

September 16, 2019

Ms. Judith C. Whitney, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, VT 05620

Re: Case 19 – 2956 Investigation pursuant to Act 62 into the creation of an all-fuels energy efficiency program, expansion of energy efficiency utility programs and services, and funding options for those programs

Dear Ms. Whitney,

Pursuant to Act 62 of the 2019 legislative session, the Public Utility Commission (“Commission”) has opened Case 19-2956 to investigate the creation of an all-fuels energy efficiency program, expansion of energy efficiency utility programs and services, and funding options for those programs. Vermont Public Power Supply Authority (“VPPSA”) appreciates this opportunity to reflect on the current inventory of energy services available in Vermont and consider the potential expansion of those services in order to serve customer needs and advance the state’s energy and climate goals. We offer these initial comments in advance of the September 24th workshop in this proceeding.

1. Electrification and Load Management

Section 2 of Act 62 asks the Commission to consider whether demand response, load management, and storage should be incorporated into the state’s efficiency programs, whether delivered by the energy efficiency utilities (“EEUs”), distribution utilities (“DUs”), or a new entity. Load management and demand response activities must remain the purview of the DUs and not the EEUs or any other entity. While it is appropriate for the EEUs to promote and support the deployment of technologies that will facilitate load control, such as cold climate heat pumps with embedded controls, it would not be appropriate for the EEUs to undertake actual control of these technologies due to the potential impacts on the distribution grid.

The distribution utilities bear the responsibility of safely and reliably operating the grid and providing least-cost service to customers. These responsibilities require that DUs are the entities with the opportunity to deploy load control and demand response measures. Each distribution utility within the state has a unique rate base and cost structure, and each DU needs the flexibility to deploy load management strategies and technologies in a manner that optimizes the efficiency of its system and maximizes the benefits to its customers. Statewide deployment of load management would interfere with the DUs ability to fulfill these obligations.



The definition of “electrification” filed by the Department of Public Service in Case No. 18-3838 (Updates to EEU Triennial Plans for 2018-2020) clarifies that “Measures and services which shift or otherwise manage electric energy usage are not considered Electrification. Examples include electricity storage, load management, demand response, rate design, and transportation demand management.” This clarification should likewise be applied to the definition of “electrification efficiency.”

2. Storage

Storage has garnered a great deal of interest as an emerging technology. It holds significant potential to utilize greater amounts of renewable generation and optimize grid operations by essentially flattening load. In many use cases, however, storage cannot yet be deployed cost-effectively. In order to be supported with ratepayer funds, energy storage should be required to demonstrate a clear economic benefit to *both* the customer installing the storage *and* the utility’s ratepayers as a whole. Like demand response measures, this would require that the storage device be placed under utility control to be deployed for the benefit of its customers.

3. Funding

Section 2(a)3(A) of Act 62 directs the Commission to “consider and recommend how best to provide consistent, adequate, and equitable funding for efficiency, conservation, and related programs and services...” Section 2(d) of the legislation calls on the PUC to deliver, by January 15, 2020, a preliminary report, “including recommendations as to subdivision (a)(3)(A) of this section, and any findings and recommendations that may influence the scope and focus of Efficiency Vermont’s 2021-23 Demand Resources Plan Proceeding.” Taken in combination, these provisions indicate that tackling the funding question early in this proceeding (immediately following the identification of gaps in services) would be appropriate.

Funding looms large as a discussion topic in this proceeding. While there are multiple entities qualified to deliver energy efficiency services to Vermonters, the state has struggled to identify an adequate mechanism for *funding* certain categories of these services, most notably home weatherization. As a result, several entities have proposed using the electric Energy Efficiency Charge (“EEC”) to fund non-electric efficiency services. A thorough discussion of the implications and consequences of repurposing the EEC should take place before such a significant policy shift is made. Regardless of the Commission’s schedule in this proceeding, funding will inevitably be a topic of conversation in the Legislature in 2020. An early discussion of funding would be consistent with the intent of Act 62 and allow for thoughtful consideration in advance of the upcoming legislative session.

Thank you for your consideration of these comments. Please contact me (mbailey@vppsa.com or 802-882-8509) with any questions you may have.



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Sincerely,

A handwritten signature in black ink that reads "Melissa Bailey". The signature is written in a cursive, flowing style.

Melissa Bailey
Legislative and Regulatory Affairs Representative
Vermont Public Power Supply Authority