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July 24, 2018

Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: EEU-2016-03 – Department of Public Service Status Update on EEU Administrative Efficiency Minimum Performance Indicator and Request for Additional Time to Coordinate with EEUs.

Dear Ms. Whitney:

The Department of Public Service (“Department” or “PSD”) along with the electric Energy Efficiency Utilities (“EEUs”), namely Vermont Energy Investment Corporation (“VEIC”) operating Efficiency Vermont (“EVT”), City of Burlington Electric Department (“BED”), and Vermont Gas Systems (“VGS”) have convened to discuss the EEUs Administrative Efficiency Minimum Performance Indicator (“MPR”) for the 2018-2020 performance period. On behalf of itself and the EEUs, this letter is intended to serve as a status update and request for more time for the EEUs to develop required proposals which are due July 31, 2018.

Background

The EEU’s Administrative Efficiency MPR for the 2018-2020 performance period can be summarized as follows.

- In consultation with the Department, an EEU should identify and define all administrative costs, and provide what the costs were for the period of 2015-2017.
- By July 31, 2018, in consultation with the Department, an EEU should submit a recommendation to the Public Utility Commission identifying and defining administrative costs, along with a proposal on how these costs would be tracked and reported for the 2018-2020 performance period.
- The proposal should include a metric with shows the ratio of incentive costs to non-incentive costs and a metric for total administrative costs as a percent of total budget for the performance period.



Status Update

Currently, each of the EEU's report administrative costs differently. The Department and the EEUs have been engaged in discussions in an attempt to develop a common definition for administrative costs. However, no standard or best practice appears to be readily available as it relates to defining administrative costs for energy efficiency programs. Despite the lack of a standard, the PSD and the EEUs have analyzed the non-resource acquisition portion of the EEU budgets. Costs associated with the non-resource acquisition portion of the EEU budgets are known as Development and Support Services (DSS)¹. Each DSS main category and its sub-categories have been reviewed and categorized as either administrative or non-administrative with the following tests.

- If regulatory or administrative and general then it is an administrative cost.
- If the cost is an incentive or technical assistance then it is not an administrative cost.

The following DSS main categories and sub-categories have been identified and agreed upon as either administrative or non-administrative costs.

DSS Administrative Costs

- Planning and Reporting
 - o Annual Plan
 - o Demand Resource Plan
 - o VSPC Participation (EVT & BED only)
 - o ISO-NE's FCM Administration and Coordination (EVT & BED only)
 - o Reporting
 - o Planning (VGS only)
- Administration and Regulatory & Policy and Public Affairs
 - o Public Affairs
 - o Regulatory Affairs
 - o General Administration
- Information Technology
 - o Core Business Software Applications (EVT only)
 - o Utility Data Management (EVT only)
 - o Reporting and Business Intelligence (EVT only)
- Evaluation
 - o Annual Savings Verification
 - o Technical Advisory Group
 - o Technical Reference Manual
 - o Quality Management Program (EVT & VGS only)
 - o ISO-NE Metering and M&E (EVT only)
 - o Evaluation of Informal Programs (VGS only)

DSS Non-Administrative Costs

- Education and Training
 - o Energy Code and Standards Support

¹ The DSS portion of the EEU budgets contains seven main categories. Each main DSS category has up to seven sub-categories.

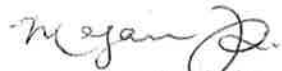
- Building Energy Labeling & Benchmarking (EVT & BED only)
- Better Buildings by Design

Request for Additional Time

Given the progress to date has been material the PSD and EEUs remain optimistic that similar areas of agreement are likely to be identified when analyzing the remaining non-DSS portions of the EEU budget. Therefore, with this letter, the PSD requests additional time to consult with the EEUs regarding their Administrative Efficiency MPR proposals due to the PUC on July 31, 2018. The PSD requests the PUC approve an extension until September 28, 2018 at which time the PSD and/or the EEUs will submit proposals.

If there are any questions concerning this request, please feel free to contact me.

Best Regards,



Megan R. Ludwig
Special Counsel

