

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. EEU-2016-03

2016-2017 Demand Resources Plan Proceeding	
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Order entered: 10/29/2020

**ORDER APPROVING CHANGES TO EFFICIENCY VERMONT BUDGETS AND GOALS
FOR THE 2018-2020 PERFORMANCE PERIOD**

I. INTRODUCTION

In this Order, the Vermont Public Utility Commission (“Commission”) approves reductions to Efficiency Vermont’s resource-acquisition budgets, Customer Credit Program budgets, performance goals, and compensation set-aside for the 2018-2020 performance period.

II. BACKGROUND

On July 7, 2017, the Commission approved resource-acquisition budgets for Efficiency Vermont for the 2018-2020 performance period.¹

On November 9, 2017, the Commission established Customer Credit Program budgets, performance goals, and a compensation set-aside for Efficiency Vermont for the 2018-2020 performance period.²

On September 4, 2020, Efficiency Vermont filed a request to reduce its approved resource-acquisition budgets, including its Customer Credit Program budgets, for the 2018-2020 performance period. The request also included corresponding reductions to the performance goals and the compensation set-aside.

On September 30, 2020, the Vermont Department of Public Service (“Department”) filed comments in support of Efficiency Vermont’s request.

On October 7, 2020, Efficiency Vermont filed reply comments.

No participant requested a hearing or additional process prior to a Commission decision in this proceeding.

¹ Case No. EEU-2016-03, Order of 7/7/17.

² *Order Re: Compensation Set-Aside and Performance Targets for Efficiency Vermont*, Case No. EEU-2016-03, Order of 11/7/17.

III. DISCUSSION AND CONCLUSION

As discussed further below, we approve the reductions to Efficiency Vermont's resource-acquisition budgets and Customer Credit Program budgets for the 2018-2020 performance period. We also approve the corresponding reductions to the performance goals and the compensation set-aside.

Resource-Acquisition and Customer Credit Program Budgets

Efficiency Vermont requests a reduction of approximately \$1.7 million in its approved electric resource-acquisition budgets and Customer Credit Program budgets. Efficiency Vermont argues that the reduction is needed because (1) electricity sales and energy efficiency charge collections decreased due to the COVID-19 pandemic and economic recession, and (2) the sole participant in the Customer Credit Program departed the program. In addition, Efficiency Vermont argues that changes in market conditions due to COVID-19 have significantly affected Efficiency Vermont's programs, services, spending, and performance. Efficiency Vermont states that it has adjusted its 2020 program activities to support the Vermonters who need the most help and have energy-intensive needs.

Efficiency Vermont maintains that 2020 spending should align with expected 2020 collections to avoid affecting energy efficiency charges in future years. Efficiency Vermont forecasts that the 2020 energy efficiency charge collections will be approximately \$1.5 million less than what it anticipated a year ago. In addition, Efficiency Vermont estimates OMYA Inc.'s ("OMYA") transition to the Self-Managed Energy Efficiency Program ("SMEEP") from the Customer Credit Program has reduced spending by \$278,903. In total, to reflect the reduction in collections and the changes to the Customer Credit Program, Efficiency Vermont requests that its approved budgets for the 2018-2020 performance period be reduced by \$1,711,413. This amount consists of \$1,432,510 for reduced resource-acquisition activities and \$278,903 for changes to the Customer Credit Program.³

The Department supports the proposed budget reductions. The Department contends that the reductions are appropriate given the economic impacts of the COVID-19 pandemic.

We approve the proposed reductions to the budgets for resource-acquisition activities and the Customer Credit Program. The proposed reductions appropriately recognize the existing

³ Efficiency Vermont's approved budgets for the 2018-2020 performance period were \$132,370,917 for resource-acquisition activities and \$401,603 for the Customer Credit Program.

economic uncertainty caused by the COVID-19 pandemic and recognize the departure of OMYA from the Customer Credit Program. Further, the proposed reductions are consistent with our 2017 consideration of the applicable statutory criteria for the 2018-2020 performance period, including our determination that Efficiency Vermont should offer programs and services that acquire all reasonably available, cost-effective savings while minimizing the potential for adverse rate and bill impacts.

Accordingly, Efficiency Vermont's electric resource-acquisition budgets are reduced by \$1,432,510, resulting in total resource-acquisition budgets of \$130,938,407 for the 2018 performance period. The Customer Credit Program budgets are reduced by \$278,903, resulting in total Customer Credit Program budgets of \$122,700 for the 2018-2020 performance period.

Performance Goal Adjustments

To reflect the changes in budgets and resource-acquisition spending, Efficiency Vermont proposes adjustments to its performance goals for the 2018-2020 performance period.

