

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 19-0302-INV

Investigation to establish an Energy Savings Account partnership pilot program, establish a methodology for evaluation, measurement, and verification of Self-Managed Energy Efficiency Program and Energy Savings Account projects, and review the Customer Credit Program	
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Order entered: 02/01/2019

**ORDER OPENING INVESTIGATION, ESTABLISHING SCHEDULE,  
AND NOTICE OF WORKSHOP**

**I. INTRODUCTION**

Pursuant to Public Act 150 of the 2018 Vermont legislative session,<sup>1</sup> the Vermont Public Utility Commission (“Commission”) opens an investigation to establish an Energy Savings Account (“ESA”) partnership pilot program and a methodology for evaluation, measurement, and verification of Self-Managed Energy Efficiency Program (“SMEEP”) and ESA pilot program projects. In addition, the Commission will review the Customer Credit Program.

In this Order, we appoint a Hearing Officer to conduct this proceeding and establish a schedule.

**II. BACKGROUND**

The Commission has established three types of programs that qualifying customers can use to manage their own energy efficiency projects: the SMEEP; the ESA program; and the Customer Credit Program.

Pursuant to 30 V.S.A. § 209(j), the SMEEP allows certain eligible transmission and industrial electric customers to be exempt from the energy efficiency charge provided the customer commits to spending an annual average of no less than \$1 million over a three-year period on energy efficiency investments.<sup>2</sup>

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<sup>1</sup> Public Act No. 150 (2018 Vt., Adj. Sess.).

<sup>2</sup> The Commission established the SMEEP in 2009 and modified the program in 2010, 2011, and 2018. *See Order Establishing a Self-Managed Energy Efficiency Program, Order of 12/28/09, Order Clarifying Self-Managed*

Pursuant to 30 V.S.A. § 209(d)(3)(B), customers paying an average annual energy efficiency charge of at least \$5,000 may apply to the Commission to self-administer energy efficiency through an ESA.<sup>3</sup>

The Customer Credit Program allows commercial and industrial customers that meet certain eligibility standards to use most of their energy efficiency charge funds to implement energy-savings measures of their own as a substitute for participation in the system-wide programs of Efficiency Vermont.<sup>4</sup>

Act 150 makes multiple changes to the SMEEP, including: (1) changing the qualifications for customer participation;<sup>5</sup> (2) authorizing energy productivity programs and measures as an eligible investment; (3) allowing funds from outside entities to count toward a participant's monetary commitment; and (4) requiring that the electric energy savings from projects in the program be bid into ISO New England's Forward Capacity Market if the Vermont Department of Service ("Department") determines it to be cost-effective.

Act 150 also requires that on or before July 1, 2019, the Commission must establish a three-year partnership pilot program as an expansion of the existing ESA option. The ESA pilot program will allow a participant, working with Efficiency Vermont, to place the participant's energy efficiency charge payments in an ESA and then use 100 percent of the funds on the participant's own energy efficiency projects. Act 150 requires that the total amount of customer energy efficiency charge funds available in the pilot program each year will not exceed \$2 million.

Act 150 requires that the Commission establish by rule or order the criteria for customer selection to the ESA pilot program. On establishment of the selection criteria, Efficiency

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*Energy Efficiency Program*, Order of 4/7/10; *Order Modifying SMEEP*, Order of 8/10/11; and *Order Approving OMYA's Participation in the Self-Managed Energy Efficiency Program*, Case No. 18-3329-PET, Order of 10/24/18.

<sup>3</sup> The Commission established the ESA program in 2009 and modified the program in 2014. See *Order Establishing an Option for Certain Business Customers to Self-Administer Energy Efficiency through the Use of an Energy Savings Account*, Order of 12/22/09; *Order Approving Modifications to the Design of the Energy Savings Account Program*, Case No. EEU-2014-02, Order of 6/6/14.

<sup>4</sup> The Commission established the Customer Credit Program in 1999 and modified the program in 2007 and 2012. See *Investigation into Department of Public Service's Proposed Energy Efficiency Plan*, Docket 5980, Order of 9/30/99 at 28, 29, 75, A-112 through A-117; *Order re Petition of IBM to Amend EEU Customer Credit Program*, Order of 8/14/07; *Clarifying Order re Petition of IBM to Amend EEU Customer Credit Program*, Order of 10/11/07; *Order Re Proposed Modifications to C&I Customer Credit Program and Participation of OMYA, Inc.*, Case No. EEU-2012-01, Order of 8/24/12.

<sup>5</sup> As part of this change, the Commission approved Omya, Inc.'s participation in the SMEEP. See *Order Approving Omya's Participation in the Self-Managed Energy Efficiency Program*, Case No. 18-3329-PET, Order of 10/24/18.

Vermont, the Department, and the Agency of Commerce and Community Development (“ACCD”) are required to jointly issue a request for proposals from customers seeking to participate in the pilot program. Efficiency Vermont, the Department, and ACCD are required to jointly select customers to participate in the program from among the customers that submit responses to the RFP and notify the Commission of the selected customers. Customer selection is required to be completed before July 1, 2019.

Under the ESA pilot program, customers may use energy efficiency charge funds for one or more of the following: electric energy efficiency, thermal energy and process-fuel efficiency, energy productivity measures, demand management, and energy storage that provides benefits to the customer and its interconnecting utility. Act 150 requires that the Commission establish a methodology for evaluation, measurement, and verification of projects implemented under the pilot that is consistent with the requirements of 30 V.S.A. § 218c and that includes cost-effectiveness screening that values energy savings across the customer’s energy portfolio and non-energy benefits such as economic development.

