



## Vermont Electric Cooperative, Inc.

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March 15, 2018

Judith Whitney, Clerk  
Public Service Board  
116 State St  
Montpelier, VT 05620

Re: Tier III 2017 Compliance Filing

Dear Ms. Whitney,

Please find VEC's 2017 compliance report below. VEC has submitted this report as well as a supplemental filing that details each cold climate heat pump and electric vehicle we provided an incentive for in 2017 to the Department of Public Service for evaluation of these savings claims.

Please contact us with any questions.

Sincerely,

Lisa Morris  
Energy Services Planner

# Tier III Compliance Report - 2017

Vermont Electric Cooperative

March 15, 2018

## Tier III Overview

The Energy Transformation provisions of Act 56, passed by the Vermont Legislature in 2015, set targets for utility-led or utility-partnership projects that will reduce fossil fuel usage and greenhouse gas emission. The legislated target starts at 2 percent of sales (BTU equivalency) in 2017, rising by two-thirds of a percent each year until it reaches 12 percent in 2032.

A utility can satisfy this requirement through additional distributed renewable generation (Tier II), by implementing “energy transformation projects,” or by paying an Alternative Compliance Payment (ACP). In order to be eligible, an energy transformation project (ETP) must have commenced on or after January 1, 2015, must provide delivery of energy goods or services other than electric generation, and must result in a net reduction in fossil fuel consumption by a utility’s customers.

For 2017, VEC needs to demonstrate 8,883 MWh of savings for Tier III compliance. In our report, we demonstrate 9,687 MWh, which meets this requirement and enables us to reserve 804 MWh for future years.

The charts below summarize participation based on program type, rate class, and income.

### Participation by Program Type

	Count	% Total	MWh Total	% Total
<b>Cold climate heat pumps</b>	272	85%	1,980	20%
<b>Electric vehicles</b>	43	13%	654	7%
<b>Clean Air Program</b>	5	2%	7,054	73%
<b>Total</b>	320		9,687	

### Participation by Rate Class

Participant Rate Class	Count	% Total	MWh Total	% Total	Incentive total	% Total
<b>Residential</b>	302	94%	3,050	31%	\$54,490	51%
<b>Commercial</b>	18	6%	6,637	69%	\$53,357	49%
<b>Total</b>	320		9,687		\$107,847	

### Low-Income Participation

Low-income Participation	Count	% Total	MWh Total	% Total	Incentive total	% Total
<b>At or Below 80% AMI</b>	50	16%	381	4%	\$7,500	7%

## **VEC's 2017 Tier III Program Components**

VEC's 2017 Tier III program had three components – a cold-climate heat pump bill credit in partnership with Efficiency Vermont, an electric vehicle bill credit, and the Clean Air Program, which offers discounted line extensions and service upgrades for qualifying off-grid or underserved homes and businesses.

### *Cold-Climate Heat Pump Bill Credit*

VEC offered a \$150 bill credit for VEC members who install a cold-climate heat pump that meets the criteria set forth in the Technical Reference Manual (TRM) developed by the Technical Advisory Group (TAG). These heat pumps were also eligible for Efficiency Vermont's upstream incentive. Members submitted a short form along with proof of purchase/installation in order to receive the bill credit.

VEC is claiming 27.5 percent of the available Tier III credit per our Memorandum of Understanding with Efficiency Vermont. These credit values vary according to the TRM.

Our 2017 goal was 200 heat pumps. VEC provided incentives for 272 heat pumps.

Promotion of the heat pump incentive included:

- Winter, spring, and summer issues of our Co-op Life newsletter, which is mailed to all VEC members
- Bill stuffers to all members (as well as an email to paperless members) in February and October
- Prominent location on the home page of our website
- Social media posts on Facebook and Twitter
- Email promotion, including of a discount that the Energy Co-op of Vermont offered to VEC members

The heat pump bill credit was available to both all VEC members, and commercial as well as residential took advantage of the offer.

VEC encouraged the installation of heat pumps in buildings that meet minimum performance standards by directly targeting participants in this incentive program with information about the benefits of weatherization. We also send information the Efficiency Vermont has developed about how to get the best performance out of the heat pump.

### *Electric Vehicle Bill Credit*

In 2017 VEC launched a bill credit for fully electric and plug-in hybrid electric vehicles. The amount is \$250 for a purchase and \$50 per year for a lease. For a purchase, VEC is claiming the full eight years of Tier III credit, and for a lease VEC is claiming the same number of years as the lease term (generally three). We have allowed members to receive the bill credit for used as

well as new vehicles and are claiming a pro-rated share based on the age of the vehicle. To claim the bill credit, members submitted a short form along with the proof of purchase or lease.

Our 2017 goal was 6 fully electric vehicles and 18 plug-in hybrids, which would provide about 3 percent of VEC's 2017 Tier III credit. We provided incentives for 22 fully electric vehicles and 21 plug-in hybrids.

