



March 26, 2019

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

Re: Case No. 19-0302-INV – Investigation to establish an Energy Savings Account Partnership Pilot Program

Dear Ms. Whitney:

Pursuant to the Public Utility Commission's February 1, 2019 Order opening the above-referenced investigation to establish an Energy Savings Account ("ESA") Partnership Pilot Program, the parties are directed to file comments on recommendations discussed at the March 19, 2019 workshop. Vermont Gas Systems, Inc. ("VGS") hereby submits their comments on the recommendations discussed at the workshop.

I. Comments Around Section 2.(b)(3) of Act 150

Per Act 150, Section 2.(b)(3) "... for a customer who is a manufacturer and whose purchases of regulated fuel exceeded 600,000 thousand cubic feet (MCF) in 2017, the Funds may be used for thermal energy and process-fuel efficiency for regulated fuels, and any regulated fuel savings attributable to investment of Customer EEC Funds through the pilot program shall be counted towards EVT's performance indicators." Our understanding of the background of this section based on our participation in the legislative process is that the legislature identified a unique customer where progress in improving their total energy efficiency profile would be in the thermal sector and this section was meant to allow them to use EVT EEC funds toward thermal projects. Because this is outside the course of how EVT EEC funds are normally used the legislature made it clear that EVT could count those funds toward their performance indicators. It was also understood that EVT and VGS would cooperate in working with this customer and count their respective contributions toward thermal projects in an equitable manner.

During the workshop, several attendees including Vermont Gas and Efficiency Vermont stated that if a participant in the pilot program is located within Vermont Gas' footprint and moving forward on a thermal energy project, both Efficiency Vermont and Vermont Gas could work

together to support the participant’s project as is the current practice. However, Section 2.(b)(3) also states that any regulated fuel savings attributable to use of EVT EEC funds through the pilot program shall be counted towards EVT’s performance indicators. Vermont Gas is looking for clarification on incentive structure and savings claims for these types of projects, wherein the participants are using both ESA funds and Vermont Gas’ Energy Efficiency Utility incentives, as in who pays what portion and how many savings are claimed.

For background, Vermont Gas has been working with a customer, who would be eligible to participate in the ESA and qualifies under Section 2.(b)(3), on many different thermal projects over several years and these projects are in various stages of progress. VGS would like to ensure that the savings from these projects accrue to VGS’ EEU savings targets proportional to our EEU incentives or, that in the alternative, our EEU targets be adjusted to reflect any reduced savings due to the ESA. Ideally, we will continue to work in collaboration with the customer and EVT in order to leverage the ESA pilot and pro-rate savings in an equitable manner. We request that the PUC provide guidance on this issue, in a manner that allows for flexibility. Our recommendation on the guidance is described below.

There are three scenarios that could apply for a participating ESA customer installing thermal measures. Vermont Gas recommends the PUC clarify the following allocation of savings under each scenario:

	Savings Claimed By	
	VGS	EVT
Incentive or Technical Assistance Provided by VGS	100%	0%
Incentive or Technical Assistance Provided by ESA/EVT	0%	100%
Incentive or Technical Assistance Provided by both VGS and ESA	Savings pro-rated based on either incentives provided or other schema agreed to between parties	

Given the limited scope of this pilot, Vermont Gas believes that specific PUC rules around this matter are unnecessary, but guidelines could be helpful. The parties have a strong track record of cooperation and I am confident that will continue, and all parties agree that so called “double counting” of savings will be avoided. Ultimately, we will need to evaluate how savings can be claimed on a project by project basis.

II. Evaluation, Monitoring and Verification Process

At the workshop, Vermont Gas inquired about the Evaluation, Monitoring and Verification (“EM & V”) process around a project that receives both ESA funds and Vermont Gas incentives. Vermont Gas wants to ensure that the EM & V process is not done twice as a result of not having

clarity on who undertakes the EM & V process. Understanding who is responsible for the EM & V ahead of time will eliminate redundancies for both the ESA participant and Vermont Gas.

III. Timing of Pilot Program

During the workshop, the subject of when the ESA pilot program will begin – either in June/July 2019 or January 2020 - came up several times. Vermont Gas is not concerned when the pilot program begins, but rather simply recommends that outstanding questions and underlying issues be resolved prior to the start of the ESA pilot program. In terms of timing of actual projects, Vermont Gas would appreciate involvement in the front end of natural gas related projects to allow time to deal with possible budgetary constraints as well as performance projections.

Vermont Gas looks forward to continuing its participation in this investigation into the establishment of an Energy Savings Account partnership pilot program. If there are any questions, please do not hesitate to contact me.

Regards,



Lauren Hammer
Energy Efficiency Manager