Specifically, Efficiency Vermont proposes the following changes to its electric quantifiable performance indicators ("QPI") targets.

QPI #	Title	Approved 100% Targets	Proposed 100% Targets	% Change
1	Total Resource Benefits	\$318,107,900	\$301,208,400	-5.3%
2	Annual Electricity Savings (MWh)	357,400	351,100	-1.8%
3	Summer Peak Demand Savings (kW)	45,900	44,200	-3.7%
4	Winter Peak Demand Savings (kW)	62,400	59,800	-4.2%
5	Lifetime Electricity Savings (MWh)	3,582,200	3,593,000	0.3%

In addition, Efficiency Vermont proposes changes to its electric minimum performance requirements to reflect the proposed reductions to its budgets and QPI targets. These changes include reducing geographic-equity minimum performance requirements to reflect reductions to the total resource benefit QPI target and include reducing minimum threshold levels for residential customer spending, low-income customer spending, and resource-acquisition performance period spending.

To determine its proposed QPI targets, Efficiency Vermont used two approaches: (1) a formulaic adjustment to reflect changes to the Customer Credit Program, and (2) a custom calculation to reflect changes in economic and market conditions on resource-acquisition

activities. First, using these approaches, Efficiency Vermont proposes QPI target reductions proportional to the size of the reductions to the Customer Credit Program budgets. Second, Efficiency Vermont proposes that QPI target reductions be calculated based on the 2020 cost of acquiring resources in the major market sectors (e.g., business existing facilities). Efficiency Vermont maintains that the portfolio-wide acquisition cost has increased from \$418/MWh to \$428/MWh, due to the economic changes from the COVID-19 pandemic.

The Department supports the proposed adjustments to the QPI targets. The Department states that the calculations and methodology used to adjust the QPI targets are reasonable and recognize that market and economic conditions have changed significantly due to the COVID-19 pandemic. The Department notes that different market conditions may call for different solutions and that the process that is reasonable in this instance may not be in the future and therefore should not be precedential.

We approve the proposed changes to the QPI targets and minimum performance requirements. The proposed QPI targets appropriately recognize the economic uncertainty caused by the COVID-19 pandemic and the increase in resource-acquisition costs. In addition, the changes to the QPI targets are consistent with the changes in budgets and resource-acquisition spending we are approving in this Order.

Accordingly, for the 2018-2020 performance period, Efficiency Vermont's electric QPIs and minimum performance requirements are adjusted as identified in this Order. Attachment A to this Order contains the QPI targets and minimum performance requirements we are approving. Although not changed by this Order, for completeness, Attachment A includes the thermal-energy-and-process-fuels QPIs and minimum performance requirements.

Adjustments to Compensation Set-Aside

To reflect the changes in budgets, Efficiency Vermont requests a reduction in its compensation set-aside. Efficiency Vermont has an approved compensation rate of 4.5% (applied to the resource-acquisition and development and support services budgets), with 70% dedicated as a performance award and 30% as operation fees.⁴ For the 2018-2020 performance period, Efficiency Vermont proposes reducing the eligible operation fees by \$107,393 and the

⁴ For the 2018-2020 performance period, for energy-efficiency-charge-funded activities, the approved operation fees were \$1,948,181 and the approved performance award was \$4,543,500. Approximately 11% of this amount, \$500,000, was set aside for meeting super-stretch QPI targets and the balance, \$4,043,500, was set aside for meeting the 100% targets.

eligible performance award by \$248,450. The resulting total performance award would be \$4,295,000. Consistent with the approved compensation structure, Efficiency Vermont proposes that 11% of the performance award, \$472,500, be allocated to meeting the super-stretch QPI targets and \$3,822,500 to the 100% targets.

The Department supports the proposed changes to the operation fees and performance award.

We approve the proposed reductions to the operation fees and performance award. The reductions are consistent with the changes in budgets and resource-acquisition spending we are approving in this Order. Accordingly, for the 2018-2020 performance period, Efficiency Vermont's operation fees are \$1,948,181 and the performance award is \$4,543,500. Attachment A to this Order containing the QPI targets also contains more details on the performance award, including the compensation scaling factors.

Future QPI Changes Related to Significant Market Disruptions

The Department notes that upon review of the "Process and Administration of an Energy Efficiency Utility Order of Appointment" (the "Process and Administration Document") and the Order of Appointment, these and other Energy Efficiency Utility ("EEU") governance documents do not explicitly detail the process by which an EEU should propose performance goal adjustments.⁵ The Department contends that more clarity in the EEU governance documents would be helpful. The Department recommends that performance goal adjustments be considered within the context of future revisions to the EEU governance documents.