Promotion of the heat pump incentive included:

- Winter, spring, and fall issues of Co-op Life newsletter
- Bill stuffer to all members (as well as an email to paperless members) in March
- Prominent location on the home page of our website
- Social media posts on Facebook and Twitter
- Email promotion, including of a \$10k discount on the 2017 Nissan Leaf

### *The Clean Air Program (CAP)*

CAP is a unique opportunity for homes and businesses in VEC's service territory that are off-grid or underserved to receive a discounted line extension or service upgrade.

VEC uses the following screening criteria to determine whether a project might be eligible:

- Must provide Tier 3 contributions
- Must pass the "beneficial electrification" test (most efficient alternative)
- Must pass "BUT FOR" test
- No adverse impact to grid
- Load profile considerations – annual and daily profile
- Positive rate impact
- Must have Net Present Value (NPV) – Payback Period Target < 6 Years
- VEC incentive based on recovery of direct charges
- Impacts on current year capital budget(s) and future O&M budgets

For each of the projects, VEC has contributed about 23 percent of the total project cost, and the member has contributed 77 percent. The robust contribution from the member indicates their commitment to ongoing use of the infrastructure.

Below is a profile for each of the four projects we are claiming for 2017.

#### Little Charlie's Sugarbush – David Schurman - Jay

- Project type: Line extension/generator conversion
- Maple Producer for > 10 years
- Produces > 10,000 gallons of syrup/year on 30,000 taps
- Produced > 10,000 gallons syrup in 2016
- Had been powered by 100 kW propane generator
- Fuel: Propane +/- 7,900 gallons in 2016
- VEC 1/2 Mile O/H Line Extension - \$59,955

- VEC incentive: \$14,389
- Member investment: \$45,566
- Negative System Impact: None (Jay 17)
- Estimated annual electric usage/revenue potential: 77,492 kWh
- Completed December 2016

#### Rick Mayotte - Fletcher

- Project type: Service Capacity Increase – Hi Brix Reverse Osmosis Installation
- Maple Producer for > 30 years
- Produces > 15,000 gallons of syrup/year on 30,000 taps
- Present service: 75 kVA - New service requirement: 250 kVA
- VEC upgrade cost: \$10,974
- VEC incentive: \$4,389
- Member investment: \$6,585
- VEC incentive included tariff credit for salvaging existing transformer (\$2,798)
- Fuel savings: +/- 8,000 Gallons #2 Fuel Oil (evaporator consumed 13,660 gallons of #2 fuel oil in 2016, but with the Hi Brix RO, the estimate was 5,700 gallons of #2 fuel oil, which amounts to 7,960 gallons of #2 fuel oil saved)
- Negative System Impact: None (Fairfax 1)
- Estimated annual electric usage/revenue potential – 29,571 kWh
- Completed January 2017

#### Steve Devost - Norton

- Project type: Line extension/generator conversion
- Maple Producer for > 15 years
- Produces > 12,000 gallons syrup/year on 30,000 taps
- Employs 6 Seasonal Workers
- Had been powered by 100 kW diesel generator
- Fuel: Diesel +/- 5,300 gallons/year
- VEC Options: 6-pole line extension – Primary Metering (plus 24-pole member-owned distribution line extension)
- VEC upgrade cost estimate: \$138,812
- VEC investment: \$31,630
- Member investment: \$107,182
- Member investment included building a member-owned pole extension of 24 poles to tie with VEC's 6-pole extension
- Negative System Impact: None (Norton 50)
- Annual electric usage/revenue potential – 77,739 kWh
- Completed December 2016

#### Perkins/Pion - Lowell

- Project type: Line extension/generator conversion
- Two homes powered by generators – one diesel and one propane
- Fuel: +/- 2,400 gallons propane; +/- 2,500 gallons diesel
- VEC upgrade cost estimate: \$26,243

- VEC investment: \$5,990
- Member investment: \$20,253
- Negative System Impact: None (Lowell 5)
- Annual electric usage/revenue potential – 15,229 kWh
- Completed February 2017

VEC plans to claim a measure life of 30 years since each of these is new, permanent infrastructure that lasts 33 years on average. In every case, the participant has invested significantly in the project and thus has shown a commitment to ongoing use of the electric service.

### **Complementary Systems and Services**

Tier III participants are eligible to sign up for VEC's pilot Tier III time of use (TOU) rate. To date, ten participants have elected this rate.

Appendix A: Program Cost

Direct and Indirect Costs and Potential Revenue

Overhead costs	
TAG	\$4,438
Staff time	\$85,859
Marketing	\$3,500
Total	\$93,797

Per kWh Margin	0.09
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	Number	Incentives	MWh	Cost/MWh	Estimated kWh sales	Potential Revenue	Net Cost	Net Cost/MWh
CCHP	272	\$40,800	1,980	\$20.61	22,224,075	\$2,000,167	(\$1,959,366.75)	(\$989.82)
EV	22	\$5,000	432	\$11.58	386,258	\$34,763	(\$29,763.22)	(\$68.95)
PHEV	21	\$4,950	222	\$22.25	228,888	\$20,600	(\$15,649.92)	(\$70.35)
Devost		\$31,915	1,651	\$19.34	2,392,157	\$215,294	(\$183,379.12)	(\$111.10)
Schurman		\$14,236	1,604	\$8.87	2,324,755	\$209,228	(\$194,991.93)	(\$121.56)
Mayotte		\$4,956	3,274	\$1.51	887,140	\$79,843	(\$74,886.58)	(\$22.88)
Pion		\$5,990	525	\$11.40	456,882	\$41,119	(\$35,129.38)	(\$66.86)
Direct		\$107,847	9,687	\$11.13	28,900,155	\$2,601,014	(\$2,493,166.91)	(\$257.37)
Direct + overhead		\$201,644		\$20.82			(\$2,399,369.51)	(\$247.68)

