October 12, 2020

Ms. Judith C. Whitney
Clerk of the Commission
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 20-2022-INV, 2021 Energy Efficiency Charge Rates

Dear Ms. Whitney,

Pursuant to Public Utility Commission ("Commission") memorandum dated October 5, 2020 and subsequent discussions with the Department of Public Service ("the Department"), the City of Burlington Electric Department ("BED") submits the following supplemental filing related to its proposed energy efficiency charge ("EEC") in effect as of February 1, 2021.

BED respectfully requests that the Commission postpone rendering a decision on its proposed EEC to allow for additional time for BED to file a budget amendment to its Demand Resource Plan ("DRP") in Case No. 19-3272-PET. This budget amendment, which is an important input into the Commission's EEC determination for BED, will include a request to increase the currently proposed 2021- 2023 electric resource acquisition budget of $6.6 million to be not greater than our current 2018- 2020 electric resource acquisition budget of $7.4 million.

As we have indicated in several proceedings before the Commission, and consistent with the intent of Act 151, BED proposes to invest the difference between these two budget levels in activities that are complementary (and supportive) to but not duplicative of our Tier III programs. It is also important for BED to note that while BED is seeking to maintain existing levels of EEC funding for the next three years, we believe that BED can do so while decreasing the EEC rate in 2021 (and potentially for 2022 and 2023) due to the accumulation of funds carried over from the 2015-2017 performance period.

The delayed approval of Act 151 due to the extended legislative session complicated matters for this budget/rate cycle. Had Act 151 gone into earlier in the DRP process, BED would have proposed in Case No. 19-3272-PET additional funding several months ago, along with our plans use these funds. Such an earlier filing would have also obviated the need for this clarifying submission in the instant proceeding. As noted in our October 1, 2020 letter to the Commission, BED expected it would submit a subsequent filing in this docket to further support our plans for utilizing EEC funds for greenhouse gas ("GHG") emissions reduction activities (henceforth referred to as Act 151 activities and funds) now that Act 151 was approved. That proposed filing would be replaced by the filing in Case No. 19-3272-PET discussed above.

BED may also propose in the instant proceeding to apply carryforward accumulated funds from the 2015- 2017 performance period against rates for multiple years, and not adjust downward the EEC solely in 2021 as would normally be the case. The magnitude of those funds, applied in a single year, would result in rates fluctuating greatly over the next few years and may create unnecessary customer confusion. We may instead propose to use these funds to reduce the EEC rate in each year of the upcoming performance period (i.e. 2021-2023). If BED decides to move forward with this proposal, we will file a specific request in the instant docket following the Commission's determination on BED's request to add back Act 151 funds to its proposed DRP budget in Case No. 19-3272-PET.

BED recognizes that amending its DRP, and delaying action on this EEC rate proceeding, at this late stage in the investigation presents some challenges, particularly for the Commission. Other parties to these cases, however, will not be harmed by our request. Neither PUC rules nor Vermont statutes preclude the Commission from rendering separate decisions for each of Vermont's energy efficiency utilities. Indeed, BED encourages the Commission to do so. And, while the Commission continues its examination of the record evidence presented by the other parties, BED will work with the Department to further develop Act 151 compliant programs and file a DRP amendment by October 30, 2020 for the Commission to review. While the timeline is aggressive, BED is confident it is achievable. BED is in a unique position as both an electric distribution and energy efficiency utility to coordinate the design of our Act 151 activities with our Tier III, energy services, finance and customer outreach teams.

As the Commission is aware, BED was a strong supporter of Act 151. Having testified before several legislative subcommittees and participated in the legislative process, BED understands the intent of Act 151 is to encourage Vermont's electric efficiency utilities to implement creative initiatives using funds collected through the EEC charge to complement

Tier III programs and further reduce GHG emissions in the transportation and thermal sectors. The language of the legislation appears clear that the intent is to continue to support cost-effective traditional energy efficiency measures while allowing some funds to be invested in Act 151 programs (up to a capped limit). The Governor's statement in signing the legislation further reinforces that focus. We also know that so long as future electric resource acquisition budgets do not increase relative to the current three-year budget, then BED would be authorized (and expected) to implement Act 151 programs in a manner consistent with the statute. BED believes that policymakers would be especially supportive of implementing Act 151 programs, while still offering the energy efficiency service contemplated in the DRP without increasing the EEC rate during the 2021-2023 performance period, which – as noted above – we believe can be accomplished via a multi-year use of the aforementioned carryforward amount.

However, if the Commission were to rule on BED's three-year proposal in Case No. 19-3272-PET without considering a budget amendment to allow additional funds for Act 151 activities, BED's ability comply with 30 V.S.A. § 218c, as well as its EEU Order of Appointment, would be undermined because the $6.6 million budget amount was determined by the Department's consultant, GDS Associates, to be the minimum funding necessary to acquire the *full amount of cost effective* [electric efficiency] *savings*. Absent an increase in the current DRP budget, BED would be in the unviable position of having to choose between investing a portion of the $6.6 million in impactful Act 151 initiatives and violating 30 V.S.A. § 218c or spending the entire $6.6 million on electric efficiency programs and ignoring the opportunities provided by Act 151. It is highly likely that BED would choose to divert funds from traditional electric efficiency activities to Act 151 programs due to the relatively greater carbon reductions available through those programs at this time. BED would strongly prefer not to do so at the expense of valid traditional efficiency activities, however. BED would rather pursue both obligations simultaneously but to do so BED will need to raise more than $6.6 million over the next three years through its EEC (before the carryforward adjustment is applied).

BED appreciates this opportunity to respond to the Commission's request. We look forward to providing additional information related to Act 151 programs by October 30, 2020. Please also know that as an electric distribution utility, we will be able to implement EEC rate changes on customer bills within five5 business days after the Commission's final determination. Consequently, even with the requested deferral of Commission determination of BED's EEC rate, there should still be time for BED to further amend its DRP proposal and for the Commission to render a decision on that proposal and to determine the appropriate EEC rate to collect the final budget outcome.

Please do not hesitate to contact us with any questions or concerns.

Sincerely,

James L. Gibbons
Director of Policy and Planning
Burlington Electric Department
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