Efficiency Vermont states that it is less certain that changes in the EEU governance documents are needed but is willing to discuss this matter further with the Department.

We encourage the Department and Efficiency Vermont to investigate whether further changes are needed to the EEU governance documents to address changes in performance goals during the performance period. The parties should include the City of Burlington Electric Department and Vermont Gas Systems, Inc., in their discussions. Any recommendations will be considered within the context of future revisions to the EEU governance documents.

⁵ The current version of the Process and Administration document was approved by the Commission on November 26, 2019, in Case No. 18-2867-INV.


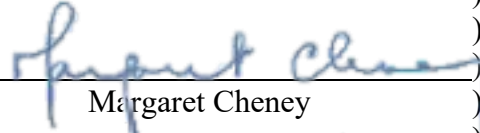
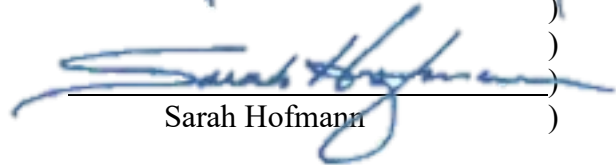
IV. ORDER

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

1. The electric resource-acquisition budgets and the Customer Credit Program budgets for Efficiency Vermont for the 2018-2020 performance period shall be those revised in this Order.

2. The electric and thermal-energy-and-process-fuels quantifiable performance indicators and minimum performance requirements for Efficiency Vermont for the 2018-2020 performance period, including 100% targets, weighting factors, compensation amount, and compensation scaling factors, shall be those approved in this Order and contained in Attachment A to this Order.

Dated at Montpelier, Vermont this 29th day of October, 2020

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

OFFICE OF THE CLERK

Filed: October 29, 2020

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)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

**Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)**

Table A-1: 100% Targets and Base Performance Award

Revised 9/20/20

QPI#	Title	Performance Indicator	100% Target	Award Weight	Base Performance Award
1	Total Resource Benefits	Present worth of lifetime electric, fossil fuel, and water benefits	\$301,208,400	30%	\$1,146,750
2	Annual Electricity Savings	Annual incremental net MWh savings	351,100	30%	\$1,146,750
3	Summer Peak Demand Savings	Cumulative net summer peak kW demand savings	44,200	17%	\$649,825
4	Winter Peak Demand Savings	Cumulative net winter peak kW demand savings	59,800	14%	\$535,150
5	Lifetime Electricity Savings	Lifetime incremental net MWH savings	3,593,000	9%	\$344,025
TOTAL				100%	\$3,822,500

All results are verified by the Vermont Department of Public Service and approved by the Vermont Public Utility Commission annually.

**Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)**

Table A-2: Threshold and Scaling Up to 100% Target Level

QPI #1: TOTAL RESOURCE BENEFITS (TRB)

Revised 9/20/20

	Minimum	100% Target Level	Increase Rate
Achievement	\$221,943,000	\$301,208,400	\$0.0058
% of model	70%	95%	Per TRB dollar between \$221,943,000 and \$301,208,400
% of award	60%	100%	
Award amount	\$688,050	\$1,146,750	

QPI #2: ANNUAL ELECTRICITY SAVINGS (MWh)

	Minimum	100% Target Level	Increase Rate
Achievement	258,700	351,100	\$4.9643
% of model	70%	95%	Per MWh between 258,700 and 351,100
% of award	60%	100%	
Award amount	\$688,050	\$1,146,750	

QPI #3: SUMMER PEAK DEMAND SAVINGS (kW)

	Minimum	100% Target Level	Increase Rate
Achievement	32,600	44,200	\$22.4078
% of model	70%	95%	Per kW between 32,600 and 44,200
% of award	60%	100%	
Award amount	\$389,895	\$649,825	

QPI #4: WINTER PEAK DEMAND SAVINGS (kW)

	Minimum	100% Target Level	Increase Rate
Achievement	44,100	59,800	\$13.6344
% of model	70%	95%	Per kW between 44,100 and 59,800
% of award	60%	100%	
Award amount	\$321,090	\$535,150	

QPI #5: LIFETIME ELECTRICITY SAVINGS (MWh)

	Minimum	100% Target Level	Increase Rate
Achievement	2,647,500	3,593,000	\$0.1455
% of model	70%	95%	Per MWh between 2,647,500 and 3,593,000
% of award	60%	100%	
Award amount	\$206,415	\$344,025	

