

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-2417-INV

Determination of 2023 Energy Efficiency Charge Rates	
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Order entered: 11/08/2022

ORDER APPROVING EFFICIENCY VERMONT’S ENERGY EFFICIENCY CHARGE RATES FOR 2023

I. INTRODUCTION

In this Order, the Vermont Public Utility Commission (“Commission”) approves the electric energy efficiency charge (“EEC”) rates to take effect with electric bills rendered on and after February 1, 2023, for customers in Efficiency Vermont’s service territory. The Commission approves Efficiency Vermont’s proposal to use an alternative method for calculating the EEC to avoid significant rate swings for all customers. The 2023 EEC rates by customer class are attached to this Order.

II. PROCEDURAL HISTORY

On June 27, 2022, the Commission opened an investigation into the 2023 EEC rates.

Between July 28 and August 1, 2022, the electric distribution utilities served by Efficiency Vermont submitted load, sales, and revenue data.

On September 1, 2022, Efficiency Vermont submitted its proposed 2023 EEC rates and supporting documentation (“Efficiency Vermont Proposal”).

On September 15, 2022, the Vermont Department of Public Service (“Department”) filed a letter stating that it has no questions regarding Efficiency Vermont’s proposed rates.

On October 20, 2022, the Department filed a letter stating that it has no concerns, comments, or objections to Efficiency Vermont’s proposed rates.

There have been no further filings, and no participant has requested additional process.

III. EFFICIENCY VERMONT’S PROPOSAL

Commission Rule 5.300 governs the calculation of EEC rates. Efficiency Vermont represents that using the standard Rule 5.300 methodology, accounting for the Commission-

approved 2023 budget and various rate credits and true-ups totaling \$1,846,668,¹ would result in rate reductions for almost all customer classes as shown in the following table.

Rule 5.300 Methodology	Percent Change 2022-2023
Customers without Demand Charges	
Residential	-2.4%
Commercial	-6.8%
Industrial	-5.8%
Customers with Demand Charges	
Commercial	
Energy	-8.1%
Peak Demand	0.9%
Industrial	
Energy	-7.9%
Peak Demand	-11.8%
Unmetered Street and Security Lights	-6.8%
Net-metered Customers without Production Meters	
Residential	1.9%
Commercial without Demand	18.5%
Commercial with Demand	-17.7%
Industrial with Demand	75.7%

While the standard Rule 5.300 methodology would result in EEC rate reductions for most customer classes in 2023, Efficiency Vermont states that it also creates the potential for a significant EEC rate increase in 2024. Efficiency Vermont maintains that such a large fluctuation in rates has the potential to cause undue hardship, compared to consistent rates with the same total collections.

¹ This calculation reflects the Commission-approved 2023 budget, accounts for annual true-ups and over- and under-collections for 2021 and 2022 (estimated), provides ratepayer credits due to 2018-2020 and 2021 unspent funds, an unearned EEC performance award, one-third of the Department's evaluation budget for Efficiency Vermont's Act 151 activities, and a credit for electric fund interest.

Efficiency Vermont proposes an alternative method that is calculated in the same manner as under the standard Rule 5.300 methodology but defers 50% of the 2023 revenue adjustments of \$1,846,688 million to 2024 or future EEC rate-setting processes. Efficiency Vermont's alternative method provides a rate decrease to most customer classes² and maintains revenue collections that ensure the equity requirement outlined in Commission Rule 5.305(E)(3). It also delivers rates that are likely to be more stable and predictable for customers. Approximately 653 net-metered customers without production meters will experience an EEC rate increase in 2023 with or without Efficiency Vermont's proposal to defer half of the 2023 revenue adjustments. Efficiency Vermont argues that its alternative method presents an opportunity to achieve a rate true-up of recent rate decisions and resets the rate structure to the methodology prescribed in Rule 5.300. Efficiency Vermont represents that its alternative method results in rate reductions for customer classes as shown in the following table.

Efficiency Vermont Alternative Methodology	Percent Change 2022-2023
Customers without Demand Charges	
Residential	-0.5%
Commercial	-4.9%
Industrial	-3.8%
Customers with Demand Charges	
Commercial	
Energy	-6.3%
Peak Demand	3.0%
Industrial	
Energy	-6.0%
Peak Demand	-10.0%
Unmetered Street and Security Lights	-4.9%

² The customer classes not receiving a rate decrease are net-metered customers without production meters who pay monthly fixed fees. The only exception is the commercial demand class, which will experience a 16% rate decrease.