Program Cost Background

<b>CCHP</b>						
BTU	Number	Annual kWh/unit*	Measure Life	Lifetime kWh/unit	Total kWh	Potential Revenue
6000	4	3,355	15	50,325	201,300	\$18,117
9000	13	4,137	15	62,055	806,715	\$72,604
12000	50	4,655	15	69,825	3,491,250	\$314,213
15000	56	5,105	15	76,575	4,288,200	\$385,938
18000 (S)	55	5,562	15	83,430	4,588,650	\$412,979
18000 (M)	11	5,878	15	88,170	969,870	\$87,288
24000 (S)	10	5,802	15	87,030	870,300	\$78,327
24000 (M)	27	6,229	15	93,435	2,522,745	\$227,047
30000	28	6,265	15	93,975	2,631,300	\$236,817
36000	12	6,679	15	100,185	1,202,220	\$108,200
42000	1	7,030	15	105,450	105,450	\$9,491
48000	5	7,281	15	109,215	546,075	\$49,147
	272				22,224,075	\$2,000,167
<b>EV</b>						
Purchased	17	2,558	8	20,464	347,888	\$31,309.92
Leased	5	2,558	3	7,674	38,370	\$3,453.30
<b>PHEV</b>						
Purchased	18	1,496	8	11,968	215,424	\$19,388.16
Leased	3	1,496	3	4,488	13,464	\$1,211.76
	43				615,146	\$55,363.14

\*Based on 2017 TAG numbers. Will decrease for 2018.

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Special Contract No. 1013

In re: Special Contract between Vermont Electric )  
Cooperative, Inc. and David Schurman d/b/a Little )  
Charlie’s Sugarbush for line extension services )

Order entered: 8/18/2016

**ORDER APPROVING SPECIAL CONTRACT**

**I. INTRODUCTION**

In this Order, pursuant to 30 V.S.A. § 229, the Vermont Public Service Board (“Board”) approves the agreement between Vermont Electric Cooperative, Inc. (“VEC”) and David Schurman d/b/a Little Charlie’s Sugarbush (“Customer”) for a special contract for line extension services (“Special Contract”).

**II. BACKGROUND INFORMATION**

On June 29, 2016, VEC filed a petition requesting that the Board approve the Special Contract for line extension services with the Customer.<sup>1</sup> VEC states that it has developed a Clean Air Program (“CAP”) to assist VEC members in reducing their reliance on generators to serve loads that are in remote locations where electric service is not available. The CAP program is intended to be a component of VEC’s Tier 3 program under the Vermont Renewable Energy Standard. According to VEC, the CAP will replace gasoline, oil, diesel, or propane generators and direct motor drive equipment with electric energy for existing or future installations. VEC plans to accomplish this by providing a cost incentive for the line extensions and service upgrades in cases where, but for the VEC contribution, the member would not install such facilities.

The proposed Special Contract is the first project under the CAP program. The Customer presently runs a propane generator to supply his 20,000-tap maple production operation with

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1. On July 18, 2016, VEC supplemented its petition with an executed copy of the proposed Special Contract.

electricity for lighting, pumps, reverse osmosis equipment, and other related equipment. Under the Special Contract, VEC will install a half-mile single-phase line and a 167 kVA transformer in order to connect the Customer with VEC's existing line. The total project cost is estimated to be \$59,602. VEC proposes to pay 24% of the total, or \$14,368, and the Customer will pay the balance. VEC estimates that the project will reduce the Customer's overall energy costs by approximately 16% annually and will reduce carbon emissions from the generator. The project will increase VEC sales by approximately 79,780 kWh annually. The additional sales from the project are anticipated to provide positive rate impacts of approximately \$5,000 in net margins in the first full year after project installation, and VEC's contribution to the project is estimated to be repaid in less than three years.

On July 29, 2016, the Vermont Department of Public Service ("Department") filed comments on the Special Contract. The Department states that the project is straightforward and will assist VEC in meeting its Tier 3 goals. In addition, the Department states that the revenues received under the Special Contract exceed VEC's marginal cost to serve this facility. The Department states that it does not have any concerns with the contract, and therefore recommends that the Board allow the contract to go into effect without hearing or investigation.<sup>2</sup> However, the Department recommends that the Board require the Customer to commit to utilizing energy efficiency measures in order to maximize the benefits of this project.

