Conservation Law Foundation • Vermont Public Interest Research Group

March 10, 2014

Susan Hudson, Clerk
Vermont Public Service Board
112 State St., Drawer 20
Montpelier, VT 05620-2701

Re: EEU-2013-01 Comments re: DPS Request to Re-run Scenario Modeling

Dear Ms. Hudson:

Pursuant to the Vermont Public Service Board (Board) memorandum of March 3, 2014, Conservation Law Foundation (CLF) and Vermont Public Interest Research Group (VPIRG) offer the following comments on the Public Service Department (PSD) request to re-run some of the scenarios that were modeled to facilitate determination of the appropriate energy efficiency utility (EEU) budget for the next three year period.

For the reasons described below CLF and VPIRG recommend that the Board reject the PSD's request to re-run the scenario model. There is little additional benefit. The cost is not justified. The request is untimely. The PSD could develop and present its own model.

Cost and Delay
The additional cost of roughly $72,500 and additional five weeks delay in these proceedings is not justified. These proceedings have been ongoing for nearly nine months. The parties, including the PSD had opportunities previously to identify and provide comments on the scenarios that should be modeled. It is CLF's and VPIRG's understanding that the PSD and Vermont Energy Investment Corporation (VEIC) worked together in developing the appropriate model inputs. The Board's Order of 9/30/13 regarding the scenarios to be modeled acknowledged that behavioral measures would be part of the modeling and made no mention that they would be treated differently than other measures. EEU-2013-01 Order Determining Resource Acquisition Scenarios to be Analyzed at 15 (9/30/13). Any concerns the PSD had should have been raised when the scenarios and models were being developed. The additional $72,500 would be better spent acquiring additional energy efficiency resources. Additionally, a delay of five weeks is not justified and would cause unnecessary delay.

PSD Scenario Model
The PSD has the opportunity to develop, run and present its own modeling results. The schedule provides various opportunities for stakeholders to present information and recommendations. If an additional or revised scenario is to be modeled, the PSD has the ability to do this itself. In other PSB proceedings, the PSD undertakes its own evaluations and it can do that here as well if it believes it is needed.

Re-attribution modifies character of measure
The proposed re-attribution changes the character of the behavioral measures and fails to fully count their savings and value. As described by VEIC, the behavioral measures are valuable resources in themselves. A number of other states and utilities rely on these measures to reduce energy use and they have a proven track record over a number of years in a variety of markets. At this point in time, they represent a fairly mature and proven *resource* measure that is appropriate for Vermont to utilize. This is particularly true since Vermont utilities are using more smart meters that provide customers with more access to information. The behavioral measures add value to Vermont's smart meter investments and help customers use the new

data that is becoming available. Re-attributing the behavioral measures as non-resource measures fails to value and account for them as efficiency measures that produce actual and quantifiable savings. The EEU charge is to acquire efficiency and conservation resources. 30 V.S.A. § 209. The behavioral measures are an important means to acquire conservation consistent with the EEU obligations. Failing to treat them as resources that produce savings fails to allow the EEU to fulfill its obligations and undervalues energy efficiency investments.

Informed Recommendations
The stakeholders can make informed recommendations based on the models that have been presented. They represent the measures that experience and data show are appropriate to rely on for acquiring cost-effective energy efficiency savings. The requested changes would provide additional information but would not provide additional value in terms of making a budget recommendation.

Heat Pumps
CLF and VPIRG understand that the 40% assumption regarding heat pump measures is based on what is expected in light of the Comprehensive Energy Plan goal to meet 90% of Vermont's power needs with renewable power by 2050. The figures on page 20 of the VEIC Response are a lower percentage and represent the percentage of residential accounts that are expected to receive incentives for heat pumps. The use of heat pumps is increasing fairly rapidly as they become more cost effective for cold climates and are well suited for use with distributed renewable resources. The VELCO forecast was based on actual 2010 data and did not correct that for expected increases going forward. It is appropriate that the EEU models and budget be based on the expected heat pump use in light of the CEP goals and expected expanded use of this important resource.

Schedule
CLF and VPIRG recommend that the schedule be amended to allow stakeholders two weeks to submit budget and savings recommendations following either: (1) a determination that there will not be a re-run of any model, or (2) the final model run. The dates following that should be amended accordingly.

Thank you for your consideration of these comments.

Sincerely,

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cc: Service List (by email)