

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 24-1493-PET

Efficiency Vermont’s request for a proceeding)
to review the effects of unanticipated Energy)
Efficiency Utility funding on quantifiable)
performance indicators, fees, and services,)
including the 2024-2026 Demand Resources Plan)

EFFICIENCY VERMONT MOTION TO AMEND
APPROVED 2024-2026 DEMAND RESOURCES PLAN

Now comes Efficiency Vermont,¹ the statewide energy efficiency utility (“EEU”), and requests that the Vermont Public Utility Commission (the “Commission” or “PUC”) approve amendments to its approved 2024-2026 Demand Resources Plan (the “Approved DRP”)² that arise on account of: (i) Efficiency Vermont’s entry into a contract with the Vermont Department of Public Service (the “Department” or “DPS”) for a total of \$25 million in federal American Rescue Plan Act of 2021 (“ARPA”)³ funds for calendar years 2024 through 2026 (the “Contract” or “Contract No. 47391”) for the delivery of incremental efficiency services; and (ii) an update to Efficiency Vermont’s forecast of Thermal Energy and Process Fuel (“TEPF”) revenues. The amendments proposed to Efficiency Vermont’s DRP affect only its TEPF DRP and associated TEPF Resource Acquisition (“RA”) and Development and Support Services (“DSS”) budgets, performance metrics and compensation. No changes are proposed to Efficiency Vermont’s Approved Electric DRP or electric RA budgets. In support of this Motion Efficiency Vermont represents as follows:

¹ Efficiency Vermont is administered pursuant to an Order of Appointment by the Vermont Energy Investment Corporation (“VEIC”). See Case No. 22-1647-PET, *VEIC Order of Appointment*, dated January 27, 2023.

² See Case No. 22-2965-PET, Orders of 9/26/24, 11/13/23, 01/10/24 and 07/08/2024.

³ Public Law 117–2—Mar. 11, 2021

1. Efficiency Vermont is an entity appointed to provide electric energy and TEPF efficiency and conservation programs and measures statewide pursuant to 30 V.S.A. § 209(d)(2)(A) for calendar years 2024 through 2026.
2. By Orders issued September 26, 2023, November 13, 2023 and July 8, 2024 in Case No. 22-2954-PET, the Commission approved Efficiency Vermont's 2024 to 2026 DRP Update, associated budgets and performance metrics (together the "Approved DRP").
3. On January 29, 2024 Efficiency Vermont and the Department entered into Contract No. 47391.⁴
4. Contract No. 47391 provides for a total of \$25 million in ARPA funds for calendar years 2024 through 2026 to support low-to-moderate income ("LMI") residential weatherization, weatherization technical assistance to orient homeowners towards completing weatherization projects, incentives for home repairs that are deemed necessary for weatherization work, and an administrator's performance award.
5. On May 1, 2024 Efficiency Vermont provided the Commission Notice of its receipt of Unanticipated Energy Efficiency Utility Funding as called for pursuant to Section I.2.C of Commission's *Process and Administration of an Energy Efficiency Utility Order of Appointment* (the "P&A Document") dated December 27, 2022 and issued in Case No. 22-1647-PET.

⁴ Copies of Contract No. 43791 and Contract No. 47391, that corrected the contract number of the initial contract, were filed in this matter as Case No. 24-1493-PET, Efficiency Vermont Attachment Nos. 1 and 2, filed May 1, 2024 in Case No. 22-2954-PET.

6. Pursuant to Section I.2.C of the P&A Document, “[a]n EEU shall notify the Commission and the Department of any Unanticipated Additional Funding that it secures.”

Section I.2.C(b) of the P&A Document continues that:

If any individual source of Unanticipated Additional Funding acquired by an EEU is to be used to perform activities within the scope of its Order of Appointment and is equal to or greater than \$100,000, then an EEU shall propose to the Commission a method, if any, by which the Unanticipated Additional Funding should affect QPIs, fees, and/or services to be provided by an EEU.

Id. The P&A Document further directs the Commission to establish a process by which it will then determine the effect of Unanticipated Additional Funding on EEU quantifiable performance indicators (“QPIs”), fees and services.

7. While Efficiency Vermont’s Contract 4731 services fall within an EEU’s scope of work, the Contract establishes performance-based compensation for Efficiency Vermont’s administration of the APRA-funded activities, and consideration of the compensation for these services is not germane to Efficiency Vermont’s DRP. Accordingly Efficiency Vermont sought affirmation that its Contract No. 47391 activities are separate from those EEU activities that are supported by approved 2024-2026 energy efficiency charge (“EEC”) and TEPF budgets.