### **III. DISCUSSION AND CONCLUSION**

Section 229 of Title 30 states, in relevant part, that:

A public service company shall not directly or indirectly or by any special rate, rebate, drawback or other device or method make any deviation from the rates, fares, charges or prices for any service rendered by it or in services rendered or to be rendered in connection therewith, as specified in its schedules of charges in effect at the time such service was rendered. No public service company may enter into any contract, agreement or arrangement relating to the furnishing or rendering of any special product or special service not provided for or covered in the schedule without the prior approval of the board. . . . Subject to the approval

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2. Letter from Megan R. Ludwig, Esq., Special Counsel for the Vermont Department of Public Service, to Judith Whitney, Clerk of the Board, dated July 29, 2016.

of the board, it shall be lawful for any public utility to make a contract for a definite term for its product or service.

The Special Contract at issue is required because VEC seeks to provide a service that is not provided for or covered in VEC's tariff. VEC's line extension policy, as articulated in its tariff, does not provide for VEC contributions to line extensions or service upgrades for the purpose of providing electrical service to loads traditionally served by fossil fuels.

Pursuant to the Board's Order Establishing Standards and Procedures regarding the filing and review of proposed special contracts pursuant to 30 V.S.A. § 229, requests for approval of a special contract must include, at a minimum, the proposed special contract and appropriate supporting information to enable the Board and the Department to review the contract's terms.<sup>3</sup> In this case, the purpose and terms of the contract are clear and no additional information is required for our review.

Under the terms of the Special Contract, the Customer agrees to pay 76%, and VEC agrees to pay 24%, of the total project cost. The Customer will pay his share of the \$59,602 estimated project cost prior to VEC beginning construction. If the final project cost exceeds the estimate, the Customer will pay 76% of the additional amount within 30 days. If the final project cost is less than the estimate, VEC will provide a refund to the Customer equal to 76% of the excess amount within 30 days. In order to enable VEC to account for fossil fuel reductions resulting from the Project, the Customer will provide VEC with documentation showing his 2016 propane purchases related to the use of the generator that will be displaced as a result of the project.

After reviewing the Special Contract and the Department's recommendation, we hereby approve the Special Contract. Our approval of this Contract is conditioned upon, among other things, our expectation that the Customer will utilize energy efficiency measures in order to maximize the benefits of this project. To ensure this, VEC shall file a report detailing energy efficiency activities at the Customer's facilities within two years of the date of this Order. The report shall include at least the following: (i) a description of potential energy efficiency projects

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3. *Order establishing standards and procedures regarding the filing and Board review of proposed special contracts pursuant to 30 V.S.A. § 229, Order of 12/24/14 at 8.*

at the Customer's facilities and (ii) a description of individual energy efficiency projects undertaken at the Customer's facilities.

Our approval of this Special Contract reflects our overall judgment that it complies with 30 V.S.A. § 229. Our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the Customer or otherwise are, or are not, in the Customer's best interest. Nor should our approval of the Special Contract be construed as approval or disapproval of the CAP as an eligible energy transformation project under Tier 3 of the Renewable Energy Standard.<sup>4</sup>

#### **IV. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board of the State of Vermont that:

1. The agreement between Vermont Electric Cooperative, Inc. ("VEC") and David Schurman d/b/a Little Charlie's Sugarbush ("Customer") for line extension services ("Special Contract") dated July 14, 2016, is approved.
2. VEC shall file a report detailing energy efficiency activities at the Customer's facilities within two years of the date of this Order.
3. VEC shall provide a copy of this Board approval to the Customer within ten days of this Order.

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4. A utility may seek prior approval of a proposed energy transformation project through the Vermont technical advisory group ("TAG") or by petition to the Board. However, there is no obligation for a utility to obtain prior approval of such projects. *Investigation re: establishment of the Renewable Energy Standard program*, Docket 8550, Order of 6/28/16 at 69-70.

Dated at Montpelier, Vermont, this 18<sup>th</sup> day of August, 2016.

s/James Volz )

) PUBLIC SERVICE

s/Margaret Cheney )

) BOARD

s/Sarah Hofmann )

) OF VERMONT

OFFICE OF THE CLERK

FILED: August 18, 2016

ATTEST: s/Holly R. Anderson  
Deputy Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.*

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Special Contract No. 1014

In re: Special Contract between Vermont Electric )  
Cooperative, Inc. and Rick Mayotte for a Clean Air )  
Program Project )

Order entered:

9/16/2016

**ORDER APPROVING SPECIAL CONTRACT**

**I. INTRODUCTION**

In this Order, pursuant to 30 V.S.A. § 229, the Vermont Public Service Board (“Board”) approves the agreement between Vermont Electric Cooperative, Inc. (“VEC”) and Rick Mayotte (“Customer”) for a special contract as part of VEC’s Clean Air Program (“Special Contract”).

**II. BACKGROUND INFORMATION**

On August 8, 2016, VEC filed a petition requesting that the Board approve the Special Contract for the Clean Air Program (“CAP”) project with the Customer. VEC states that the CAP has been developed to assist VEC members in reducing their reliance on generators to serve loads that are in remote locations where electric service is not available. The CAP program is intended to be a component of VEC’s Tier 3 program under the Vermont Renewable Energy Standard. According to VEC, the CAP will replace gasoline, oil, diesel, or propane generators and direct motor drive equipment with electric energy for existing or future installations. VEC plans to accomplish this by providing a cost incentive for the line extensions and service upgrades in cases where, but for the VEC contribution, the member would not install such facilities.

