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State of Vermont
Public Service Board

MEMORANDUM

To: EEU-2013-01 Service List

From: Susan M. Hudson, Clerk of the Board

Re: DPS Request to Re-run Scenario Modeling

Date: March 3, 2014

On September 30, 2013, the Public Service Board ("Board") issued an Order directing participants in this proceeding to model three different electric resource acquisition scenarios. On December 6, 2013, Vermont Energy Investment Corporation ("VEIC") filed modeling results in accordance with the September 30 Order. On January 16, 2014, the Board held a workshop to discuss the modeling results, and on January 31, 2014, VEIC filed additional information regarding its modeling, as was requested at the workshop.

On February 10, 2014, the Department of Public Service ("DPS") filed comments on the scenario modeling results. The DPS recommended that the Board order VEIC to re-run the modeling with no savings or costs attributed to non-hard-wired initiatives (also known as behavioral or conservation measures) in the resource acquisition estimated budgets and savings for three and twenty years. The DPS recommended that the savings and costs be re-attributed to installed hardware measures. In addition, the DPS requested greater information regarding VEIC's heat pump penetration assumptions and the potential impacts of changes in penetration rates on VEIC's modeling results.

On February 21, 2014, VEIC replied to the DPS comments ("VEIC Response"). While VEIC disagreed with most of the comments made by the DPS in support of its request, VEIC agreed that a re-run of the three modeled scenarios with a new set of assumptions would add to the body of knowledge in this proceeding. VEIC estimated that re-running the model as recommended by the DPS would cost $72,500, and would add approximately 5 weeks to the schedule for this proceeding, from the time of any Board order requiring the additional modeling. VEIC also provided information in response to the DPS's question regarding heat pump penetration assumptions.

The Board requests additional information and comment that will help inform its decision on whether to adopt the DPS recommendation. Participants are requested to provide additional information or comment on the following questions on or before March 10, 2014.

1. Is there a way to analyze the DPS's proposed re-attribution of costs and savings from behavioral measures to installed hardware measures without the need to re-run the scenario modeling entirely, presumably in a manner that would cost less than VEIC's estimate of $72,500?

2. Would stakeholders be able to make informed budget and savings recommendations absent a re-run of the scenario models, as recommended by the DPS? Participants are reminded that savings estimates will need to be updated anyway once the Board has made a budget determination.

3. Has the VEIC Response adequately addressed the DPS's questions regarding heat pump measure assumptions? How does not having heat pumps in the VELCO forecast affect the modeling results? On page 19 of the VEIC Response, VEIC states that it assumes "40% of homes will be heated by air source heat pumps." However, on page 20 of the VEIC Response, there is a table showing "[t]he total number of ASHPs modeled in each scenario and the portion of residential accounts that each represents," ranging from 5.5% to 13.3%. Please clarify what percentage of Vermont households were assumed to have adopted heat pumps in the modeled scenarios. Does the table on page 20 of the VEIC Response reflect the number of residential air source heat pump incentives that VEIC has modeled in each of the three scenarios?

4. If the Board were to direct VEIC to re-run the scenario models, would any participant recommend a different set of assumptions regarding heat pump measures?

In addition to providing information and comment related to these specific questions, participants may provide any final comments regarding the DPS recommendation and VEIC Response. Because this matter has not yet been resolved, the March 14, 2014, deadline for participants to file budget and savings recommendations may no longer be tenable. Accordingly, participants are also requested to file proposals on how to best amend the schedule in this proceeding.