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September 12, 2024

Holly Anderson, PUC Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 24-2317-INV, Efficiency Vermont Comments to Revisions to the Energy Savings Account and Customer Credit Programs

Dear Ms. Anderson,

On January 15, 2023 the Energy Savings Account Partnership Pilot Working Group submitted: *Report to the Vermont General Assembly*,[1] outlining several recommendations and improvements that could be made to the Vermont Energy Savings Account ("ESA") and Customer Credit ("CC") program administered by Efficiency Vermont. The Vermont General Assembly passed, and Governor Scott signed, Act 142 on May 30, 2024, initiating a substantial change to the rules governing both programs, and consistent with the recommendations made to the Legislature the prior year by the working group. The Public Utility Commission ("Commission" or "PUC") opened the above-mentioned proceeding on July 25, 2024 and the Department of Public Service ("Department") filed a comprehensive set of recommendations a month later on August 22, 2024. Pursuant to the schedule issued by the Commission in this proceeding Efficiency Vermont submits this letter as comments to the Department's August 22nd proposal.

[1] https://legislature.vermont.gov/assets/Legislative-Reports/Energy_Savings_Account_Report_to_VT_General_Assembly.pdf

Efficiency Vermont has served as the administrator of the existing ESA, and the ESA Pilot program that was principally active from 2019 through 2023. Efficiency Vermont supports the Department's proposal for the significant revisions to the ESA and CC programs pursuant to Act 142. Efficiency Vermont believes that these revisions will be useful for updating the impact and efficacy of both programs. Efficiency Vermont wishes to comment on two substantive topics for further clarification on the intent of these revisions, and to ease the responsibilities for administering both programs.

First, Efficiency Vermont wishes to provide clarification to the Commission that the Department's proposal should be considered consistently with the current method for budgeting the existing ESA program, and should not follow the budgeting methodology of the EA Pilot. Currently, an existing ESA program participant's contribution to Electric Efficiency Charge ("EEC") funds is tracked through accrual accounting practices. Efficiency Vermont and the ESA participant maintain records of accumulated contributions and withdrawals, and Efficiency Vermont assures the availability of those funds when participant invoices are submitted. Keeping the ESA and CC contributions in the general pool of the electric budget is administratively efficient. It provides Efficiency Vermont an efficient means to manage cash flow, anticipate project pipeline development, and streamline reporting for program activities within the context of the entire Efficiency Vermont portfolio.

The ESA Pilot was sufficiently different from the existing program that the Commission determined that the Pilot participant's contributions would be treated as a restricted account and effectively held separate from general EEC funds. Efficiency Vermont's experience from the ESA Pilot program demonstrated that managing participant funds as a separate restricted account created numerous inefficiencies for EEC collections and reporting, and created barriers for Efficiency Vermont to manage towards its performance objectives and use of the full PUC-approved budget. Efficiency Vermont believes that the Department's proposal is consistent with the existing ESA program's treatment of participant funds through accrual accounting and recommends that the PUC not require that ESA and CC funds be put into a separate budget category.

The second matter Efficiency Vermont wishes to provide clarification on is when it is appropriate to require an Energy Management Plan ("EMP") within the ESA and CC programs.

In the report to the Vermont General Assembly, the working group straw proposal included use of EMPs for any ESA participant who chooses to pursue non-electric efficiency projects.[2] In the Department's August 22nd proposal, this distinction for non-electric projects appears to be absent, and without this clarification could be seen to imply that all participants should be required to develop an EMP. Efficiency Vermont does not believe that every ESA participant should be required to submit an EMP, and this is especially true if they are planning to focus on electric efficiency measures only. For these participants, the EMP would be redundant to the technical and administrative services provided by Efficiency Vermont and would add unnecessary time to a project without adding material benefit. However, Efficiency Vermont does not object to the Working Group's straw proposal to suggest that an EMP should be a requirement if, or when, a participant is seeking non-electric efficiency measures. For this reason, Efficiency Vermont recommends that the Commission clarify an EMP is only necessary for participants pursuing non-electric efficiency measures, and that the EMP should be submitted to Efficiency Vermont and The Department for their review.

Thank you for this opportunity to provide comments, and please do not hesitate to contact me with any questions or clarifications to this filing.

Sincerely,

David C. Westman

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[2] Ibid. page 9: "Non-electric efficiency projects may include thermal and process fuel efficiency, flexible load management, combined heat and power systems, demand management, energy productivity (with new definition), and energy storage. Before implementing these projects, *participants must submit an Energy Management Plan (EMP) to the PUC (after review by EVT and PSD) explaining the need for these projects* and, if all electric efficiency measures identified in the energy audit have not been completed, why the project is being prioritized by the participant." (emphasis added)