The proposed Special Contract is the second project under the CAP program. The Customer presently runs an oil-fired maple sap evaporator to boil his maple sap. The Customer is installing new electric reverse osmosis (“RO”) technology that will reduce his annual fuel usage by an estimated 50% by increasing the concentration of the sap. In order to install the RO equipment, the Customer needs an increase in his electric service capacity to 250 kVA, which

requires an underground vault, a 250 kVA transformer, and associated conductors and materials. The total VEC project cost is estimated to be \$12,082. VEC and the Customer have agreed to share the total actual project costs, with VEC paying 40% and the Customer paying 60%. VEC's contribution is in the form of an incentive credit of \$2,157 (approximately 23% of the project estimate) and a "stores credit" of \$2,798 for the return of the Customer's current 75 kVA pole-mounted transformer, which VEC will use elsewhere in its system. The Customer will pay the remainder of the estimate up front, and actual costs will be trued up after the project is complete.

VEC estimates that the project will reduce the Customer's oil consumption by 7,000 gallons, and will increase VEC sales by approximately 101,394 kWh annually. The additional sales from the project are anticipated to provide positive rate impacts of approximately \$9,157 in net margins in the first full year after project installation, and VEC's contribution to the project is estimated to be repaid in less than three years.

On September 7, 2016, the Vermont Department of Public Service ("Department") filed comments on the Special Contract. The Department states that the project is straightforward and will assist VEC in meeting its Tier 3 goals. In addition, the Department states that the revenues received under the Special Contract exceed VEC's marginal cost to serve this facility and that the Special Contract meets the requirements under 30 V.S.A. § 229. The Department states that it does not have any concerns with the contract, and therefore recommends that the Board allow the contract to go into effect without hearing or investigation.<sup>1</sup> However, the Department recommends that the Board require the Customer to commit to utilizing energy efficiency measures in order to maximize the benefits of this project.

### **III. DISCUSSION AND CONCLUSION**

Section 229 of Title 30 states, in relevant part, that:

A public service company shall not directly or indirectly or by any special rate, rebate, drawback or other device or method make any deviation from the rates, fares, charges or prices for any service rendered by it or in services rendered or to be rendered in connection therewith, as specified in its schedules of charges in

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1. Letter from Megan R. Ludwig, Esq., Special Counsel for the Vermont Department of Public Service, to Judith Whitney, Clerk of the Board, dated September 7, 2016.

effect at the time such service was rendered. No public service company may enter into any contract, agreement or arrangement relating to the furnishing or rendering of any special product or special service not provided for or covered in the schedule without the prior approval of the board. . . . Subject to the approval of the board, it shall be lawful for any public utility to make a contract for a definite term for its product or service.

The Special Contract at issue is required because VEC seeks to provide a service that is not provided for or covered in VEC's tariff. VEC's line extension policy, as articulated in its tariff, does not provide for VEC contributions to line extensions or service upgrades for the purpose of providing electrical service to loads traditionally served by fossil fuels.

Pursuant to the Board's Order Establishing Standards and Procedures regarding the filing and review of proposed special contracts pursuant to 30 V.S.A. § 229, requests for approval of a special contract must include, at a minimum, the proposed special contract and appropriate supporting information to enable the Board and the Department to review the contract's terms.<sup>2</sup> In this case, the purpose and terms of the contract are clear and no additional information is required for our review.

Under the terms of the Special Contract, the Customer agrees to pay 60%, and VEC agrees to pay 40%, of the total project cost. The Customer will pay his share of the \$12,082 estimated project cost prior to VEC beginning construction. If the final project cost exceeds the estimate, the Customer will pay 60% of the additional amount within 30 days. If the final project cost is less than the estimate, VEC will provide a refund to the Customer equal to 60% of the excess amount within 30 days. In order to enable VEC to account for fossil-fuel reductions resulting from the project, the Customer will provide VEC with documentation showing his 2015 and 2016 fuel oil purchases related to the use of the maple sap evaporator to document the displaced fuel oil as a result of the project.

After reviewing the Special Contract and the Department's recommendation, we hereby approve the Special Contract. Our approval of this Contract is conditioned upon, among other things, our expectation that the Customer will utilize energy efficiency measures in order to maximize the benefits of this project. To ensure this, VEC shall file a report detailing energy

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2. *Order establishing standards and procedures regarding the filing and Board review of proposed special contracts pursuant to 30 V.S.A. § 229, Order of 12/24/14 at 8.*

efficiency activities at the Customer's facilities within two years of the date of this Order. The report shall include at least the following: (i) a description of potential energy efficiency projects at the Customer's facilities and (ii) a description of individual energy efficiency projects undertaken at the Customer's facilities.

