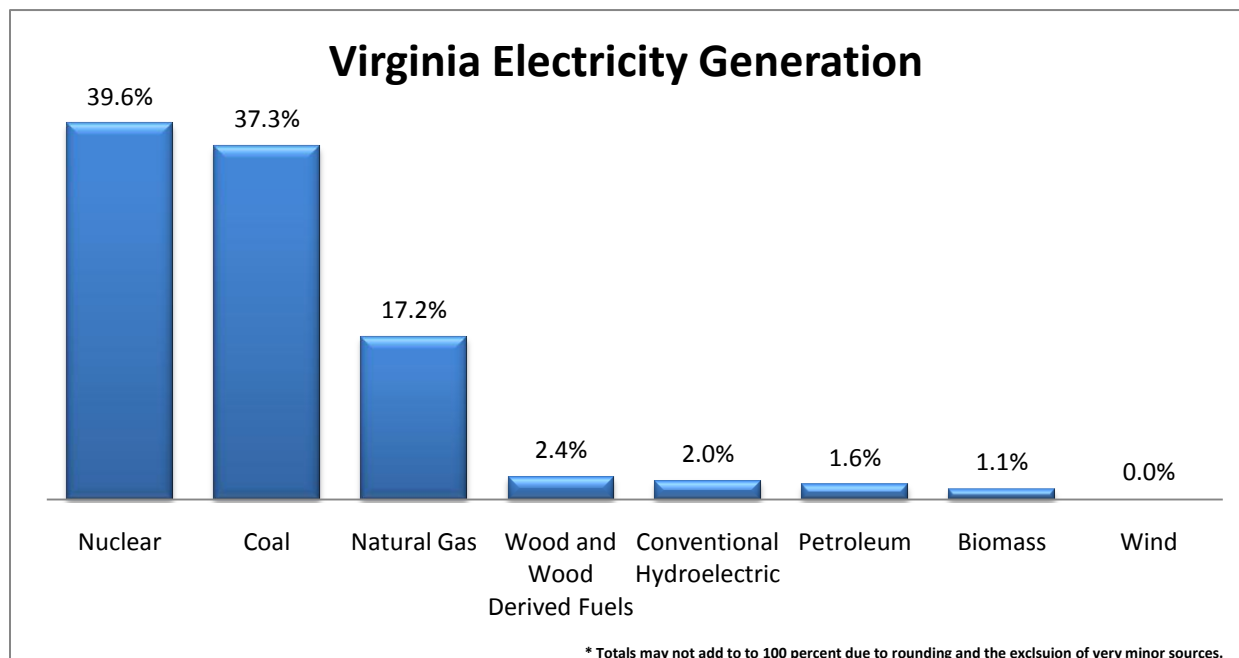




# Virginia Energy Facts

Virginia – Select Economic and Energy Data <sup>†</sup>		State Rank
Real Gross Domestic Product, per capita	\$41,769	8th highest
Unemployment	7.2%	12th lowest
Gasoline Price, per gallon	\$2.72	17th lowest
Electricity Price, per kWh	8.95¢	23rd highest

Virginia has below average electricity prices (10 percent below the national average). Coal provides over 37 percent of Virginia’s electricity, while two nuclear power plants meet almost 40 percent of the state’s demand. Natural gas generates most of the state’s remaining electricity.



Virginia has some coal and other energy resources. Virginia produces more than 5 percent of America’s coal production east of the Mississippi River and exports much of that coal to Georgia and Tennessee. Most of Virginia’s natural gas production comes from coalbed methane, but most of the state’s natural gas supply comes from the Gulf Coast via pipeline. Resource assessments show that Virginia’s offshore waters could contain substantial natural gas resources, but a combination of presidential and congressional bans on offshore exploration kept these resources off limits until 2008. Reviews by the federal government are underway to access these resources.

## Regulatory Impediments to Affordable Energy

Although affordable energy is a vital component of a healthy economy, regulations frequently increase energy costs. Regulations imposed in the name of reducing carbon dioxide and greenhouse gas emissions are especially costly. Carbon dioxide is a natural byproduct of the combustion of all carbon-containing fuels, such as natural gas, petroleum, coal, wood, and other organic materials. Today, there is no cost-effective way to capture the carbon dioxide output of the combustion of these fuels, so any regulations that limit carbon dioxide emissions will either limit the use of natural gas, petroleum, and coal, or dramatically increase their prices.