Net-metered Customers without Production Meters	
Residential	3.9%
Commercial without Demand	20.9%
Commercial with Demand	-16.0%
Industrial with Demand	79.3%

IV. DISCUSSION AND CONCLUSION

Rule 5.300 is designed to set EEC rates formulaically in order to raise the annual revenue requirement approved in the most recent Demand Resources Plan proceeding.³ Under Rule 5.306(B), an energy efficiency utility may propose an alternative to the standard calculation method. In doing so, the utility must provide an explanation of the proposed alternative, the formulas used, the reason for proposing the alternative, and the effect the alternative calculation method will have on customers. Efficiency Vermont's proposal meets these requirements.

In the annual EEC proceeding, the Commission seeks to set the EEC at a level that will result in the collection of funds sufficient to meet the revenue requirement for that year and account for past years' over- and under-collections. When alternative calculation methodologies are proposed, the Commission considers several factors, including the degree to which the proposed EEC results in cross-subsidies between rate classes, and the degree to which over- or under-collections are likely to occur that must be accounted for in the future.

Efficiency Vermont's proposal follows the standard Rule 5.300 methodology in most respects. In order to promote rate stability and reduce the potential for large rate increases in 2024 or later years, Efficiency Vermont proposes to defer 50% of the 2023 revenue adjustments of \$1,846,688 million to 2024 or future EEC rate-setting proceedings. Efficiency Vermont's proposal achieves the Commission's goals of sufficiently funding the 2023 revenue requirement, accounting for over- and under-collections, maintaining rate class equity, and avoiding year-to-

³ The annual budgets for an energy efficiency utility are determined in a separate Commission process. *See Order Approving Efficiency Vermont's 2021-2023 Demand Resources Plan*, Case No. 19-3272-PET, Order of 10/22/20.

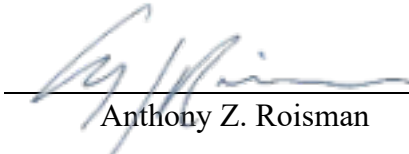
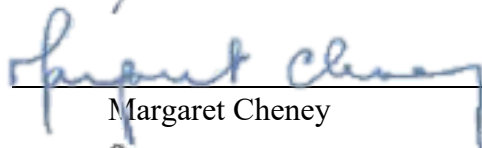
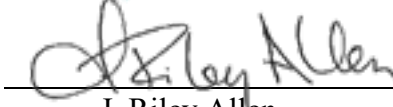
year rate shock or instability. Therefore, we approve Efficiency Vermont's alternative proposal for 2023 EEC rates.

The EEC rates for Efficiency Vermont's territory shall be those listed in Appendix A to this Order. The EEC rates shall be implemented with bills rendered on and after February 1, 2023. Electric distribution utilities shall provide notice to customers of the EEC rates pursuant to Commission Rule 5.308(A). This Order is the final judgment regarding the 2023 electric EEC rates for all customers except those served by the City of Burlington Electric Department.⁴

SO ORDERED.

⁴ Commission Rule 2.103 and Vt. R. Civ. P. 54(b).

Dated at Montpelier, Vermont, this 8th day of November, 2022.

 _____ Anthony Z. Roisman	)	PUBLIC UTILITY COMMISSION OF VERMONT
 _____ Margaret Cheney	)	
 _____ J. Riley Allen	)	

OFFICE OF THE CLERK

Filed: November 8, 2022

Attest: 

Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

Appendix A – 2023 EEC Rates

The 2023 electric EEC rates shall be as follows for customers of all utilities except for the City of Burlington Electric Department:

Rates for Customers Without Demand Charges

Residential	\$0.01087/kWh
Commercial	\$0.00974/kWh
Industrial	\$0.00728/kWh

Rates for Customers with Demand Charges

Commercial demand customers	\$0.00621/kWh plus \$1.17226/kW
Industrial demand customers	\$0.00489/kWh plus \$1.09222/kW

Rates for Unmetered Street and Security Light Customers

\$0.00974/kWh times the nominal wattage of the light times 360 hours per month

Monthly Fixed Fees for Net-metered Customers without Production Meters

Residential	\$6.50 per month
Commercial without demand	\$7.65 per month
Commercial with demand	\$71.85 per month
Industrial without demand	\$3,371.24 per month ⁵
Industrial with demand	\$3,435.29 per month

⁵ According to Efficiency Vermont, there are currently no customers in this class.

PUC Case No. 22-2417-INV - SERVICE LIST

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