Our approval of this Special Contract reflects our overall judgment that it complies with 30 V.S.A. § 229. Our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the Customer or otherwise are, or are not, in the Customer's best interest. Nor should our approval of the Special Contract be construed as approval or disapproval of the CAP as an eligible energy transformation project under Tier 3 of the Renewable Energy Standard.<sup>3</sup>

#### IV. ORDER



IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board of the State of Vermont that:

1. The agreement between Vermont Electric Cooperative, Inc. ("VEC") and Rick Mayotte ("Customer") for line extension services ("Special Contract") dated July 27, 2016, is approved.
2. VEC shall file a report detailing energy efficiency activities at the Customer's facilities within two years of the date of this Order.
3. VEC shall provide a copy of this Board approval to the Customer within ten days of this Order.

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3. A utility may seek prior approval of a proposed energy transformation project through the Vermont technical advisory group ("TAG") or by petition to the Board. However, there is no obligation for a utility to obtain prior approval of such projects. *Investigation re: establishment of the Renewable Energy Standard program*, Docket 8550, Order of 6/28/16 at 69-70.

Dated at Montpelier, Vermont, this 16th day of September, 2016.

  
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PUBLIC SERVICE  
BOARD  
OF VERMONT

OFFICE OF THE CLERK

FILED: September 16, 2016

ATTEST: Judith C. Whitney  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.*

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Special Contract No. 1015

In re: Special Contract between Vermont Electric )  
Cooperative, Inc. and Steve Devost for a Clean Air )  
Program Project )

Order entered: 9/28/2016

**ORDER APPROVING SPECIAL CONTRACT**

**I. INTRODUCTION**

In this Order, pursuant to 30 V.S.A. § 229, the Vermont Public Service Board (“Board”) approves the agreement between Vermont Electric Cooperative, Inc. (“VEC”) and Steve Devost (“Customer”) for a special contract as part of VEC’s Clean Air Program (“Special Contract”).

**II. BACKGROUND INFORMATION**

On August 17, 2016, VEC filed a petition requesting that the Board approve the Special Contract for the Clean Air Program (“CAP”) project with the Customer. VEC states that the CAP has been developed to assist VEC members in reducing their reliance on generators to serve loads that are in remote locations where electric service is not available. The CAP program is intended to be a component of VEC’s Tier 3 program under the Vermont Renewable Energy Standard. According to VEC, the CAP will replace gasoline, oil, diesel, or propane generators and direct motor drive equipment with electric energy for existing or future installations. VEC plans to accomplish this by providing a cost incentive for the line extensions and service upgrades in cases where, but for the VEC contribution, the member would not install such facilities.

The proposed Special Contract is the third project under the CAP program. The Customer presently operates a maple syrup production facility using electricity supplied by a 100 kW diesel-fired generator. The Customer would like to replace the diesel generator with an electric service. In order to supply electric service, VEC must construct a 1.6-mile single-phase line and install a 100 kVA transformer to interconnect the Customer’s production facility to an

existing VEC line. The total VEC project cost is estimated to be \$138,812. Under the agreement, VEC will pay for the construction of and will own the part of the line extension from its existing line to the primary metering package, and the Customer will pay for the construction of and will own the line extension from the primary metering package up to and including the 100 kVA transformer, located at the Customer's sugar house. Based upon project estimates, VEC's share of the project costs will be 23%, and the Customer will pay 77%. Actual project costs will be billed directly to VEC and the Customer based on the ownership of each section of line, and any savings or overages will be borne by the owner of each line section. The Customer has agreed that VEC would be able to serve additional new customers who want to connect to the line extension between the existing line and the primary metering package without any compensation to the Customer.

VEC estimates that the project will reduce the Customer's diesel consumption by approximately 6,500 gallons, and will increase VEC sales by approximately 87,535 kWh annually. The additional sales from the project are anticipated to provide positive rate impacts of approximately \$6,068 in the first full year after project installation, and VEC's contribution to the project is estimated to be repaid in less than five years.

On September 13, 2016, the Vermont Department of Public Service ("Department") filed comments on the Special Contract. The Department states that the project is straightforward and will assist VEC in meeting its Tier 3 goals. In addition, the Department states that the revenues received under the Special Contract exceed VEC's marginal cost to serve this facility and that the Special Contract meets the requirements under 30 V.S.A. § 229. The Department notes that under the terms of the Special Contract the Customer commits to using energy efficiency measures, in consultation with Efficiency Vermont, to maximize the benefits of the project. The Department states that it does not have any concerns with the contract, and therefore recommends that the Board allow the contract to go into effect without hearing or investigation.<sup>1</sup>

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1. Letter from Megan R. Ludwig, Esq., Special Counsel for the Vermont Department of Public Service, to Judith Whitney, Clerk of the Board, dated September 13, 2016.

### III. DISCUSSION AND CONCLUSION

Section 229 of Title 30 states, in relevant part, that:

A public service company shall not directly or indirectly or by any special rate, rebate, drawback or other device or method make any deviation from the rates, fares, charges or prices for any service rendered by it or in services rendered or to be rendered in connection therewith, as specified in its schedules of charges in effect at the time such service was rendered. No public service company may enter into any contract, agreement or arrangement relating to the furnishing or rendering of any special product or special service not provided for or covered in the schedule without the prior approval of the board. . . . Subject to the approval of the board, it shall be lawful for any public utility to make a contract for a definite term for its product or service.

