BURLINGTON Electric DEPARTMENT

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April 16, 2014

Ms. Susan M. Hudson, Clerk of the Board
Vermont Public Service Board
112 State Street, Drawer 20
Montpelier, Vermont 05601-2701

Re: EEU-2013-01 (EEU 2013-2014 Demand Resources Plan Proceeding) – BED's 2015-2034 Budget and Savings Recommendations

Dear Ms. Hudson:

Pursuant to the Vermont Public Service Board's April 4, 2014 Order adjusting the Demand Resources Plan Proceeding schedule, please find attached the Burlington Electric Department's (BED) budget and savings recommendations for the 2015-2034 program period.

The attached spreadsheet includes:

1. Electric resource acquisition budgets and savings.
2. Thermal Energy and Process Fuel (TEPF) resource acquisition budgets and savings.
3. Electric non-resource acquisition budgets.
4. TEPF non-resource acquisition budgets.

The other attached document describes the non-resource acquisition categories and budgets along with potential outcomes from these NRA investments.

BED worked collaboratively with the Vermont Department of Public Service (DPS) on the budget and savings recommendations and the DPS has stated that they are in support of BED's recommendations.

The DPS did request that BED provide a description in this filing of BED's TEPF resource acquisition budgets and savings recommendations to help better explain the market and how the budget and savings recommendations were developed.

As BED explained in the 2014 EEU Annual Plan workshop, the commercial TEPF market for cost-effective projects is extremely limited due to the high saturation of natural gas. The TEPF residential market is relatively small compared to rest of Vermont also due to a high percentage of homes using natural gas but there is a small market that BED continues to pursue.

BED has been focusing TEPF efforts on two condominium complexes (250 units) that represent the largest concentration of unregulated fuel users in Burlington. Through this work over the past year BED has been able to establish more accurate project costs and savings estimates for these units to help better inform the accuracy of the DRP budget and savings estimates. BED's estimates show that the savings per unit are less than what is typically possible from a single-family home as the units are smaller and attached. Also, the total program unit cost is higher than what was estimated in the first DRP as there is a great deal of project management time required with the condominium associations to gain approval to perform the work.

There is also difficulty with predicating the actual annual customer participation rates as about 30% of the units are rentals. The annual participation estimates are based on BED's best information at this time. BED will learn a great deal more about its TEPF efforts over the 2015-2017 performance period which will help to more accurately inform the next DRP process.

BED and the DPS have also been discussing the recent development of a smart grid research and development pilot using electric resource acquisition funds during the 2015-2017 program period. The concept is to explore the successful delivery of savings through a diversity of new measures and kinds of programs enabled by smart grid data. The results of these pilots will help to inform the efficacy or these of measures for the next DRP. BED plans to explore this concept further with the DPS as part of this DRP proceeding.

Please feel free to contact me with any questions.

Sincerely,

BURLINGTON ELECTRIC DEPARTMENT

Chris Burns
Director of Energy Services

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