STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 24-2317-INV

Investigation of the Energy Savings Account and Customer Credit programs pursuant to 30 V.S.A. 209(d)(3)(C).

DEPARTMENT OF PUBLIC SERVICE RESPONSE TO COMMISSION REQUEST FOR INFORMATION

This case involves an investigation of the Vermont Public Utility Commission ("Commission") concerning the Energy Savings Account ("ESA") program and the Customer Credit Program ("CCP") to implement changes to 30 V.S.A. 209(d)(3)(C) pursuant to Public Act 142 of the 2024 Vermont legislative session. On August 22, 2024, the Vermont Department of Public Service ("Department") filed a proposal for program design changes for the ESA program and CCP ("Proposal"). On September 20, 2024, the Commission issued a Request for Information directing the Department to provide responses to stakeholder comments on the Department's Proposal as well as additional questions posed by the Commission by October 17, 2024. The Department provides the following responses, below.

Response to Commission Questions

1. Page 4 of the Proposal describes Energy Management Plans ("EMPs").

a. Should an EMP be required only if an ESA participant intends to implement non-electric efficiency measures?

Department Response:

Yes, an EMP should only be required if an ESA participant intends to implement non-electric efficiency measures. As described in the Act 164 of 2022 report to the General Assembly, the Department recommends that all participants complete an energy audit to identify cost-effective electric efficiency measures when entering the program. Walk-through energy audits should be provided as part of an EEU's technical assistance. The Department believes this information is sufficient for electric efficiency measures and therefore an Energy Management Plan would not be necessary.

b. The Department proposes that the ESA participants file the EMPs with the Commission. Given that Commission approval is not required, is this a necessary step? If yes, should EMPs be filed as reports in ePUC?

Department Response:

Yes, the Department believes this is a necessary step despite the Commission not being required to approve the EMPs. It is essential that the program be transparent regarding what measures and costs are being implemented. The funding mechanism for this program is ratepayer funds, and as such, transparency should be maintained. Additionally, it will allow other potential participants a window into what could be done with these funds should they decide to apply to participate in the future. Because EMPs don't require Commission approval, the Department believes it is acceptable for them to be filed in ePUC as "reports" as long as the EEUs would also be notified when they are filed.

2. Page 7 states that "funds must be obligated to receive an extension." Please define obligated.

Department Response:

The Department would consider "obligated" funds to be synonymous with "committed" funds, which the Commission defined in their July 23, 2021 *Order Addressing Implementation Of ESA Pilot Program* as "Committed funds are those funds that are designated for a specific project or purpose and that are officially obligated through a contract, grant, loan, or other arrangement. Funds may be considered committed provided there is a written agreement of some type obligating payment."

3. Pages 7-8 address the application process and enrollment periods.

a. Please provide additional details on the proposed application process.

Department Response:

The Department proposes working with the EEUs to develop an application template that could be used by potential participants, which could be submitted to the Commission for review and approval. As with the existing ESA program, the Department would recommend that applications be submitted to the EEUs, the Department, and the Commission for review. The EEUs and Department would then submit a filing to the Commission affirming eligibility and completion of application requirements for participants to be accepted into the program, which would generally be all participants that submit a complete application. As suggested in the Department's filing, if the program is oversubscribed, the companies with the largest energy use would be prioritized to participate in the program.

b. Should the application process be based on the request for proposals process that was implemented for the Energy Savings Account partnership pilot program?

Department Response:

The Department is suggesting an application process, which would be different than the request for proposals process implemented for the Energy Savings Account partnership pilot program. The Department acknowledges that it used the language "request for proposal issued" in the proposed schedule submitted to the Commission but would instead recommend an application process as described in its August 22,2024 filing.

c. Should the Department receive and process applications and then make recommendations to the Commission?

Department Response:

See response to question 3a above.

d. Please provide a more detailed timeline with actual dates for the application process and enrollment periods.

Department Response:

For the first initial Energy Savings Account application process, **for existing ESA and ESA Pilot participants**, the timeline could be as follows:

- December 31, 2024 - Department makes compliance filing consisting of final program-design descriptions and requirements for the ESA program based on the Commission's order (assuming order is issued by November 30, 2024).
- January 31, 2025: Companies submit and sign an affidavit that they will adhere to the new ESA program design/requirements and provide any additional information necessary to the EEUs if requested.
- February 28, 2025: Target date for Commission to issue order accepting ESA Pilot participants into new ESA program. The enrollment period for these participants would be from February 28, 2025 through December 31, 2029.

