

Utility Energy Efficiency Programs Are a Win for ALL Ratepayers.

Energy Reliability: energy efficiency technologies can lower grid congestion during high customer demand and strengthen grid resilience against power outages and weather events.

Affordability: energy efficiency is the lowest cost energy resource available to utilities, allowing all customers to save money on their electric bills compared to building more power plants.

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Support SB565-Deeds/HB746-Webert

THE SAVE ACT: SAVINGS ACHIEVED VIA EFFICIENCY

What is energy efficiency? The cheapest, most impactful unit of energy is the one that isn't used. Unlike the austere conservation practices of the past, today, energy efficiency means reducing energy use while still maintaining function, safety, and comfort. **The SAVE Act will help ensure this low-cost resource is deployed effectively by utilities in order to benefit all Virginians:**

- Will ensure that the Energy Efficiency Resource Standard (EERS) energy savings targets continue to strengthen at a reasonable, achievable rate.
- Will direct SCC to develop and implement a single cost-effectiveness test that is in line with industry best practices in the National Standard Practice Manual for Distributed Energy Resources, while giving authority to the SCC to approve new programs in a transparent way, bringing Virginia up to standard with other states.

Virginia's Energy Efficiency Resources Standard

Often the least-cost way for utilities to meet customer demand for electricity is not by increasing generation but by helping customers reduce their demand through utility energy efficiency programs. Virginia's EERS treats energy efficiency as a resource that Dominion and Appalachian Power Company (APCo) can use to meet customer energy demand.

- **COST EFFECTIVE:** Utilities must demonstrate that the benefits of the energy efficiency program exceed the costs.
- **ENERGY SAVINGS TARGETS:** Each year, the utilities must meet increasing energy savings targets - measured in energy saved, not money spent - through these cost-effective programs.
- **BIPARTISAN SUPPORT:** The EERS was passed with bipartisan support in both chambers in 2020 (HB1450 Sullivan). It was then rolled into the Virginia Clean Economy Act.

Utility Energy Efficiency Program Examples

Free home energy audits with immediate simple fixes and advice for additional energy-efficient enhancements

Residential rebates for Energy Star appliances, smart thermostats, and weatherization products such as insulation

Rebates for installing commercial building automation systems to control lighting, HVAC, and hot water

Free weatherization upgrades to low-income residences such as HVAC, insulation, and lighting

How the EERS Has Been Working

- The EERS went into effect in 2022.
- Both Dominion and APCo met their 2022 energy savings targets.
- But Dominion is struggling to meet its 2023 savings targets and beyond.
- APCo may not be able to meet its 2025 targets.

Solutions to Ensure That Meaningful Energy Savings Targets Are Met Every Year

Problem: *Current law sets energy savings targets in code through 2025, then directs the SCC to set targets for 2026 and subsequent years but gives no guidance to the SCC.*

Solution: add a minimum achievable floor target, which the SCC can go above.

Problem: *Current law grants a small percent bonus if a utility exceeds its saving target, but this bonus does not appear to influence utility decisions.*

Solution: Ensure energy efficiency savings targets are factored into performance-based bonuses utilities will receive from the State Corporation Commission. In 2023, the General Assembly passed a law allowing the SCC to add or deduct 50 basis points from a utility's Combined Rate of Return. This bill would ensure that a utility's progress in meeting its energy savings goals would be one factor in making that determination.

Problem: *Only Virginia requires energy efficiency programs to pass three outdated cost effectiveness tests to get SCC approval.*

Solution: Direct the SCC to develop and implement a single cost-effectiveness test in line with industry best practices in the National Standard Practice Manual for Distributed Energy Resources. This single cost-effectiveness test will increase transparency, align with state energy policy goals, and potentially give more deep energy saving programs the chance to earn SCC approval.