8. By Orders dated May 15, 2024 and July 24, 2024 the Commission opened this investigation to consider amendments proposed for Efficiency Vermont’s Approved DRP.⁵

9. By Order dated June 12, 2024 the Commission approved Efficiency Vermont’s request to manage separately the activities associated with the ARPA-based Contract for residential weatherization work from those activities supported by the EEC or TEPF budgets.⁶

⁵ See Case No. 24-1493-PET, *Order Providing Notice of Proceeding and Requesting Comment*, dated 05/14/2024, and Case No. 24-1493-PET, *Order Establishing Schedule and Expanding Scope of Proceeding*, dated 07/24/2024.

⁶ See Case No. 24-143-PET, *Order Approving Efficiency Vermont’s Separate Management of Activities Associated*

10. Pursuant to this motion Efficiency Vermont seeks to amend its Approved TEPF

DRP to:

- a. increase the 2024-2026 TEPF budget by approximately \$2.5 million;⁷
- b. shift most TEPF weatherization customer incentives to Market Rate households except:
 - i. 100 low and moderate income (“LMI”) projects in 2024 that were installed prior to the availability of ARPA funding pursuant to the Contract; and
 - ii. an estimated 10 LMI projects per year in 2025 and 2026 that will not be eligible for ARPA-based Contract funding and be covered by TEPF program funding;
- c. increase customer and trade ally per project incentive levels compared to the incentive levels included in the Baseline DRP model filed December 9, 2022 in Case No. 22-2954-PET;⁸
- d. increase the Home Performance with Energy Star (“HPwES”) Program budget by approximately \$1 million over the 2024-2026 performance period to account for incentive and project quantity changes compared to the Baseline DRP model;
- e. use approximately \$300,000 to support flood recovery programs and services in 2024 as a continuation of the program launched in 2023;
- f. use \$300k/yr of incremental TEPF funding in 2025 and 2026 for Workforce Development (“WFD”) initiatives;
- g. recognize that an increase in TEPF funds increases the TEPF portion of Development and Support Services (“DSS”) budget by approximately \$150k over the 2024-2026 performance period; and
- h. recognize that an increase in the TEPF budget increases the potential VEIC compensation award by a total of approximately \$130k over the

With Unanticipated Funds, dated 06/12/2024.

⁷ Note that the TEPF Revenue Forecast for the period 2024-2026 increases by \$7.8 million but the majority of this increase is not proposed to be deployed pursuant to the proposed DRP Amendment. *See* Case No. 24-1493-PET, *Roe pf.* of 9/13/24.

⁸ *See* Case No. 22-2954-PET, Exhibit EVT-JP-1, dated December 9, 2022 (the “Baseline DRP”).

2024-2026 performance period (5% of additional budget).

11. Efficiency Vermont’s proposed amendments to the programs, services and measures authorized in its approved 2024-2026 DRP are further described in the prefiled Testimony and supporting Exhibits that are included with this Motion. This includes an amended Baseline DRP Model,⁹ and amended TEPF performance metrics¹⁰ and budgets.¹¹

12. Efficiency Vermont consulted with the Department in developing its proposed DRP Amendment and shared a draft of its Motion with the Department prior to filing with the Commission.

13. Efficiency Vermont proposes that its amended 2024-2026 TEPF DRP be subject to the monitoring and evaluation terms and conditions of its approved DRP including the strategies developed to measure the effectiveness of the programs, measures, and services developed and approved in Case No. 22-2954-PET, the most recent Demand Resources Plan Proceeding (“DRPP”).¹²

14. It should be noted that there remain ongoing discussions at the Technical Advisory Group (“TAG”) concerning any proposed changes to Efficiency Vermont’s new construction program. As a result, no changes to this initiative are proposed at this time. Instead, any proposed changes to the new construction initiative will be included in Efficiency Vermont’s next proposed DRP unless agreement is otherwise reached with the Department and stakeholders through the ongoing TAG process or otherwise.

⁹ See Case No. 24-1493-PET, Exhibit EVT-JP-1, dated September 13, 2024.

¹⁰ See Case No. 24-1493-PET, Exhibit EVT-DW-1, dated September 13, 2024.

¹¹ See Case No. 24-1493-PET, Exhibit EVT-DW-2, dated September 13, 2024.

¹² See Case No. 22-254-PET, *Order Approving Evaluation Plan and Budgets*, dated 10/02/2023.