The Special Contract at issue is required because VEC seeks to provide a service that is not provided for or covered in VEC's tariff. VEC's line extension policy, as articulated in its tariff, does not provide for VEC contributions to line extensions or service upgrades for the purpose of providing electrical service to loads traditionally served by fossil fuels.

Pursuant to the Board's Order Establishing Standards and Procedures regarding the filing and review of proposed special contracts pursuant to 30 V.S.A. § 229, requests for approval of a special contract must include, at a minimum, the proposed special contract and appropriate supporting information to enable the Board and the Department to review the contract's terms.<sup>2</sup> In this case, the purpose and terms of the contract are clear and no additional information is required for our review.

Under the terms of the Special Contract, VEC agrees to pay for the construction of the line extension from the existing line to the primary metering package, which represents approximately 23% of the total project cost. The Customer agrees to pay for the construction of the line extension from the primary metering package to the 100 kVA transformer, which represents approximately 77% of the total project cost. Actual project costs will be billed directly to VEC and the Customer based on the ownership of each line section, and any savings or overages will be borne by the owner of each section. In order to enable VEC to account for fossil-fuel reductions resulting from the project, the Customer will provide VEC with

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*2. Order establishing standards and procedures regarding the filing and Board review of proposed special contracts pursuant to 30 V.S.A. § 229, Order of 12/24/14 at 8.*

documentation showing his annual diesel purchases related to the use of the generator displaced as a result of the project.

After reviewing the Special Contract and the Department's recommendation, we hereby approve the Special Contract. Our approval of this Contract is conditioned upon, among other things, our expectation that the Customer will utilize energy efficiency measures in order to maximize the benefits of this project. To ensure this, VEC shall file a report detailing energy efficiency activities at the Customer's facilities within two years of the date of this Order. The report shall include at least the following: (i) a description of potential energy efficiency projects at the Customer's facilities and (ii) a description of individual energy efficiency projects undertaken at the Customer's facilities.

Our approval of this Special Contract reflects our overall judgment that it complies with 30 V.S.A. § 229. Our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the Customer or otherwise are, or are not, in the Customer's best interest. Nor should our approval of the Special Contract be construed as approval or disapproval of the CAP as an eligible energy transformation project under Tier 3 of the Renewable Energy Standard.<sup>3</sup>

#### **IV. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board of the State of Vermont that:

1. The agreement between Vermont Electric Cooperative, Inc. ("VEC") and Steve Devost ("Customer") for line extension services ("Special Contract") dated August 8, 2016, is approved.
2. VEC shall file a report detailing energy efficiency activities at the Customer's facilities within two years of the date of this Order.

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3. A utility may seek prior approval of a proposed energy transformation project through the Vermont technical advisory group ("TAG") or by petition to the Board. However, there is no obligation for a utility to obtain prior approval of such projects. *Investigation re: establishment of the Renewable Energy Standard program*, Docket 8550, Order of 6/28/16 at 69-70.

3. VEC shall provide a copy of this Board approval to the Customer within ten days of this Order.

Dated at Montpelier, Vermont, this 28<sup>th</sup> day of September, 2016.

<u>s/James Volz</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/Margaret Cheney</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/Sarah Hofmann</u>	)	

OFFICE OF THE CLERK

FILED: September 28, 2016

ATTEST: s/Holly R. Anderson  
Deputy Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.*

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Special Contract No. 1016

In re: Special Contract between Vermont Electric )  
Cooperative, Inc. and Richard and Sherry Pion for a )  
Clean Air Program Project )

Order entered: 12/8/2016

**ORDER APPROVING SPECIAL CONTRACT**

**I. INTRODUCTION**

In this Order, pursuant to 30 V.S.A. § 229, the Vermont Public Service Board (“Board”) approves the agreement between Vermont Electric Cooperative, Inc. (“VEC”) and Richard and Sherry Pion (“Customers”) for a special contract as part of VEC’s Clean Air Program (“Special Contract”).

**II. BACKGROUND INFORMATION**

On October 21, 2016, VEC filed a petition requesting that the Board approve the Special Contract for the Clean Air Program (“CAP”) project with the Customers. VEC states that the CAP has been developed to assist VEC members in reducing their reliance on generators to serve loads that are in remote locations where electric service is not currently available. The CAP program is intended to be a component of VEC’s Tier 3 program under the Vermont Renewable Energy Standard.

The proposed Special Contract is the fourth project under the CAP program. There are two residences on the Customers’ property in Lowell that are currently served by fossil-fueled generators, propane in one case and diesel in the other. The Customers would like to replace the generators with an electric service. In order to supply electric service, VEC must construct a 1,600-foot single-phase line and install a 10 kVA transformer. The total VEC project cost is estimated to be \$26,043. Under the agreement, VEC will pay for 23% of the project costs, and the Customers will pay 77%. The Customers have agreed that VEC will be able to serve

additional new customers who want to connect to the line extension between the existing line and the primary metering package without any compensation to the Customer.

