

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 19-3272-PET

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| Petition of Vermont Department of Public Service to open a proceeding to initiate an EEU Demand Resource Plan proceeding for the 2021-2023 performance period |  |
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**VERMONT GAS SYSTEMS, INC.’S MOTION REQUESTING  
PERMISSION TO ADDRESS THE ISSUE OF A PERFORMANCE INCENTIVE  
MECHANISM IN THE NEXT DEMAND RESOURCE PLAN PROCEEDING**

Through this Motion, Vermont Gas Systems, Inc. (“VGS”) respectfully requests that the Vermont Public Utility Commission (the “Commission”) permit VGS to address the topic of a performance incentive mechanism in the context of the next Demand Resource Plan (“DRP”) proceeding. In support of this Motion, VGS submits the attached Affidavit of Timothy Perrin, VGS Energy Efficiency & Innovation Manager, and states as follows:

1. In its Order dated October 22, 2020, approving the VGS 2021-2023 DRP (“Approval Order”), the Commission directed VGS to consult with the Department of Public Service (the “Department”) regarding the implementation of a performance incentive mechanism.
2. The Approval Order required VGS to file status reports on its investigation on this topic in three and six months, and to file a performance incentive mechanism proposal within nine months of the October 22, 2020 Order (i.e., by July 22, 2021).
3. VGS has consulted with the Department, submitted the required status reports, and spent considerable time evaluating possible options for a performance incentive mechanism as detailed by Mr. Perrin.
4. After working closely with the Department to evaluate several models, however, VGS and the Department have been unable to develop a performance incentive

mechanism that is appropriately sized to incentivize VGS without also resulting in a significant impact to rates.

5. As reported in its three- and six-month updates and in Mr. Perrin's Affidavit, VGS's evaluation of a performance incentive mechanism included the following:

- VGS and the Department met and exchanged information regarding other utilities' performance incentive mechanisms that were worthy of research and consideration;
- VGS met with Efficiency Vermont to learn more about how their performance mechanism is structured and how it aligns with their specific performance goals;
- VGS modeled a Basis Point Reduction structure and a Percent of Budget structure and evaluated each with the Department; and
- VGS discussed the possibility that the best option for its customers may be no performance award at all, considering rate impacts.

VGS believes it could better evaluate other possible mechanisms in the context of the next DRP proceeding, where there is more potential to consider and model the impacts of a performance incentive while EEU quantifiable performance indicators and budgets are being deliberated and established. Thus, with this Motion, VGS respectfully requests that it be permitted to address the issue of a performance incentive mechanism in the context of the next DRP proceeding.

Dated at Burlington, Vermont this 20<sup>th</sup> day of July 2021.

VERMONT GAS SYSTEMS, INC.

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