Total	\$2,293,500	\$3,822,500	
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**Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)**

Table A-3: Scaling Above 100% Target Level

Revised 9/20/20

QPI	Performance Indicator	100% Target Level	Increase Rate	Units
1	Total Resource Benefits (TRB)	\$301,208,400	\$0.0089	per \$ above 100% Target Level
2	Annual Electricity Savings (MWh)	351,100	\$7.6622	per MWh above 100% Target Level
3	Summer Peak Demand Savings (kW)	44,200	\$34.9239	per kW above 100% Target Level
4	Winter Peak Demand Savings (kW)	59,800	\$21.3387	per kW above 100% Target Level
5	Lifetime Electricity Savings (MWh)	3,593,000	\$0.2249	per MWh above 100% Target Level

Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)

Table A-4: Minimum Performance Requirements

Revised 9/20/20

QPI#	Title	Minimum Requirement	Policy Goal Advanced	Performance Incentive Award Reduction %	Financial Impact
6	Minimum Electric Benefits	Total electric benefits divided by total costs is greater than 1.2	Equity for all Vermont electric customers as a group by ensuring that the overall electric benefits are greater than the costs incurred to implement and evaluate the <i>EEU</i> and the <i>EEC</i>	Eliminates 100% of performance incentive award	\$4,295,000
7	Threshold (or minimum acceptable) Level of Participation by Residential Customers	Total residential sector spending is greater than \$41,184,000	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	Reduces total performance incentive award at 100% <i>Target Level</i> by 18%	\$688,050
8	Threshold (or minimum acceptable) Level of Participation by Low-Income Households	Total low-income services spending is greater than \$10,892,000	Equity for low-income customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income households	Reduces total performance incentive award at 100% <i>Target Level</i> by 18%	\$688,050
9	Threshold (or minimum acceptable) Level of Participation by Small Business Customers	Total non-residential premises with annual electric use of 40,000 kWh/yr or less that acquire kWh savings is greater than 2,000	Equity for small business customers by ensuring that a minimum level of overall efficiency efforts, as reflected in participation, will be dedicated to small business accounts	Reduces total performance incentive award at 100% <i>Target Level</i> by 18%	\$688,050
10	Geographic Equity	TRB for each geographic area is greater than values shown on Table A-5	Geographic equity for all Vermont electric customers by ensuring that energy efficiency benefits are geographically distributed on an equitable basis	Reduces total performance incentive award at 100% <i>Target Level</i> by 6%	\$229,350
11	Administrative Efficiency	Meet all pre-determined milestones on schedule	To clearly identify, document, and measure key business processes associated with Efficiency Vermont's delivery of services under the Order of Appointment	Reduces total performance incentive award at 100% <i>Target Level</i> by 2%	\$76,450
12	Service Quality	Achieve 92 or more metric points in the Service Quality and Reliability Plan over the course of the Performance Period	To establish Quality Performance Standards and associated reporting requirements for energy efficiency services provided by Efficiency Vermont	Reduces total performance incentive award by \$1,630 per point lost (beyond 16) with a potential total reduction at 100% <i>Target Level</i> by 4.4%	\$150,000
13	Resource Acquisition Performance Period Spending	Total spending for a three-year performance period (including applicable operations fees) is less than \$134,128,456.	To minimize total spending variances above Commission approved 2018-2020 budgets	Reduces total performance incentive award at 100% <i>Target Level</i> by 2.0% and increases at 0.5%	Penalty begins at \$20,000 and increases per Table A-13
14	Development and Support Services Performance Period Spending	Total spending for a three-year performance period (including applicable operations fees) is less than \$14,138,248.	To minimize total spending variances above Commission approved 2018-2020 budgets	Reduces total performance incentive award at 100% <i>Target Level</i> by 2.0% and increases at 0.5%	Penalty begins at \$2,000 and increases per Table A-15

Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)

Table A-5: Minimum TRB per Geographic Area

Revised 9/20/20

Geographic Area	Required TRB per Geographic Area for MPR #10	% by County
Addison	\$8,449,527	5.1%
Bennington	\$9,887,504	5.9%
Caledonia	\$6,768,863	4.1%
Chittenden	\$49,009,127	29.3%
Essex/Orleans	\$7,111,633	4.3%
Franklin	\$13,888,276	8.3%
Grand Isle/Lamoille	\$7,758,080	4.6%
Orange	\$5,043,007	3.0%
Rutland	\$16,797,004	10.1%
Washington	\$13,359,417	8.0%
Windham	\$14,974,353	9.0%
Windsor	\$13,941,791	8.3%
Total	\$166,988,583	100.0%

