

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 17-4632-INV

Continuing issues related to the implementation of the Renewable Energy Standard	
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Order entered:

ORDER RE: WASHINGTON ELECTRIC COOPERATIVE'S TIER III SAVINGS CLAIMS FOR WEATHERIZATION WORK COMPLETED BY CAPSTONE COMMUNITY ACTION

I. INTRODUCTION

On June 7, 2018, Washington Electric Cooperative (“WEC”) filed a petition with the Vermont Public Utility Commission (“Commission”) requesting that the Commission allow WEC to claim energy savings under Tier III of the Renewable Energy Standard (“RES”) for weatherization work completed by Capstone Community Action’s (“Capstone”) Weatherization Program in 2017. In this proposal for decision, I recommend that the Commission allow WEC to claim the Capstone weatherization work under Tier III of the RES.

II. BACKGROUND AND PROCEDURAL HISTORY

The requirements under Vermont’s RES are divided into three categories or “Tiers.”¹ Tier III requires each Vermont electric distribution utility to achieve fossil-fuel savings through energy transformation projects or procurement of distributed renewable energy in amounts equal to two percent of the utility’s annual retail electric sales during the year beginning January 1, 2017, and increasing by an additional two-thirds of a percent each subsequent year until reaching 12 percent on and after 2032.²

On November 1, 2016, WEC filed its 2017 Annual Plan for Tier III Compliance.³

On March 15, 2018, WEC filed its 2017 Tier III savings claims,⁴ which included 580 MWh of savings claimed for weatherization work completed in WEC’s service territory by Capstone in 2017.

¹ 30 V.S.A. § 8005.

² 30 V.S.A. §8005(a)(3).

³ As required by *Investigation re: establishment of the Renewable Energy Standard program*, Docket 8550, Order of 6/28/2016 at 77.

⁴ As required by Docket 8550, Order of 6/28/2016 at 72.

On June 1, 2018, the Vermont Department of Public Service (“Department”) filed its Tier III Report,⁵ evaluating the electric distribution utilities’ compliance with their Tier III requirements. In the Tier III Report, the Department posited that the Capstone weatherization work claimed by WEC did not meet the statutory requirements for Tier III and therefore, recommended that the Commission not allow the work to be counted towards WEC’s 2017 Tier III requirement.

On June 7, 2018, WEC filed a response to the Department’s Tier III Report (the “WEC Comments”),⁶ arguing why the Capstone weatherization work should be allowed to satisfy WEC’s 2017 Tier III requirement.

On June 13, 2018, the Department filed a response to WEC’s comments.

On June 14, 2018, Capstone also provided a response to the Department’s Tier III Report (the “Capstone Comments”),⁷ providing further argument and support for why its weatherization work should be allowed to satisfy WEC’s 2017 Tier III requirement.

On August 2, 2018, the Department filed a letter providing background information about Capstone (the “Department Letter”).

III. FINDINGS

1. Capstone provides weatherization services as part of the State’s low-income Weatherization Assistance Program authorized under 33 V.S.A. § 2502. Department Letter at 1.
2. In 2017, WEC provided support to Capstone by conducting outreach to WEC members and notifying them of Capstone’s weatherization services, which drove low-income WEC members to Capstone for weatherization services. Capstone Comments at 3.
3. Capstone completed weatherization work in 2017 in the homes of WEC members, which produced verifiable thermal lifetime energy savings. WEC Comments; Capstone Comments at 3.
4. WEC is withholding payment to Capstone for 580 MWh of energy savings completed in 2017 until it receives a ruling as to whether it may claim the 2017 Capstone weatherization work as energy savings to satisfy its Tier III requirement. WEC Comments at 2.

⁵ As required by Docket 8550, Order of 6/28/2016 at 72.

⁶ As allowed by Docket 8550, Order of 6/28/2016 at 73.

⁷ As allowed by Docket 8550, Order of 6/28/2016 at 73.

5. WEC's payment to Capstone for 580 MWh of energy savings completed in 2017 in WEC's service territory will be in addition to Capstone's regularly budgeted work. WEC Comments at 2; Capstone Comments at 3-4.

