

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 23-1870-PET

Petition of City of Burlington Electric Department to transfer Thermal Energy & Process Fuel funds for use in its District Energy System support program	
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**DEPARTMENT OF PUBLIC SERVICE RESPONSE TO
THE VERMONT PUBLIC UTILITY COMMISSION'S PROCEDURAL ORDER
REQUESTING COMMENTS**

On June 2, 2023, the City of Burlington Electric Department (“BED”) filed a petition with the Public Utility Commission (“Commission”) requesting approval of an intra-program transfer of \$500,000 from funds budgeted for BED’s traditional thermal energy and process fuels (“TEPF”) programs to its District Energy System (“DES”) support program stating that additional design and engineering work was needed prior to finalizing the design of the DES project. According to BED’s June 2nd filing,

additional design and engineering work is needed prior to finalizing the design and routing of the project near UVM Medical Center campus. The connection point for the DES is now going to be in a different location than originally planned because an infrastructure tunnel connection point initially envisioned is not optimal for DES to connect to . . . This will result in changes to the design and engineering of the project, and expected updates to Act 250 documents.

BED reported that it had overspent all funds previously approved for the DES project by \$20,014.

On June 9, 2023, the Commission issued a Procedural Order requesting comments on the BED petition, requests for additional process in this matter, as well as comment on whether it should waive the 60-day advance notice requirement. In response to the Commission’s June 9,

2023 Order, the Department of Public Service (“Department”) filed comments on July 3, 2023 requesting additional information from BED on five topics. On August 1, 2023, the Commission directed BED respond to the Department’s information requests by August 11, 2023 and for any comments and requests for additional process be filed by August 21, 2023. BED filed responses to the Department’s information requests on August 11, 2023. On August 17, 2023 the Department requested an extension until August 28, 2023 to submit comments.

The Department continues to support advancement of the DES project but is concerned that the heavy reliance on TEPF funding is diverting these funds from their intended use. The Department is further concerned that BED has continued to incur DES expenses absent Commission approval to use TEPF funds to cover these expenses.

BED reports that it has achieved only 14 percent of its TEPF minimum performance requirement (“MPR”) #3, which addresses equity for residential rate payers by setting a minimum TEPF spending requirement of \$327,750 on residential customers. Per BED’s August 11th filing, spending on residential customers as of the end of the first quarter of 2023 amounted to \$45,750, which is 14% of the \$327,750 requirement under TEPF MPR #3.¹ The Department understands the unique circumstances in the BED TEPF market due to the overlap with VGS territory; however, the Department places high priority on the attainment of Energy Efficiency Utility MPRs. The challenges with serving the residential segment of BED’s customer base was known at the time that the MPRs were proposed and approved by the Commission.

The Department recommends that BED retain adequate TEPF funds to meet the minimum residential spending required under MPR #3 (\$282,000) and that the Commission

¹ PUC Order adopting the BED Demand Resource Plan, issued August 26, 2021, Finding 112., page 40.

approve the transfer of the remainder of the requested \$500,000 (\$218,000) to the DES project. BED should engage with the Department around strategies to increase its residential TEPF spending in the coming months so that residential ratepayers are adequately served. The Department also suggests that BED solicit funding from its DES project partners to cover any remaining DES expenses. The Department anticipates making federal State Energy Program (“SEP”) funds awarded through the Bipartisan Infrastructure Law (“BIL”) available as innovation grants to support projects that promote the goals of the Comprehensive Energy Plan. This is a potential funding source that BED could apply for to support the DES project if other funds are not accessible for these purposes. The Department understands from BED’s August 11, 2023 filing that BED will not rely on TEPF funding to support the DES beyond 2023.

Dated at Montpelier, Vermont this 28th day of August, 2023.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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