Note: All geographic names above refer to Vermont Counties.
Total Goal is 1.1 times the Efficiency Vermont collections for 2018-2020

Efficiency Vermont 2018-2020 Electric Efficiency
Quantifiable Performance Indicators (QPIs)

Table A-6: Super-Stretch Targets and Cap

Revised 9/20/20

Calculation of Base Performance Award for Achievement from Minimum to 100% Target					
#	Performance Indicator	Performance Range		Base Award \$	
		Minimum	100% Target	To Be Spread	Per Unit
1	Total Resource Benefit	\$221,943,000	\$301,208,400	\$458,700	\$0.0058
2	Annual MWh	258,700	351,100	\$458,700	\$4.9643
3	Summer kW	32,600	44,200	\$259,930	\$22.4078
4	Winter kW	44,100	59,800	\$214,060	\$13.6344
5	Lifetime MWh	2,647,500	3,593,000	\$137,610	\$0.1455

Calculation of Super-Stretch Award if 100% Targets Exceeded							
Total Possible Award to be Earned =		\$4,295,000					
Base Performance Award=		\$3,822,500					
Super-Stretch Performance Award =		\$472,500		11.0%			
Interval between 100% and Super-Stretch Target		5%					
#	Performance Indicator	Performance Range		Weighting	Super-Stretch Award \$		
		100% Target	Super-Stretch		To Be Spread	Per Unit	Cap
1	Total Resource Benefit	\$301,208,400	\$317,061,500	30%	\$141,750	\$0.0089	N/A
2	Annual MWh	351,100	369,600	30%	\$141,750	\$7.6622	N/A
3	Summer kW	44,200	46,500	17%	\$80,325	\$34.9239	N/A
4	Winter kW	59,800	62,900	14%	\$66,150	\$21.3387	N/A
5	Lifetime MWh	3,593,000	3,782,100	9%	\$42,525	\$0.2249	N/A
				100%	\$472,500		

VEIC's total performance incentive award for Electric EEU Funds performance indicators may not exceed \$4,295,000.

Efficiency Vermont 2018-2020 TEPF
Quantifiable Performance Indicators (QPIs)

Table A-7: 100% Targets and Base Performance Award

Revised 9/20/20

QPI #	Title	Performance Indicator	100% Target	Award Weight	Base Performance Award
1	Thermal & Mechanical Energy Efficiency Savings	Annual incremental net MMBTU savings	388,700	75%	\$591,525
2	Residential Single Family Comprehensiveness (Note 5)	a. Average air leakage reduction per comprehensive project. (Note 1)	34%	25%	\$197,175
		b. Percent of comprehensive projects with square feet of added insulation at least 50% of the home's finished square feet of floor area. (Note 2)	44%		
		c. Percent of households (premises) that implement shell measures, and also have a heating system measure installed within three years of the shell measure. (Note 3)	16%		
		d. Number of comprehensive projects completed. (Note 4)	2,286		
TOTALS			100%	\$788,700	

All results are verified by the Vermont Department of Public Service and Approved by the Vermont Public Utility Commission annually

Notes

- 1 All single family (1-4 unit) homes in which Thermal Energy and Process Fuel-funded incentives are provided through a comprehensive program offering will be included in the average, regardless of whether or not air infiltration reduction is achieved.
- 2 The total shall include all insulation that is installed in the home as part of a comprehensive project, including attic and ceiling insulation, wall insulation, floor insulation, foundation insulation, etc.
- 3 Heating system measures will include system replacements and distribution improvements (such as duct sealing or installing improved or right-sized ductwork, burner replacements, etc.) with a cost of at least \$200 per reported project. Neither setback thermostats nor clean-and-tunes shall count as significant heating system measures for this Performance Indicator. Shell measures include any measures that reduce air infiltration or conductive losses through the building shell (typically insulation measures). Within 3 years is considered to be the current year plus 2 years before or 2 years after the current year. An example of qualifying time period for "within three years" is: a household implementing shell measures in 2018 and a heating system measure in 2016, or vice versa.
- 4 Projects will be considered complete when measures with savings are reported in Efficiency Vermont's database. The performance target is set at 90% of the modeled value, and will be adjusted as necessary within the annual TEPF budget reconciliation process.
- 5 Measures reducing electrical and / or unregulated fuel energy consumption will qualify for meeting residential single family comprehensiveness.