15. In support of this Motion Efficiency Vermont files the following prefiled

Testimonies and supporting Exhibits:

<u>Witness</u>	<u>Subject Matter of Testimony</u>
David Westman	Witness Westman’s testimony describes and summarizes Efficiency Vermont’s proposed amendments to its approved 2024-2026 DRP. The testimony also introduces the Efficiency Vermont witnesses, describes their roles in the presentation of the Amendment’s details, and sponsors amended DRP performance metrics and budgets.
Haley Roe	Witness Roe’s testimony describes Efficiency Vermont’s updated TEPF revenue forecast. This forecast is used in Efficiency Vermont’s 2024-2026 TEPF budgets proposed in Exhibit EVT-DW-2.
Jay Pilliod	Witness Pilliod’s testimony sponsors Efficiency Vermont’s Amended 2024-2033 TEPF DRP Model. This testimony also describes the amended TEPF resource acquisition (“RA”) modeling assumptions, methodology, and results in order to inform the Commission’s review and approval of proposed amended TEPF budgets, performance metrics and compensation for the 2024-2026 performance period. Witness Pilliod also explains how the remodeling of the approved TEPF portfolio addresses Efficiency Vermont’s receipt of \$25 million of incremental ARPA funding for weatherization and efficiency activities.

16. Since the Commission expanded the scope of this investigation to address all proposed amendments to Efficiency Vermont’s Approved DRP,¹³ Efficiency Vermont requests that the Commission take administrative notice of the record in Case No. 22-2954-PET for the purpose of considering Efficiency Vermont’s DRP Amendment. Efficiency Vermont contends that this procedure would be efficient for the Commission and parties, allow for reference to the full record from that case, and help to avoid relitigating settled facts.

¹³ See Case No. 24-1493-PET, *Order Establishing Schedule and Expanding Scope of Proceeding*, dated 07/24/2024.

17. Efficiency Vermont also requests that all required electric and thermal compliance filings, plans and reports associated with its Approved DRP as may be amended in this case be filed in this case and not in Case No. 22-2954-PET. This recommendation is intended to promote administrative efficiency, avoid duplicative filings and ease administration for Efficiency Vermont, the Commission and stakeholders.

REQUEST FOR RELIEF

WHEREFORE, Efficiency Vermont respectfully requests that the Commission:

- (1) Convene such proceedings as are necessary or appropriate to consider Efficiency Vermont's proposed 2024 to 2026 DRP Amendment;
- (2) Make such findings of fact and conclusions of law as are required under 30 V.S.A. § 209 in order to approve the proposed Amendment;
- (3) Take administrative notice of the record in Case No. 22-2954-PET;
- (4) Find that the proposed amendment to Efficiency Vermont's 2024 to 2026 Approved DRP will be beneficial to the ratepayers of the companies where Efficiency Vermont provides EEU services;
- (5) Authorize Efficiency Vermont to undertake the actions as described herein and in its prefiled Testimony and supporting Exhibits;
- (6) Issue an Order amending Efficiency Vermont's 2024 to 2026 Approved DRP in accordance with this Motion and Efficiency Vermont's supporting materials; and
- (7) Require that all compliance filings, plans and reports associated with its 2024-2026 Approved DRP, as may be amended in this case, be filed in this case and not in Case No. 22-2954-PET.
- (8) Take such further actions and issue any further relief as the Commission deems just and proper.

MEMORANDUM OF LAW IN SUPPORT OF MOTION

By this motion Efficiency Vermont seeks authorization from the Commission to amend the DRP approved or accepted for the delivery of EEU services during the 2024 to 2026 performance period. As explained in the testimony and supporting materials, the proposed DRP Amendment addresses two matters that have arisen since the time that the baseline DRP was first filed and later approved and accepted by Orders issued by the Commission in Case No. 22-2954-PET on September 26, 2023, November 13, 2023, January 10, 2024, and July 8, 2024. First, Efficiency Vermont has been able to update its TEPF revenue forecast based on current information that was not available when the baseline DRP was initially filed in Case No. 22-2954-PET and now seeks to add approximately \$2.5 million to its TEPF budget.¹⁴ Second, as described in its Notice of Unanticipated Energy Efficiency Utility Funding dated May 1, 2024, Efficiency Vermont has entered into an agreement with the Department for the delivery of \$25 million in incremental weatherization services to support LMI residential weatherization, weatherization technical assistance to orient homeowners towards completing weatherization projects, incentives for home repairs that are deemed necessary for weatherization work, and an administrator's performance award during the 2024-2026 performance period. While the work called for under the ARPA-funded Contract is not the subject of this case, the proposed DRP Amendment addresses the effects of the unanticipated EEU funding on Efficiency Vermont's QPIs, fees, and services for the 2024-2026 performance period.