IV. DISCUSSION

For energy transformation projects, an electric distribution utility may provide incremental support to a state weatherization program, "but may take credit only for the additional amount of service supported and shall not take credit for that program's regularly budgeted or approved investment."⁸

In its Tier III Report and June 13 response to WEC's comments, the Department raises two concerns with WEC's Capstone energy savings claim: (1) that WEC is claiming 580 MWh of savings for work completed as part of Capstone's "regularly budgeted or approved investment," rather than "the additional amount of service supported" by WEC, and (2) that WEC has not yet paid Capstone for the 2017 savings.

The Department's first concern goes to the statutory requirement that energy transformation projects support additional work. If WEC were to claim the savings created by Capstone without providing incremental support for the creation of those savings, those savings would not satisfy the requirements of 30 V.S.A. § 8005(a)(3)(E)(ii) and would not qualify as additional work. However, WEC and Capstone have confirmed that WEC's payment to Capstone for 580 MWh of verifiable energy savings completed in 2017 in the homes of WEC members will be in addition to Capstone's regularly budgeted work. Moreover, WEC and Capstone have shown that WEC provided Capstone support in 2017 by conducting outreach to its members and notifying them of Capstone's services, thereby driving low-income WEC members to Capstone for weatherization services. I recommend that the Commission determine that these combined facts establish that WEC has complied with its Tier III RES obligations.

The Department's second concern goes to the timing of payment. While true that WEC has not yet paid Capstone for the 2017 savings, there are many situations in which payment for energy savings may occur after the year in which the savings were created, and such delay in payment should not disqualify a utility from counting the savings towards Tier III compliance for

⁸ 30 V.S.A. § 8005(a)(3)(E)(ii).

the year in which the savings were created. For example, Capstone cited a scenario in its comments in which Efficiency Vermont contracts with Capstone to complete work. Capstone completes an energy audit in November, replaces an inefficient appliance in December, reports the activity to Efficiency Vermont in January, and gets paid by Efficiency Vermont in February. While payment does not occur until February of the year following the year in which the work occurred, Efficiency Vermont counts the savings towards the year in which the work was completed.

While payment may occur after work is completed, proof of payment must be provided as part of an electric distribution utility's filing demonstrating compliance with *all* Tiers of the RES (due by August 31), so the Commission can ensure the utility has satisfied the additionality component of Section 8005(a)(3)(E)(ii).⁹

WEC, the only electric distribution utility to include weatherization work to satisfy its Tier III requirements in 2017, is commended for supporting this work. However, WEC did not specifically identify the Capstone work as a part of its 2017 Annual Plan for Tier III Compliance. Therefore, WEC is reminded that going forward all changes to its annual plan for Tier III compliance must be submitted to the Commission and Department at least 30 days prior to implementing Tier III projects and programs not already included in the annual plan, so that the Department may review the proposed changes.¹⁰

V. CONCLUSION

Based on the foregoing, I recommend that the Commission allow WEC to claim the 580 MWh of 2017 Capstone weatherization work under Tier III of the RES, provided that WEC provides proof of payment to Capstone for the savings claimed as part of its filing demonstrating compliance with *all* Tiers of the RES, which is due no later than August 31, 2018.

⁹ As required by Docket 8550, Order of 6/28/2016 at 79.

¹⁰ Docket 8550, Order of 6/28/2016 at 56.

This PFD has been circulated to all parties to this proceeding in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont, this 13th day of August, 2018.

A handwritten signature in blue ink, appearing to read 'ES', is written over a horizontal line.

Elizabeth Schilling, Esq.
Hearing Officer

VI. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission that the findings, conclusions, and recommendations of the Hearing Officer are hereby adopted.

Dated at Montpelier, Vermont, this _____.

_____)	
Anthony Z. Roisman)	PUBLIC UTILITY
)	
)	
_____)	COMMISSION
Margaret Cheney)	
)	
)	OF VERMONT
_____)	
Sarah Hofmann)	

OFFICE OF THE CLERK

Filed:

Attest: _____
Clerk of the Commission

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

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