work.
- Don't tax one sector to support another sector.
- All customers eventually benefit from conservation measures taken by a few customers.
- Other funding sources for Virginia should be explored to support programs encouraging energy efficiency (e.g., public benefits fund, energy assistance authority, loans made to consumers paid back through utility bills or by special property tax assessment modeled on tax incremental financing, pay-as-you-go).
- Localities could set up mechanism/tax assessment programs to help consumers obtain loans to fund energy efficient work on homes.
- The potential challenges to a local tax assessment program must be kept in mind (e.g., perception of tax, who can/will take advantage of program, funding sources for program, effect on bond rating, benefits to lending community, etc.).
- Supplying small capital loans makes sense, based on historic lessons learned
- Green jobs will be created by the need for things to be done to encourage energy efficiency; the questions are: where the funding will come from, and how to build an infrastructure to support these activities.
- Look at tax structure for repayment program incentives (may be difficult to get through General Assembly with current budget problems)
- Provide lower tax rate for green loans
- GEPAC should reach out to the banking world to further explore these options.

(2) Smart Metering

- Smart metering and smart grids provide new tools to manage energy use and implement energy efficiency and demand controls.
- Some utility companies are piloting smart metering programs now.
- These programs should be expanded to statewide use.
- Public reaction to the perception of losing control over heating/cooling of their home, even for short time periods, will have to be considered in marketing smart meters on a statewide basis.

(3) Educating Virginia's Energy Consumers

- Consumers need clear, timely information to make effective decisions about investing in energy efficiency.
- Education can be geared to the general public, and also targeted to certain groups and locations.
- Multiple messages from multiple sources are needed.

- Expand electricity-oriented education to natural gas and other fuel usage, to be funded through a funding mechanism similar to that used to support the leaking underground storage tank program.
- Provide incentives to local governments to become part of the energy education process.

GEPAC Chairman Walz briefly discussed the remaining issue areas that the group was asked to examine for possible development of policy recommendations, and identified specific focal points to consider, as follows:

Building codes and incentives:

- Code changes needed to increase energy efficiency in buildings.
- E.O. 48 charge for state agencies to lead by example.
- Share county-specific activities (e.g., promotion of green building through LEED, EarthCraft, Energy Star; Energy Savings home rating; TVA Gold Star voluntary rating system for homes).
- Give localities the tools/authority to put a process in place to encourage and rate building homes to energy efficiency standards, to be phased in over time.
- Provide better training of building code inspectors in energy efficiency area.

Green building lead-by-example:

- Consider whether all buildings funded with public funds should be “green buildings”.
- LED street light programs should be encouraged.

Voluntary industry-government partnerships:

- DMME is pursuing a DOE grant proposal that would assist the agency and several partners in developing industrial assessment centers around the Commonwealth.

Appliance and equipment efficiency standards:

- Set a target to prohibit the sale of any non-Energy Star appliances.
- Adopt additional appliance standards, or offer more types of standards than the federal government does.
- Encourage more appliance pick-up and disposal programs.

Market transformation and incentives:

- Develop a residential energy auditor program.
- Promote expanded use of Energy Star partnerships and programs.
- Add realtors and housing experts to GEPAC discussions on residential sales/audits.
- Require 12-month energy use records for home sales.
- Reexamine state procurement policies to encourage purchases of energy efficient products.

Public Comment – No public comment received at this time. Another opportunity for public comment will be held this evening at 6:00 p.m. after the Commission on Climate Change meeting.

Next Steps – To address the limited time factor facing GEPAC in developing recommendations, it was suggested that each member develop a list of the top three recommendations they each

want to bring to the full Commission on Climate Change. These should be in addition to the recommendations reviewed at today's meeting. Those lists should be forwarded via email to DMME staff member Eileen Leonard at eileen.leonard@dmme.virginia.gov by close of business on **Tuesday, September 2, 2008**. Staff will compile a summary list of everyone's recommendations to be shared with the group prior to its September 5 meeting.

Next Meeting for the joint GEPAC and Built Environment Workgroup:

- **September 5, 2008 at 9:30 a.m. in Richmond (Patrick Henry Building on Capitol Square in Richmond, VA)**

Adjourned: 12:15 p.m.

Prepared by Eileen Leonard and Barbara Simcoe, Department of Mines, Minerals and Energy,
August 28, 2008

Minutes formally approved on September 5, 2008.