

Virginia Citizens Consumer Council
Recommendations to the State Corporation Commission
PUE – 2007-00049

It is unfortunate that Virginia's 2007 electricity legislation failed to incorporate effective energy efficiency and conservation, punting it to the State Corporation Commission (SCC) through enactment clause three, and unlike other provisions in the legislation, providing no sources of funding for efforts to increase energy efficiency and conservation. Just as utilities will not build new generation without guarantees and incentives, individual consumers must have guarantees and incentives to change behavior and implement energy efficiency and conservation strategies.

The most critical aspect of this effort is obtaining sufficient and dependable funding so that a sustained program can be developed. If funding is irregular and subject to ready redirection, the plan will not be successful. This plan must provide to consumers the magnitude of support and dependability for this effort that is provided in legislation for utilities and industrial users.

The Virginia Citizens Consumer Council (VCCC) makes the following recommendations concerning the plan:

- 1) Funding. Sufficient and dependable funding is necessary for educational, grant, incentive, and research programs on energy efficiency and conservation. The SCC led an effective educational program for about three years before the funding was redirected to the state budget and then ended. Efforts undertaken now will face the challenges of memories of efforts of community groups and others began and then dropped when funding was unexpectedly removed just as programs were getting under way. It will be more difficult to entice groups to participate because of that experience. This program should be set up so that funding is sufficient to meet program goals, dependable and protected from seizure for other purposes.
- 2) State-wide, regionally targeted educational program. That effort demonstrated the importance of multi-pronged, multi-media strategies to deliver educational messages to Virginians. Today, it is not effective to simply deliver press releases to local media outlets and distribute print publications, especially publications with few graphics and color. To deliver the message, efforts must be similar to advertising. This costs money – especially in the northern and eastern Virginia markets.
- 1) The model used for the Energy Choice Program should be used for developing this program. Its combination of media, grass-roots education, continuous evaluation, and direction by appropriate community representatives should be adapted. The group advising program leadership should not allow representatives of for-profit entities to influence its decisions and direction. The information provided to citizens must be unbiased and factual. The goal should be to teach citizens so they can make their own selections of goods and services to meet energy efficiency and conservation goals. Consumers need to learn to calculate and appropriately evaluate the life cycle costs and benefits of individual energy equipment and use patterns. At today's prices, a minimum of \$5 million per year is required.

- 3) Grant and incentive programs. A variety of strategies will be needed to entice Virginians to purchase necessary technology and change usage behavior for energy efficiency and conservation. It is important that strategies involve all citizens, especially those with low income and other special needs. Targeted recipients of grants and incentives should be those who must pay the resulting bills for energy. Strategies must include those for owners and operators of multi-unit housing and government facilities, so those who rent or operate such properties have the ability to effect and benefit from them.

Programs to help individual consumers purchase, install, and use expensive technology that allows efficient energy consumption, energy conservation, distributed generation by consumers, and demand response by consumers are needed. Strategies such as low-cost purchase and financing support should be made available. Efforts to provide technology for no or very low profit should be developed so that widespread adoption is effective.

It is critical that incentives be dependable and have sufficient life that consumers who make purchases can count on their continued existence for the life of the purchase. They must not be subject to frequent threats to funding disruption or change. Consumer trust in the availability of such incentives has been harmed by the removal of the HOV privilege for those who purchased hybrid vehicles. It is also limited by federal programs income tax based incentives that tend to have interrupted or too short lives.

Dependability is critical if consumers are to be enticed to make large purchases to improve energy efficiency and conservation.

- 4) Research. Investigation of such topics as influences on and changes in consumer energy attitudes and behavior is needed. The impact of various incentives on energy use, and acceptance of efficiency and conservation goals and strategies should be studied. Affordable technology and strategies to provide immediate feed-back on energy use decisions and to readily adapt usage must be developed. These are among the topics that a broad based, multi-disciplinary, statewide research program must address.

VCCC appreciates the opportunity to share these recommendations for the plan and is willing to further participate in the process of plan development and implementation.

Irene E. Leech, Ph.D.
President, Virginia Citizens Consumer Council
4220 North Fork Rd.
Elliston, VA 24087
540-231-4191 (work)
ileeche@vt.edu