VEC estimates that the project will replace approximately 4,952 gallons of propane and diesel used by the residences on the Customers' property, and will increase VEC sales by approximately 57,024 kWh annually. The additional sales from the project are anticipated to provide positive rate impacts of approximately \$4,093 in the first full year after project installation, and VEC's contribution to the project is estimated to be repaid in less than five years.

On December 5, 2016, the Vermont Department of Public Service ("Department") filed comments on the Special Contract. The Department states that the revenues received under the Special Contract exceed VEC's marginal cost to serve this facility and that the Special Contract meets the requirements under 30 V.S.A. § 229. The Department notes that under the terms of the Special Contract the Customers commit to using energy efficiency measures, in consultation with Efficiency Vermont, to maximize the benefits of the project. The Department recommends that the Board allow the contract to go into effect without hearing or investigation.<sup>1</sup>

### **III. DISCUSSION AND CONCLUSION**

Section 229 of Title 30 states, in relevant part, that:

A public service company shall not directly or indirectly or by any special rate, rebate, drawback or other device or method make any deviation from the rates, fares, charges or prices for any service rendered by it or in services rendered or to be rendered in connection therewith, as specified in its schedules of charges in effect at the time such service was rendered. No public service company may enter into any contract, agreement or arrangement relating to the furnishing or rendering of any special product or special service not provided for or covered in the schedule without the prior approval of the board. . . . Subject to the approval of the board, it shall be lawful for any public utility to make a contract for a definite term for its product or service.

The Special Contract at issue is required because VEC seeks to provide a service that is not provided for or covered in VEC's tariff. VEC's line extension policy, as articulated in its

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1. Letter from Megan R. Ludwig, Esq., Special Counsel for the Vermont Department of Public Service, to Judith Whitney, Clerk of the Board, dated December 5, 2016.

tariff, does not provide for VEC contributions to line extensions or service upgrades for the purpose of providing electrical service to loads traditionally served by fossil fuels.

Pursuant to the Board's Order Establishing Standards and Procedures regarding the filing and review of proposed special contracts pursuant to 30 V.S.A. § 229, requests for approval of a special contract must include, at a minimum, the proposed special contract and appropriate supporting information to enable the Board and the Department to review the contract's terms.<sup>2</sup> In this case, the purpose and terms of the contract are clear and no additional information is required for our review.

Under the terms of the Special Contract, VEC agrees to pay for 23% of the total project cost. The Customers agree to pay for 77% of the total project cost. In order to enable VEC to account for fossil-fuel reductions resulting from the project, the Customers will provide VEC with documentation showing their annual diesel and propane purchases related to the use of the generators displaced as a result of the project.

After reviewing the Special Contract and the Department's recommendation, we hereby approve the Special Contract. Our approval of this Contract is conditioned upon, among other things, our expectation that the Customers will utilize energy efficiency measures in order to maximize the benefits of this project. To ensure this, VEC shall file a report detailing energy efficiency activities at the Customers' facilities within two years of the date of this Order. The report shall include at least the following: (i) a description of potential energy efficiency projects at the Customers' facilities and (ii) a description of individual energy efficiency projects undertaken at the Customers' facilities.

Our approval of this Special Contract reflects our overall judgment that it complies with 30 V.S.A. § 229. Our approval should not be construed as approval or disapproval of any of the specific negotiated terms, or as a determination that those terms are, or are not, cost-effective for the Customers or otherwise are, or are not, in the Customers' best interest. Nor should our

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*2. Order establishing standards and procedures regarding the filing and Board review of proposed special contracts pursuant to 30 V.S.A. § 229, Order of 12/24/14 at 8.*

approval of the Special Contract be construed as approval or disapproval of the CAP as an eligible energy transformation project under Tier 3 of the Renewable Energy Standard.<sup>3</sup>

**IV. ORDER**

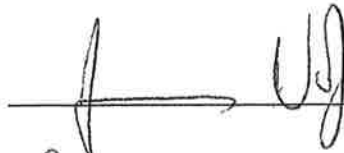
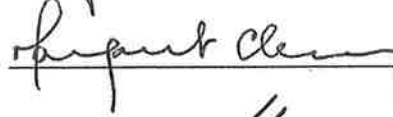

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board of the State of Vermont that:

1. The agreement between Vermont Electric Cooperative, Inc. (“VEC”) and Richard and Sherry Pion (“Customers”) for line extension services (“Special Contract”) dated October 18, 2016, is approved.
2. VEC shall file a report detailing energy efficiency activities at the Customers’ facilities within two years of the date of this Order.
3. VEC shall provide a copy of this Board approval to the Customers within ten days of this Order.

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3. A utility may seek prior approval of a proposed energy transformation project through the Vermont technical advisory group (“TAG”) or by petition to the Board. However, there is no obligation for a utility to obtain prior approval of such projects. *Investigation re: establishment of the Renewable Energy Standard program*, Docket 8550, Order of 6/28/16 at 69-70.

Dated at Montpelier, Vermont, this 8th day of December, 2016.

  
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PUBLIC SERVICE  
BOARD  
OF VERMONT

OFFICE OF THE CLERK

FILED: December 8, 2016

ATTEST: Judith C. Whitney  
Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.*