

Saving Money on Electric Bills: Least-Cost Planning for West Virginia

S.B. 162

Twenty-seven states have a least-cost planning process (also known as an integrated resource planning). A twenty-year planning horizon is most common among states with a least-cost planning process. The recommendations in a least-cost plan are not binding, but the utility must justify to regulators any departures from the plan, particularly in rate cases.

Least-cost planning is used by many state public service commissions to evaluate the costs and benefits of different power company plans for meeting electric power demand (including traditional power plants, small-scale generation and energy efficiency) to determine the right mix of resources to meet state needs at the lowest rates, while still providing reliable electric service.

West Virginia Needs Least-Cost Planning

- **The WV Public Service Commission does not have a public process to evaluate the long-term plans of power companies** to determine if those plans result in the lowest electric rates.
- **Rising electric rates are having a serious impact on West Virginia businesses and residents.** Appalachian Power's residential rates have increased more than 50% since 2006. Mon Power and Potomac Edison residential rates have increased more than 30% since 2008.
- **We are facing serious challenges from potential retirements of old and inefficient coal plants in next several years.** Three of Mon Power's coal plants are more than fifty years old and will have to be retired or retrofitted with pollution control equipment in the next few years. Appalachian Power has already announced the retirement of units at the Kanawha River and Philip Sporn power plants.
- **WV power companies are not investing significantly in energy efficiency, although saving money through efficiency is cheaper than building new power plants.** The WV PSC has recently approved energy efficiency programs for Mon Power and Potomac Edison that would save only 0.5% over 5 years, even though their parent company is required to achieve savings of 0.8% and 1% in two years in Ohio and Pennsylvania, respectively.

West Virginia needs new legislation to:

- ⤴ Require the Public Service Commission to establish guidelines for least-cost planning
- ⤴ Require the state's major electric utilities (Appalachian Power, Mon Power and Potomac Edison) to file a least-cost plan by the end of the 2012 and every two years thereafter
- ⤴ Require the Commission to review the plans to ensure that they result in the lowest electric rates possible