¹⁴ Note that the full forecast of incremental TEPF revenue is \$6 million however the DRP Amendment only proposes to utilize \$2.5 million during the 2024-2026 performance period.

Pursuant to Section I.2.C of the P&A Document, “[a]n EEU shall notify the Commission and the Department of any Unanticipated Additional Funding that it secures.” P&A Document Section I.2.C(b) continues that:

If any individual source of Unanticipated Additional Funding acquired by an EEU is to be used to perform activities within the scope of its Order of Appointment and is equal to or greater than \$100,000, then an EEU shall propose to the Commission a method, if any, by which the Unanticipated Additional Funding should affect QPIs, fees, and/or services to be provided by an EEU.

Id. The P&A Document further directs the Commission to establish a process by which the Commission will then determine the effect of Unanticipated Additional Funding on EEU quantifiable performance indicators (“QPIs”), fees and services. This case was opened in accordance with this P&A Document requirement.

When the Commission reviewed, approved and accepted Efficiency Vermont’s 2024-2026 DRP in Case No. 22-2954-PET, the Commission applied the requirements of Section III of the P&A Document. Section III establishes procedures and standards for the review and approval of an EEU’s DRP. In Case No. 22-2954-PET the Commission followed the process described in the P&A Document and approved Efficiency Vermont’s DRP. Since all of the evidence, testimony, exhibits and supporting materials relied upon by the Commission when it reviewed Efficiency Vermont’s baseline 2024-2026 DRP are a part of the Case No. 22-2954-PET record, this motion contains Efficiency Vermont’s requests that the Commission take administrative notice of the Case No. 22-2954-PET record when considering the proposed DRP Amendment. Efficiency Vermont contends that this procedure would be efficient for the Commission and parties, allow for reference to the full record from that case, and help to avoid relitigating settled facts. As a consequence, Efficiency Vermont’s testimony and supporting

materials concerning the proposed DRP Amendment that have been filed in this Case No. 24-1493-PET concern the elements of the Approved DRP that are changing and do not attempt to reintroduce or repeat the unchanged elements of the Approved DRP.¹⁵

As a first step in developing the DRP Amendment proposal, Efficiency Vermont updated its TEPF revenue forecast. This update took into account actual information that became available to Efficiency Vermont subsequent to the filing of its DRP Update proposal in Case No. 22-2954-PET.¹⁶ These updates include the actual 2023 year-end TEPF Fund Balance and additional 2024 Year-to-date RGGI revenues. While Efficiency Vermont maintains that over the 2024-2026 performance period, the updated TEPF revenue forecast demonstrates \$7.8 million in incremental TEPF revenues above the December 2022 forecast utilized in Case No. 22-2954-PET, after consultation with the Department the DRP Amendment provides for the use of only approximately \$2.5 million of incremental TEPF revenues. The remainder of the revenues will remain in the TEPF Fund and be available for use in a subsequent performance period.¹⁷

To aid the Commission in its review of the proposed DRP Amendment, Efficiency Vermont sponsors an amended DRP Model. The baseline DRP Model used for this effort is based on the *Amended Resource Acquisition Model Results for Efficiency Vermont's 2024-2043 Electric Demand Resources Plan and 2024-2033 TEPF Demand Resources Plan*, Case No. 22-

¹⁵ For example, Efficiency Vermont is not proposing any changes to its 2024-2026 electric DRP and associated electric RA budget.

¹⁶ Efficiency Vermont's DRP Update proposal was filed with the Commission on December 9, 2022 in case No. 22-2954-PET. The proposal was further updated when Efficiency Vermont filed its *Motion to Amend its Approved 2024-2026 Baseline DRP to allow for the use of EEC Charge Funds for Greenhouse Gas Emissions Reduction Programs Authorized Pursuant to Act No. 44 (An act relating to energy efficiency modernization as enacted by the Vermont General Assembly and signed into law on June 1, 2023 ("EEMA"))* on November 17, 2023.

¹⁷ The incremental TEPF revenues that are proposed to be banked in the TEPF fund can be used to cushion any future decrease in such revenues or can augment programs in the next performance period.

2954-PET Exhibit No. EVT-JP-2, dated December 8, 2023. The amendments to this Model are limited to the TEPF portfolio and related resource acquisition activities. The information from this amended Model informs the proposed Amended Performance Compensation Table, Exhibit EVT-DW-1, and Amended Budget Table, Exhibit EVT-DW-2, that are sponsored by Efficiency Vermont as a part of this DRP Amendment.