Act 150 requires that on completion of the three-year ESA pilot program, the Commission conduct or have a third party conduct an independent evaluation of the ESA pilot program. After considering the results of that evaluation, the Commission is required to submit a written recommendation to the General Assembly on whether to continue the pilot program. The Commission is required to submit this recommendation to the General Assembly on or before January 15, 2023.

### **III. DISCUSSION**

As required by Act 150, we open this investigation to establish an ESA pilot program and a methodology for evaluation, measurement, and verification of SMEEP and ESA pilot program projects. In addition, the Commission will review the Customer Credit Program.

This investigation will be conducted in three tracks. Track one will establish the ESA pilot program, including the criteria for customer selection. As part of track one, Efficiency Vermont, the Department, and ACCD will jointly issue a request for proposals from customers seeking to participate in the ESA pilot program and will the select program participants.

Track two will address the evaluation, measurement, and verification of ESA and SMEEP measures and projects. Track two will include defining how energy productivity programs and measures will qualify under the SMEEP and the ESA pilot program. Track two

will also establish a methodology for cost-effectiveness screening that values energy savings across the customer's energy portfolio and non-energy benefits such as economic development. In addition, track two will establish a methodology for cost-effectiveness screening for new measures not currently offered by Efficiency Vermont (i.e., energy productivity measures, demand management, and energy storage). Further, track two will address issues specific to the SMEEP, including establishing a verification and qualification process for SMEEP projects for their potential inclusion in the ISO New England Forward Capacity Market and determining how the inclusion of external non-participant funds will count toward a participant's annual monetary commitment.

Track three will include the review of the Customer Credit Program. Specifically, track three will address whether changes or improvements should be made to the existing program to allow increased participation. To date, there has been limited participation in the Customer Credit Program.

We are appointing a Hearing Officer to conduct this as a non-contested case proceeding. Interested persons will be afforded the opportunity to participate through workshops and written filings. Because this process is not a contested case, there will be no parties and no deadlines for intervention.

To meet the requirements of Act 150, we are establishing the following schedule for track one, with the goal to identify pilot program participants by July 1, 2019. Schedules for the remaining tracks will be determined by the Hearing Officer.

March 15, 2019	Deadline for Efficiency Vermont, Department, and ACCD to file recommendations regarding the criteria for customer selection
March 19, 2019	Workshop to discuss participants' recommendations
March 26, 2019	Deadline for comments on recommendations
Week of April 7, 2019	Tentative date for Hearing Officer's proposal for decision regarding the criteria for customer selection to the ESA pilot program
Week of April 21, 2019	Tentative date for Commission Order regarding the criteria for customer selection to the ESA pilot program
Week of May 5, 2019	Request for proposals issued by Efficiency Vermont, the Department, and ACCD

June 24, 2019	Deadline for recommendations by Efficiency Vermont, the Department, and ACCD for ESA pilot program participants
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The Commission will establish a service list for this proceeding, which is not a contested case. Anyone interested in participating should contact the Clerk of the Commission at [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov).

This case is being processed in the Commission's online document management system, known as ePUC, which can be accessed at <http://epuc.vermont.gov>. Information about how to use ePUC, including how to make a filing and how to search for documents, is available on the Commission's website at <http://puc.vermont.gov/epuc-information>.

#### **IV. NOTICE OF WORKSHOP**

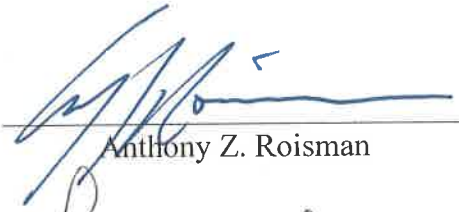
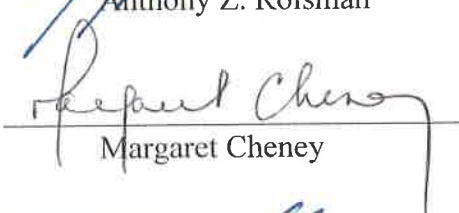

On Tuesday, March 19, 2019, at 9:30 a.m., the Hearing Officer will convene a workshop to discuss the ESA pilot program. The workshop will be held in the Susan M. Hudson Hearing Room, located on the 3<sup>rd</sup> floor of the People's United Bank Building, 112 State Street, Montpelier, Vermont. The workshop will be recorded by a court reporter.

#### **V. ORDER**

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission ("Commission") of the State of Vermont that:

1. Pursuant to Public Act No. 150, an investigation is opened to establish an Energy Savings Account ("ESA") partnership pilot program; and to establish a methodology for evaluation, measurement, and verification of Self-Managed Energy Efficiency Program ("SMEEP") and ESA pilot program projects. The investigation will also include the review of the Customer Credit Program.
2. Pursuant to 30 V.S.A. § 8, Mary Jo Krolewski, Utilities Analyst, is appointed to serve as Hearing Officer in this proceeding.
3. The above schedule is adopted for this proceeding.
4. Pursuant to 30 V.S.A. § 10(c), a workshop will be held in this matter on Tuesday, March 19, 2019, commencing at 9:30 A.M., in the Susan M. Hudson Hearing Room, located on the 3<sup>rd</sup> Floor of the People's United Bank Building, 112 State Street, Montpelier, Vermont.

Dated at Montpelier, Vermont this 1st day of February, 2019

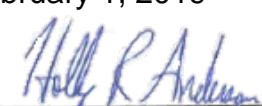
	)	
Anthony Z. Roisman	)	PUBLIC UTILITY
	)	
	)	
Margaret Cheney	)	COMMISSION
	)	
	)	
Sarah Hofmann	)	OF VERMONT

OFFICE OF THE CLERK

February 1, 2019

Filed:

Attest:

  
 Deputy 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](mailto:puc.clerk@vermont.gov))*

PSB Case No. 19-0302-INV - SERVICE LIST

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