**Efficiency Vermont 2018-2020 TEPF
Quantifiable Performance Indicators (QPIs)**

Table A-8: Threshold and Scaling Up to 100% Target Level

QPI #1: Thermal and mechanical energy efficiency savings (MMBtu)

Revised 9/20/20

	Minimum	100% Target Level	Increase Rate
Achievement	286,400	388,700	\$2.313
% of model	70%	95%	Per MMBTU between 286,400 and 388,700
% of award	60%	100%	
Award amount	\$354,915	\$591,525	

QPI # 2: Comprehensiveness - average percentage achieved of all metrics [Note 1]

	Minimum	100% Target Level	Increase Rate
Achievement	70%	100%	\$2,629.00
% of target	70%	100%	Per average percentage point increase between 70% and 100%
% of award	60%	100%	
Award amount	\$118,305	\$197,175	

Notes

- 1 The average percentage will be calculated using a maximum of 120% for any criterion (a,b,c, d) even if the actual performance is greater than 120% for any criterion.

**Efficiency Vermont 2018-2020 TEPF
Quantifiable Performance Indicators (QPIs)**

Table A-9: Scaling Above 100% Target Level

Revised 9/20/20

QPI	Performance Indicator	100% Target Level	Increase Rate	Units
1	Thermal and Mechanical Energy Efficiency Savings (MMBtu)	388,700	\$4.390	per MMBtu above 100% Target Level
2	Comprehensiveness - Average Percentage Achieved of All Metrics	100%	\$6,000.00	per % above 100% Target Level

Efficiency Vermont 2018-2020 TEPF
Quantifiable Performance Indicators (QPIs)

Table A-10: Minimum Performance Requirements

Revised 9/20/20

QPI#	Title	Minimum Requirement	Policy Goal Advanced	Performance Incentive Award Reduction %	Financial Impact
3	Threshold (or minimum acceptable) Level of Participation by Residential Customers	Total residential sector spending is greater than 62.5% of the total Thermal Energy and Process Fuel Fund expenditures	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	Reduces total performance incentive award at 100% Target Level by 10%	\$79,000
4	Threshold (or minimum acceptable) Level of Participation by Low Income Customers	Total low-income spending is greater than 17% of the total Thermal Energy and Process Fuel Fund expenditures	Equity for low-income customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income customers	Reduces total performance incentive award at 100% Target Level by 10%	\$79,000
5	Performance Period Spending	Total spending for a three-year performance period (including applicable operations fees) is less than \$27,116,193.	To minimize total spending variances above Commission approved 2018-2020 budgets.	Reduces total performance incentive award at 100% Target Level by 2.0% and increases at 0.5%	Penalty begins at \$3,500 and increases per Table A-14

Efficiency Vermont 2018-2020 TEPF
Quantifiable Performance Indicators (QPIs)

Table A-11: Super-Stretch Targets and Cap

Calculation of Base Performance Award for Achievement from Minimum to 100% Target					
QPI#	Performance Indicator	Performance Range		Base Award \$	
		Minimum	100% Target	To Be Spread	Per Unit
1	Annual incremental net MMBTU savings	286,400	388,700	\$236,610	\$2.313
2	Residential Comprehensiveness	70%	100%	\$78,870	\$2,629.00

Calculation of Super-Stretch Award if 100% Targets Exceeded							
	Total Possible Award to be Earned =		\$908,700				
	Base Performance Award=		\$788,700				
	Super-Stretch Performance Award =		\$120,000	13.2%	86.8%		
	Interval between 100% and Super-Stretch Target		5%				
#	Performance Indicator	Performance Range		Weighting	Super-Stretch Award \$		
		100% Target	Super-Stretch		To Be Spread	Per Unit	Cap
1	Annual incremental net MMBTU savings	388,700	409,200	75.0%	\$90,000	\$4.390	N/A
2	Residential Comprehensiveness	100%	105%	25.0%	\$30,000	\$6,000.00	N/A
Totals				100.0%	\$120,000		

VEIC's total performance incentive award for TEPF EEU Funds performance indicators may not exceed \$908,700.

**Efficiency Vermont 2018-2020
Quantifiable Performance Indicators (QPIs)**

Table A 12: Performance Period Spending Thresholds and Penalties

The following table establishes spending threshold and financial penalty structure based on approved Electric Efficiency and TEPF budgets for the 2018-2020 performance period.

