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September 10, 2013

Ms. Susan Hudson, Clerk
Vermont Public Service Board
112 State Street
Montpelier, VT 05620-2701

Re: **EEU 2013-01** Demand Resources Plan Proceeding

Dear Ms. Hudson:

As part of the second Demand Resources Plan Proceeding, the Public Service Board ("Board") issued an order regarding *Schedule and Request for Proposed Electric Budget and Savings Scenarios* on August 1, 2013. In response to this Order, both the Department of Public Service ("Department") and Vermont Energy Investment Corporation ("VEIC") filed Electric Savings Scenario recommendations on August 15, 2013.

Also in the August 1, 2013 Order, the Board set September 10, 2013 as the deadline for stakeholders to comment on the proposed scenarios including modeling input assumptions and Quantitative Performance Indicator (QPI) framework recommendations. VEIC presents the following comments on the Proposed Electric Scenario Recommendations and the Quantitative Performance Indicator Framework recommendations presented by VEIC and the Department on August 15, 2013.

**Proposed Electric Scenario Recommendations:**

Both VEIC and the Department proposed aggressive electric scenario recommendations. VEIC specified that the goal of their aggressive scenario would be to reduce energy sales in Vermont by 3% each year. The Department proposed an aggressive growth scenario with 3.5% savings in electric sales from year to year. The Department noted in its August 15, 2013 filing that it will also be updating the “maximum achievable potential” scenario by the end of the year. In its filing, the Department suggests that the maximum achievable potential modeling will provide a valuable reference point for stakeholders. VEIC agrees that an updated maximum achievable scenario will establish the upper bound of reasonably achievable electric energy efficiency potential for use in this DRPP.

VEIC recommends that the Board select VEIC’s 3% scenario proposal rather than the Department’s 3.5% scenario proposal. The 3% level of savings would position Vermont as a national leader in energy efficiency in that VEIC is not aware of any other efficiency provider that has consistently achieved this level of savings. This scenario will require a significant resource acquisition budget increase over the 20 year forecast period in order to reach these unprecedented savings levels. Thus, the 3% scenario is a challenging scenario that will require aggressive growth in energy efficiency implementation efforts.

**QPI Framework Recommendations:**

VEIC recognizes that the Department’s August 15, 2013 QPI Framework recommendations each recognize a valuable policy objective that would potentially increases the number of QPI. VEIC also recognizes that there are pluses and minuses associated with any change in QPIs and offers the following comments if the Board decides to limit the increase in the number of QPIs.

More QPIs are not necessarily more effective than fewer QPIs because an increased number of QPIs can lead to a diffusion of the energy efficiency implementer’s focus. In addition, the managing and tracking of an increased number of QPIs can result in increased administrative burden. There are also financial considerations when adopting additional QPIs. All others elements being equal, an increase in the number of QPIs will require the setting aside of additional compensation. Additional QPIs also increase the efficiency implementer’s financial risk.

One factor to consider when prioritizing QPIs is the accuracy of the QPI measurement. Those that are measured directly, such as annual incremental energy savings, are more accurate than those measured by proxy, such as business comprehensiveness. The QPI measuring business comprehensiveness calculates the number of projects being completed with multiple end-uses. Questions have surfaced as to whether this measurement accurately measures Efficiency Vermont’s success at treating business customers comprehensively. Although Efficiency Vermont has taken steps to improve its tracking system capability to report premise level versus project level energy savings, challenges remain to accurately query data to ascertain premise level comprehensive treatment over time. Consequently, VEIC recommends that if the Board choses to limit the number of QPIs in the 2015 – 2017 performance period that it eliminate the business comprehensiveness QPI.

In its August 15, 2013 filing, the Department recommended that the weighting and scaling of performance metrics, as well as performance award amounts be determined in phase 4 of the DRP. VEIC agrees with this suggestion.

VEIC appreciates the opportunity to comment on the scenarios and QPI Framework. Please feel free to contact me if you have any questions regarding this filing.

Sincerely yours,

Michael T. Wickenden

Michael Wickenden
Director of Regulatory Affairs

cc: 2013-01 Service List (electronic service only)