Efficiency Vermont's prefiled testimonies and supporting exhibits describe the changes to its TEPF portfolio that Efficiency Vermont proposes to make on account of the changed circumstances effecting its DRP over the 2024-2026 performance period. These changes reflect the impacts associated with the updated budget and Efficiency Vermont's implementation of its ARPA-funded Contract. The changes were designed to further the objectives of the Approved DRP and help to overcome barriers affecting the full deployment of the Department's ARPA funding.

One of the elements of the DRP Amendment is a budget that provides for the use of \$600,000 in incremental TEPF funding to deliver a workforce development program in 2025 and 2026. The workforce development program will be focused on helping to increase Vermont's capability to implement weatherization and efficiency measures that are cost effective for society and customers. Effective workforce development is a necessary prerequisite for the delivery of the services contemplated under the TEPF DRP as well as pursuant to the ARPA-funded Contract. Accordingly, Efficiency Vermont is seeking a budget and flexibility to implement a program that can be developed to fill gaps and harmonize with the programs to be supported by the Department's RFP that is currently being developed to fund Vermont workforce development efforts.

As explained in Efficiency Vermont's supporting materials, information on the specific initiatives contemplated under the Department's workforce development RFP are not yet known to Efficiency Vermont. Rather than propose a specific program, Efficiency Vermont's proposal is a plan for the implementation of a workforce development initiative or initiatives in consultation with the Department. To the extent that all of the workforce development funding is not used for such purposes, Efficiency Vermont will leave the funding in the TEPF fund for use in a subsequent period. Efficiency Vermont does not seek treatment of the initiative as a pilot or subject to a segregated budget because workforce development is not a new or novel use of TEPF funds, though the opportunity to impact the weatherization workforce at this scale most certainly is. Efficiency Vermont has included funding for its workforce development proposal in its proposed budget table Exhibit EVT-DW-2.

Consistent with the requirements of Section IV of the P&A Document, Efficiency Vermont's DRP Amendment also contains amendments to its performance compensation and increases the size of the potential award to take into account the proposed increase in TEPF funding during the 2024-2026 performance period. These amendments follow the methods approved by the Commission in Case No. 22-2954-PET and, as such, the targets have been increased by 5%. This approach is described in the supporting materials and relies upon outputs from the amended DRP Model.

When the elements of the proposed DRP Amendment are taken together and combined with the unchanged elements of its Approved DRP, Efficiency Vermont contends that the TEPF budget and performance compensation metrics are reasonable, will help to meet the needs of customers, and should be approved.

FORM OF PROPOSED ORDER

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

1. Efficiency Vermont’s 2024-2026 Demand Resource Plan (“DRP”) Amendment, as described in its Motion, prefiled testimony and supporting materials dated September 13, 2024 is approved.

2. The amendments to Efficiency Vermont’s approved portfolio of thermal energy and process fuels (“TEPF”) programs and activities described in the DRP Amendment for implementation during the 2024-2026 performance period are approved.

3. The amended TEPF quantifiable performance indicators and minimum performance requirements for Efficiency Vermont for the 2024-2026 performance period, including corresponding incentive amounts for each target, minimum targets, 100% target levels, scaling calculations, and financial consequences for under-performance, shall be those in the Attachment to this Order.¹⁸

4. The TEPF resource acquisition and DSS budgets for Efficiency Vermont for the 2024-2026 performance period approved in Case No. 22-2954-PET shall be amended to reflect the changes authorized in this Order approving Efficiency Vermont’s Motion for approval of a DRP Amendment.¹⁹

5. Efficiency Vermont shall file all compliance filings, plans and reports associated with its approved amended 2024-2026 DRP in Case No. 24-1493-PET and the filing of such

¹⁸ See Case No. 24-1493-PET, Exhibit EVT-DW-1, dated 09/13/24.

¹⁹ See Case No. 24-1493-PET, Exhibit EVT-DW-2, dated 09/13/24.

materials shall not be required in Case No. 22-2954-PET. Any requirement for the filing by Efficiency Vermont for a DRP-related compliance filing, plan or report in Case No. 22-254-PET shall be interpreted to require the filing of such materials only in this Case No. 24-1493-PET.

CONCLUSION

For the reasons discussed in this Motion, Efficiency Vermont requests that the Commission commence proceedings to review and approve its proposed DRP Amendment in order to allow for the implementation of the changes in TEPF services and activities brought about on account of the update of Efficiency Vermont's TEPF revenue forecast and entry into its ARPA-funded Contract with the Department during the 2024 to 2026 performance period.

DATED at WINOOSKI, VERMONT this 13th day of September 2024.

RESPECTFULLY SUBMITTED,
EFFICIENCY VERMONT

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