Spending Category	2020 Budget with applicable Operations Fee	2020 Spending Threshold	2018-2020 Budget with applicable Operations Fee	2018-2020 Spending Threshold	Minimum Penalty for exceeding 2018-2020 Spending Threshold	Spending Increment for Assessing Penalty
Electric Resource Acquisition	\$43,267,459	\$1,298,024	\$132,830,432	\$134,128,456	\$20,000	\$50,000
TEPF Resource Acquisition	\$8,614,750	\$258,443	\$26,857,750	\$27,116,193	\$3,500	\$50,000
Development and Support Services (DSS)	\$4,622,371	\$138,671	\$13,999,577	\$14,138,248	\$2,000	\$26,000
Threshold Rate		3%				
Initial Penalty Rate		2%				
Penalty Increase Rate		0.5%				

	2020			2018-2020		
	EEC Resource Acquisition	TEPF Resource Acquisition	Development & Support Services	EEC Resource Acquisition	TEPF Resource Acquisition	Development & Support Services
Budget	\$42,691,129	\$8,500,000	\$4,560,800	\$131,061,107	\$26,500,000	\$13,813,100
Operations Fee	\$576,330	\$114,750	\$61,571	\$1,769,325	\$357,750	\$186,477
Total	\$43,267,459	\$8,614,750	\$4,622,371	\$132,830,432	\$26,857,750	\$13,999,577

Efficiency Vermont 2018-2020
Quantifiable Performance Indicators (QPIs)

Table A-13: Spending Penalties For Electric Resource Acquisition Budget

Electric Efficiency Penalties						
Spending Above Threshold	Increments	Penalty Rate	Penalty		Cumulative	Cumulative
			Low	High	Low	High
\$1	\$50,000	2.0%	\$0	\$1,000	\$20,000	\$21,000
\$50,001	\$100,000	2.5%	\$1,250	\$2,500	\$21,250	\$23,500
\$100,001	\$150,000	3.0%	\$3,000	\$4,500	\$24,250	\$28,000
\$150,001	\$200,000	3.5%	\$5,250	\$7,000	\$29,500	\$35,000
\$200,001	\$250,000	4.0%	\$8,000	\$10,000	\$37,500	\$45,000
\$250,001	\$300,000	4.5%	\$11,250	\$13,500	\$48,750	\$58,500
\$300,001	\$350,000	5.0%	\$15,000	\$17,500	\$63,750	\$76,000
\$350,001	\$400,000	5.5%	\$19,250	\$22,000	\$83,000	\$98,000
\$400,001	\$450,000	6.0%	\$24,000	\$27,000	\$107,000	\$125,000
\$450,001	\$500,000	6.5%	\$29,250	\$32,500	\$136,250	\$157,500
\$500,001	\$550,000	7.0%	\$35,000	\$38,500	\$171,250	\$196,000
\$550,001	\$600,000	7.5%	\$41,250	\$45,000	\$212,501	\$241,000
\$600,001	\$650,000	8.0%	\$48,000	\$52,000	\$260,501	\$293,000
\$650,001	\$700,000	8.5%	\$55,250	\$59,500	\$315,751	\$352,500
\$700,001	\$750,000	9.0%	\$63,000	\$67,500	\$378,751	\$420,000
\$750,001	\$800,000	9.5%	\$71,250	\$76,000	\$450,001	\$496,000
\$800,001	\$850,000	10.0%	\$80,000	\$85,000	\$530,001	\$581,000
\$850,001	\$900,000	10.5%	\$89,250	\$94,500	\$619,251	\$675,500
\$900,001	\$950,000	11.0%	\$99,000	\$104,500	\$718,251	\$780,000
\$950,001	\$1,000,000	11.5%	\$109,250	\$115,000	\$827,501	\$895,000
\$1,000,001	\$1,050,000	12.0%	\$120,000	\$126,000	\$947,501	\$1,021,000
\$1,050,001	\$1,100,000	12.5%	\$131,250	\$137,500	\$1,078,752	\$1,158,500

rate increase 0.5%

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed \$50,000 over budget. Minimum penalty for spending above \$50,000 is \$20,000.

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Table A-14: Spending Penalties For TEPF Resource Acquisition Budget

