



August 24, 2018

Mr. Al Christopher, Director Energy Division
Department of Mines, Minerals and Energy
Washington Building
1100 Bank St. #817
Richmond, VA 23219

RE: Comments of the Alliance for Industrial Efficiency on the 2018 Virginia Energy Plan Regarding Energy Efficiency Recommendations

Dear Mr. Christopher:

The Alliance for Industrial Efficiency appreciates the opportunity to offer these comments on the 2018 Virginia Energy Plan (the “energy plan”), in addition to both the verbal discussion held with staff at the Energy Efficiency Subcommittee meetings, and the comments on the energy plan we submitted in partnership with Columbia Gas and Washington Gas that encourage greater use of combined heat and power (CHP) and waste heat to power (WHP) in the Commonwealth.

We commend the Department of Mines, Minerals and Energy (the “DMME”) for leading the stakeholder process and developing the energy plan. This plan will help the Commonwealth reach the goal it established in 2007 to reduce 2022 electricity use by 10 percent of 2006 retail consumption through conservation and efficiency. We are particularly pleased with the Administration’s commitment to “lead by example,” as outlined in Executive Order 31, which establishes a more ambitious goal to reduce electricity consumption in state facilities by 15 percent by 2017 (using 2009-2010 as a baseline). We strongly agree with the statement by former Governor McAuliffe in the Executive Order, “Increased energy efficiency measures will serve as a stimulus to the growing energy efficiency industry in Virginia, helping create new jobs and diversifying our economy.” Virginia can indeed help influence public behavior and public support for energy efficiency through its own efforts and actions.

Our comments offer several recommendations that will help Virginia strengthen its energy efficiency efforts to work toward achieving the statewide 10 percent reduction goal and expanding the 15 percent “lead-by-example” reduction goal. We recommend that DMME develop an energy plan that supports:

- (1) The re-formation of the Executive Committee on Energy Efficiency;
- (2) The promotion of C-PACE programs in localities across Virginia;
- (3) An expanded goal of reducing energy consumption at state facilities by 20 percent by 2022; and
- (4) The development of tools to track success, including analyzing programs not currently included in tracking systems, such as industrial programs.



About the Alliance for Industrial Efficiency

The Alliance for Industrial Efficiency is a diverse coalition headquartered in Arlington, Virginia, that includes representatives from the business, labor, contractor, and academic communities, including over 80 electrical and sheet metal contractors in Virginia alone. We are committed to enhancing manufacturing competitiveness and reducing emissions through industrial energy efficiency, particularly through the use of clean and efficient power generating systems, such as CHP and WHP.

The Alliance has a long track record of engagement in Virginia. For example, in October 2016, the Alliance gave a [presentation](#) on the opportunities for further CHP deployment in Virginia to the Executive Order 57 Work Group. The Alliance has also been a strong [advocate](#) for requiring Dominion Energy to consider CHP in its next integrated resource plan, as required in the Grid Transformation and Security Act ([SB 966](#)). Most recently, the Alliance submitted [comments](#) on the Proposed 9VAC5 Chapter 140 Regulation for Emissions Trading Part VII CO₂ Budget Trading Program to clarify and strengthen the role of CHP and WHP within the plan. The Alliance also testified at the Richmond public hearing on March 19, 2018 regarding our recommendations for the proposed carbon trading regulation and met with DMME staff about the inclusion of CHP and WHP in the energy plan.

Finally, as mentioned, we are concurrently submitting comments with Columbia Gas and Washington Gas on the potential role of CHP and WHP in the Virginia Energy Plan. We are now writing to augment those comments with recommendations focusing on the treatment of energy efficiency broadly (i.e., beyond CHP and WHP).

Recommendations for the 2018 Virginia Energy Plan

The following recommendations focus on helping Virginia strengthen its energy efficiency efforts.

