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April 16, 2014

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

**Re: EEU-2013-01
Request to Re-Run Scenario Modeling
Response to Comments by the Vermont Public Service Department**

Dear Ms. Hudson:

Pursuant to the Vermont Public Service Board's March 24, 2014, Order in EEU-2013-01, Re Request to Re-Run Scenario Modeling and Revised Schedule, the Vermont Energy Investment Corporation (VEIC) submits the following comments on whether, and to what extent, it is appropriate for non-hard-wired measures to be included in the savings portfolio of a Vermont energy efficiency utility.

As the Board's Order advised, VEIC is not reiterating comments made about this issue in its February 21, 2014, comments on the Department's recommendation to re-run the scenario models exclusive of such measures. VEIC continues to fully support its February 21, 2014, comments. The comments contained here address the following:

1. Confusion caused by "hard-wired measure" versus "non-hard-wired measure" terminology, as it relates to conservation measures
2. VEIC's ongoing discussions with the Public Service Department regarding the treatment of cost and savings for conservation measures.

Hard-wired measure

In its February 10, 2014 filing, the Department asserts that inclusion of measures in the savings portfolio that are not "hard-wired" is a departure from historic practice and thus deserving of a significant level of additional evaluation and regulatory review. VEIC does not agree with this characterization.

All energy conservation measures¹ (ECMs) can be broadly classified into two categories: (1) measures that are “hard-wired” at a customer’s premise, and (2) measures that are not. Conservation or “behavior based” measures have become identified as the class of measures that falls into this “non-hard-wired” category.

This dichotomous taxonomy is a reasonable starting point, but lacks nuance in its ability to characterize certain very common measures correctly. In particular, screw-based CFL and LED bulbs have historically played a central role in the acquisition of the residential sector energy savings. Although these ECMs are characterized as hard-wired measures, they share some of the same characteristics of non-hard-wired conservation measures. Their implementation is entirely at the control of the participant. That includes not only fitting them to a socket, but, once installed, how often they are turned on and off. Traditional ECMs’ estimated savings are based on rigorous measurement and evaluation research that involves a mix of statistical sampling, surveys, and metering.

Similarly, behavior-based conservation measures are entirely in the control of the participant and the savings verification design includes a rigorous evaluation protocol that has the efficiency industry validation as being accurate and reliable. Indeed, there have long been significant assumptions about “behavior” reflected in a characterization of a broad array of hard-wired measures.

By not recognizing these common characteristics, the Department presents an incorrect impression that a non-hard-wired conservation ECMs are outside the mainstream of energy efficiency ECM experience and evaluation. As opposed to viewing ECMs as a strictly binary matter (hard-wired vs. not-hard-wired), it is more accurate to view them as existing on a spectrum, upon which the behavioral or conservation characteristics play a greater or lesser role. To argue then that non-hard-wired ECMs should be treated in an entirely separate manner from hard-wired measures ignores the significant experience that already exists in evaluating how behavior and conservation affects overall characterization of any given ECM.

VEIC also notes that many jurisdictions allocate substantial portions of their budgets to “demand-response” strategies that are focused on managing system peak loads at critical times. VEIC would argue that this long tradition is almost entirely focused on managing customer behavior for benefits of short duration (or more precisely, recurring benefits).

Although Vermont, through its energy efficiency utilities, has not yet set a high priority on this area of efficiency investment, it might well grow in importance, and is certainly familiar territory for those who have been implementing conservation and load management programs for decades.

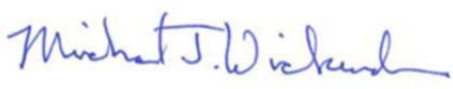
¹ Wikipedia defines an energy conservation measure (ECM) as “any type of project conducted or technology implemented to reduce the consumption on energy in a building.” *ECM* is a term common in the energy efficiency industry.

Ongoing Discussions with the Department

VEIC and the Department share a common goal of exploring and actualizing the successful delivery of energy efficiency savings through many different ECMs and initiatives, informed by behavioral science, and enabled by the state's smart grid infrastructure. VEIC is actively engaging with the Department to collaboratively propose ways to advance that goal through approaches that best align our mutual interests in maximizing societal net benefits. VEIC and the Department have not yet reached agreement on operational details, but VEIC is committed to continuing these discussions to address concerns about the value and optimization of the usefulness of behavior-based conservation initiatives. These discussions might consider differing treatment of these ECM savings and spending. VEIC does not anticipate that these discussions will lead to changes in VEIC's 2015-2034 Demand Resources Plan Electric Energy Charge budget and savings recommendation.

VEIC appreciates the opportunity to provide these comments. As always, please contact me with any questions concerning this filing.

Sincerely,

A handwritten signature in blue ink, reading "Michael J. Wickenden". The signature is written in a cursive, flowing style.

Michael J. Wickenden
Director, Regulatory Affairs

cc: Demand Resources Plan e-mail distribution list