Thermal Energy and Process Fuels Penalties						
Spending Above Threshold	Increments	Penalty Rate	Penalty			
			Low	High	Cumulative Low	Cumulative High
\$1	\$50,000	2.0%	\$0	\$1,000	\$3,500	\$4,500
\$50,001	\$100,000	2.5%	\$1,250	\$2,500	\$4,750	\$7,000
\$100,001	\$150,000	3.0%	\$3,000	\$4,500	\$7,750	\$11,500
\$150,001	\$200,000	3.5%	\$5,250	\$7,000	\$13,000	\$18,500
\$200,001	\$250,000	4.0%	\$8,000	\$10,000	\$21,000	\$28,500
\$250,001	\$300,000	4.5%	\$11,250	\$13,500	\$32,250	\$42,000
\$300,001	\$350,000	5.0%	\$15,000	\$17,500	\$47,250	\$59,500
\$350,001	\$400,000	5.5%	\$19,250	\$22,000	\$66,500	\$81,500
\$400,001	\$450,000	6.0%	\$24,000	\$27,000	\$90,500	\$108,500
\$450,001	\$500,000	6.5%	\$29,250	\$32,500	\$119,750	\$141,000
\$500,001	\$550,000	7.0%	\$35,000	\$38,500	\$154,750	\$179,500
\$550,001	\$600,000	7.5%	\$41,250	\$45,000	\$196,001	\$224,500
\$600,001	\$650,000	8.0%	\$48,000	\$52,000	\$244,001	\$276,500
\$650,001	\$700,000	8.5%	\$55,250	\$59,500	\$299,251	\$336,000
\$700,001	\$750,000	9.0%	\$63,000	\$67,500	\$362,251	\$403,500
\$750,001	\$800,000	9.5%	\$71,250	\$76,000	\$433,501	\$479,500
\$800,001	\$850,000	10.0%	\$80,000	\$85,000	\$513,501	\$564,500
\$850,001	\$900,000	10.5%	\$89,250	\$94,500	\$602,751	\$659,000
\$900,001	\$950,000	11.0%	\$99,000	\$104,500	\$701,751	\$763,500
\$950,001	\$1,000,000	11.5%	\$109,250	\$115,000	\$811,001	\$878,500
\$1,000,001	\$1,050,000	12.0%	\$120,000	\$126,000	\$931,001	\$1,004,500
\$1,050,001	\$1,100,000	12.5%	\$131,250	\$137,500	\$1,062,252	\$1,142,000
		<i>rate increase 0.5%</i>				

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed \$50,000 over budget. Minimum penalty for spending above \$50,000 is \$2,300.

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Table A-15: Spending Penalties For Development and Support Services Budget

<i>Development and Support Services Penalties</i>						
Spending Above Threshold	Increments	Penalty Rate	Penalty			
			Low	High	Cumulative Low	Cumulative High
\$1	\$26,000	2.0%	\$0	\$520	\$2,000	\$2,520
\$26,001	\$52,000	2.5%	\$650	\$1,300	\$2,650	\$3,820
\$52,001	\$78,000	3.0%	\$1,560	\$2,340	\$4,210	\$6,160
\$78,001	\$104,000	3.5%	\$2,730	\$3,640	\$6,940	\$9,800
\$104,001	\$130,000	4.0%	\$4,160	\$5,200	\$11,100	\$15,000
\$130,001	\$156,000	4.5%	\$5,850	\$7,020	\$16,950	\$22,020
\$156,001	\$182,000	5.0%	\$7,800	\$9,100	\$24,750	\$31,120
\$182,001	\$208,000	5.5%	\$10,010	\$11,440	\$34,760	\$42,560
\$208,001	\$234,000	6.0%	\$12,480	\$14,040	\$47,240	\$56,600
\$234,001	\$260,000	6.5%	\$15,210	\$16,900	\$62,450	\$73,500
\$260,001	\$286,000	7.0%	\$18,200	\$20,020	\$80,650	\$93,520
\$286,001	\$312,000	7.5%	\$21,450	\$23,400	\$102,101	\$116,920
\$312,001	\$338,000	8.0%	\$24,960	\$27,040	\$127,061	\$143,960
\$338,001	\$364,000	8.5%	\$28,730	\$30,940	\$155,791	\$174,900
\$364,001	\$390,000	9.0%	\$32,760	\$35,100	\$188,551	\$210,000
\$390,001	\$416,000	9.5%	\$37,050	\$39,520	\$225,601	\$249,520
\$416,001	\$442,000	10.0%	\$41,600	\$44,200	\$267,201	\$293,720
\$442,001	\$468,000	10.5%	\$46,410	\$49,140	\$313,611	\$342,860
\$468,001	\$494,000	11.0%	\$51,480	\$54,340	\$365,091	\$397,200
\$494,001	\$520,000	11.5%	\$56,810	\$59,800	\$421,901	\$457,000
\$520,001	\$546,000	12.0%	\$62,400	\$65,520	\$484,301	\$522,520
\$546,001	\$572,000	12.5%	\$68,250	\$71,500	\$552,552	\$594,020

rate increase 0.5%

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed threshold. Minimum penalty for spending above threshold is \$2,000.

Any penalty would be allocated to the funders (EEC and TEPF) based upon the EEC/TEPF RA budget ratio established at the start of the performance period. For 2018-2020, that ratio is 83% EEC and 17% TEPF

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