1. Support the re-formation of the Executive Committee on Energy Efficiency

One immediately actionable opportunity that the energy plan can address is the re-formation of the Executive Committee on Energy Efficiency, to be facilitated in direct partnership with, and with membership comprised of the State Corporation Commission (SCC), the Attorney General of Virginia's Consumer Counsel, Virginia's electric and natural gas utilities, energy efficiency providers, and others, with an explicit and primary charge to:

1. Ensure utilities maximize cost-effective energy efficiency portfolios under SB 966, including the implementation of cost-effectiveness testing reform;



2. Identify best practices for advanced metering infrastructure and demand-side management to ensure that utility's investments in grid modernization help lower customer bills; and
3. Verify that utilities' carbon allowance revenues are reinvested to customer benefit, including into programs that support CHP.

While it would likely require an executive order to formally relaunch the Executive Committee, the energy plan should provide initial support for this approach.

2. Support development of C-PACE programs in localities across Virginia

We also recommend that the Energy Plan promote C-PACE by encouraging continued relationships with the Mid-Atlantic PACE Alliance (MAPA) partners and C-PACE stakeholders. Working together, such stakeholders can help launch C-PACE programs in localities across the Commonwealth. For example, the recently launched Arlington C-PACE program enables building owners to finance 100 percent of eligible improvements through a long-term, fixed-rate financing tool that requires no upfront costs. Programs such as Arlington C-PACE, which make energy efficiency projects possible that may not be otherwise, should be replicated across the Commonwealth. We note that PACE has been used in other jurisdictions to support the use of CHP.

S 801, which passed in the 2015 Virginia General Assembly, and was signed by Governor McAuliffe, enables C-PACE loans in Virginia.¹ S 801 amended [§15.2-958.3](#) of the Code of Virginia, relating to the financing of clean energy programs. The code allows localities to establish C-PACE financing programs, which include, but are not limited to, “the kinds of renewable energy production and distribution facilities, energy usage efficiency improvements, or water usage efficiency improvements for which loans may be offered.”² This language encompasses CHP and WHP systems.

3. Establish a new goal of reducing energy consumption at state facilities by 20 percent by 2022

The Commonwealth has historically “led by example” by setting a goal (Executive Order 31) to reduce electricity consumption in state facilities by 15 percent by 2017 (using 2009-2010 as a baseline). While state facilities in the Commonwealth are currently working to achieve that target, DMME should establish a more ambitious “reach” goal to encourage a higher level of energy savings. We recommend the Energy Plan extend and update the goal of reducing energy consumption at state facilities to 20 percent by 2022. This goal would encompass the spirit of DMME’s lead-by-example focus area. We note that public buildings, such as military

¹ Virginia General Assembly, S 801, approved March 23, 2015 (<http://lis.virginia.gov/cgi-bin/legp604.exe?151+ful+CHAP0427>)

² Code of Virginia, § 15.2-958.3. Financing clean energy programs (<https://law.lis.virginia.gov/vacode/15.2-958.3/>).



bases, hospitals, universities, and wastewater treatment and correctional facilities are often excellent candidates for CHP.

4. Develop tools to track success

Finally, we recommend that DMME set a clear process for reporting deadlines and progress toward meeting the new 20 percent efficiency target. Benchmarking and reporting on progress are important components of establishing accountability and measuring success. To do so, it is important that Virginia develop tools to track success, including analyzing programs not currently included in tracking systems, such as industrial programs. While the current baseline was determined using industrial and transportation consumption data, it is our understanding that no industrial or transportation programs are being tracked. It is important that all relevant program data are tracked to accurately assess progress.

Conclusion

We thank DMME for the opportunity to provide recommendations for the 2018 Virginia Energy Plan. We recommend that DMME develop an energy plan that supports:

- (1) The re-formation of the Executive Committee on Energy Efficiency;
- (2) The promotion of C-PACE programs throughout the Commonwealth;
- (3) An updated statewide goal of reducing energy consumption at state facilities by 20 percent by 2022; and
- (4) The development of tools to track success, including analyzing programs not currently included in tracking systems, such as industrial programs.

We note that these recommendations are in addition to those we provided in comments submitted in collaboration with Columbia Gas and Washington Gas. Thank you for the opportunity to comment.

Sincerely,

Jennifer Kefer
Executive Director
Alliance for Industrial Efficiency