Below are some facts about Virginia's regulatory environment that are likely to affect the cost of energy or the cost of using energy. Virginia has thus far avoided some of the costly energy policies other states are implementing.

- **Virginia does not cap** greenhouse gas emissions.
- **Virginia is not a member** of a regional agreement to cap greenhouse gas emissions.
- **Virginia does not require** that utilities generate from renewable sources a certain percentage of the electricity that they sell. However, the state has enacted a non-binding renewable portfolio goal to generate 15 percent of base year (2007) electricity sales from renewables by 2025.<sup>1</sup>
- **Virginia does not require** gasoline to be mixed with renewable fuels. However, the state requires the use of reformulated motor gasoline blended with ethanol in the Washington D.C., Richmond, and Norfolk-Hampton Roads metropolitan areas.<sup>2</sup>
- **Virginia does not impose** automobile fuel economy standards similar to California's, which include attempts to regulate greenhouse gas emissions from new vehicles.
- **Virginia requires** new residential and commercial buildings to meet energy efficiency standards. Residential and commercial buildings must meet the 2006 International Energy Conservation Code (IECC).<sup>3</sup> The IECC, developed by the International Code Council, is a model code that mandates certain energy efficiency standards. Localities are responsible for enforcing the state code. In addition, Governor Tim Kaine issued Executive Order 48 in 2007, which requires newly constructed or renovated state buildings to meet the silver LEED standard or an equivalent standard.<sup>4</sup> The silver LEED standard is one level of the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) rating system. Executive Order 48 also gives preference for state leases to private buildings that meet the same efficiency standards.
- **Virginia requires** that state agencies purchase energy-efficient appliances. Governor Kaine's Executive Order 48 requires state agencies to purchase Energy Star products whenever they are available.<sup>5</sup>
- **Virginia does not allow** electric utilities to "decouple" revenue from the sale of electricity, but **does allow** natural gas utilities to decouple revenue from the sale of gas. Some states decouple revenue from actual sales, allowing utilities to increase their revenue by selling less electricity and natural gas.

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<sup>†</sup> Data Sources: Real GDP per capita 2008: Bureau of Economic Analysis, *News Release: GDP by State* (June 2, 2009), [http://www.bea.gov/newsreleases/regional/gdp\\_state/gsp\\_newsrelease.htm](http://www.bea.gov/newsreleases/regional/gdp_state/gsp_newsrelease.htm); Unemployment: Bureau of Labor Statistics, *Regional and State Employment and Unemployment—February 2010* (Mar. 10, 2010); Gasoline Prices: American Automobile Association, *AAA Daily Fuel Gauge Report* (Mar. 30, 2010); Electricity Prices: Energy Information Administration, *Electric Power Monthly*, Table 5.6.B., Average Retail Price of Electricity, (March 15, 2010), [http://www.eia.doe.gov/cneaf/electricity/epm/table5\\_6\\_b.html](http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html); Electricity Generation Data: Energy Information Administration, *Electricity Generation 2009*, [http://www.eia.doe.gov/cneaf/electricity/epa/generation\\_state\\_mon.xls](http://www.eia.doe.gov/cneaf/electricity/epa/generation_state_mon.xls).

<sup>1</sup> VA. CODE § 56-585.2 (2007), <http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+56-585.2>.

<sup>2</sup> Energy Information Administration, *Virginia*, Apr. 8, 2010, [http://tonto.eia.doe.gov/state/state\\_energy\\_profiles.cfm?sid=VA](http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=VA).

<sup>3</sup> Database of State Incentives for Renewables and Efficiency, Virginia State Building Energy Code, [http://www.dsireusa.org/incentives/incentive.cfm?Incentive\\_Code=VA09R&re=1&ee=1](http://www.dsireusa.org/incentives/incentive.cfm?Incentive_Code=VA09R&re=1&ee=1).

<sup>4</sup> Va. Exec. Order No. 48 (2007), <http://www.dmme.virginia.gov/DE/StateAgencyProgs/EO48.pdf>.

<sup>5</sup> *Id.*