For the first initial Energy Savings Account application process, **for new applicants/participants,** the timeline could be as follows:

- January 31, 2025: Application template completed by the Department (with EEUs) and submitted to Commission for review and approval.
- February 28, 2025: Target date for Commission to approve template for use by new applicants/participants.
- May 30, 2025: New companies, that did not participate in the pilot program, submit applications to participate in the ESA program.

- June 30, 2025: EEUs and Department review applications and affirm eligibility and completion of application requirements for acceptance of companies into the new ESA program.
- July 31, 2025: Target date for Commission to issue order accepting additional participants into new ESA program. The enrollment period for these participants would be from January 1, 2027 through December 31, 2029. These companies could continue to participate in regular EEU programs until the enrollment period begins.

For the first initial **Customer Credit Program** application process, the timeline could be as follows:

- February 28, 2025: Application template completed by the Department (with EEUs) and submitted to Commission for review and approval.
- March 31, 2025: Target date for Commission to approve template for use by new applicants/participants.
- June 30, 2025: Companies submit applications to participate in the CCP.*
- July 31, 2025: EEUs and Department review applications and affirm eligibility and completion of application requirements for acceptance of companies into the new CCP.
- August 31, 2025: Target date for Commission to issue order accepting participants into new CCP program. The enrollment period for these participants would be from August 31, 2025 through December 31, 2029.

*Note: There was not a pilot program for CCP so there are not any existing participants. The previous CCP participant has moved into SMEEP.

For a regular application process:

- Applications submitted 18 months prior to a new performance period (next performance period for a full application process would be 2030-2032).
- Review and and affirmation of eligibility and completion of application documents from EEU and Department due one month after submissions.
- Commission order on participants selected for the program, one month after receiving recommendations.
- Enrollment period – three years of EEU performance period, with possible three-year extension.

4. Page 8 states that "the Commission may want to consider automatic approval of existing ESA pilot participants into the new program with a simplified application . . ." Please describe how the simplified application process might differ from the standard application process.

Department Response:

As described above, those who participated in the ESA-Pilot could be automatically accepted into the new phase of the program after signing an affidavit that they will adhere to the new ESA program design/requirements and provide any additional information necessary to the EEUs if requested. Their eligibility to participate was already confirmed at the beginning of the pilot program.

5. The Commission's guiding document for the existing ESA program can be found at https://puc.vermont.gov/sites/psbnew/files/doc_library/ESA_Account-Implementation-rev12.26.17-FINAL.pdf. Should the Commission include any language from that document in the final revised ESA program design?

Department Response:

The Department would use the referenced document as the basis for its compliance filing 30 days after the Commission Order, but it would need to be changed depending on the Commission's decisions regarding program design, application process, etc.

6. The Commission's guiding document for the existing CCP can be found at https://puc.vermont.gov/sites/psbnew/files/doc_library/EEU-2012-01-attachment-08.24.12.pdf. Should the Commission include any language from that document in the final revised CCP program design?

Department Response:

The Department would use the referenced document as the basis for its compliance filing 30 days after the Commission Order, but it would need to be changed depending on the Commission's decisions.

Department Response to Stakeholder Comments

The Department provides these additional responses to submitted stakeholder comments. The Department notes that many of the stakeholders' comments expressed overlapping concerns; therefore, the Department has provided general responses to the comments overall.

The Department agrees with Efficiency Vermont's recommendation to continue the current practice of tracking program participants contribution to the EEC funds through accrual accounting practices.

The Department also agrees with Efficiency Vermont's clarification that an Energy Management Plan should not be an ongoing program requirement for ESA participants if they are only implementing electric efficiency measures.

The Department agrees with the stakeholder clarification that participants should not have to exhaust all cost-effective electric efficiency measures before pursuing non-electric efficiency measures. This language was included in an initial draft of the Department's straw proposal and was mistakenly included in the Departments August 22nd filing.

The Department agrees with the stakeholder clarification that CCP participants should be able to pursue any of the program allowable measures and projects provided they meet the cost-effectiveness screening and should not be required to seek prior PUC authorization or submit an Energy Management Plan to pursue non-electric measures or projects.

The Department agrees with the stakeholder comments regarding allowing ESA Pilot participants automatic entry into the ESA program in 2025 and then assessing the additional capacity of the ESA program and allow for additional new applicants in 2027 to utilize that capacity. The Department has recommended this in response to the Commission's question 3d.

The Department does not agree with stakeholder comments that ESA pilot participants should be able to automatically enroll in the CCP. Because the Customer Credit Program is an entirely new and different program then the ESA or ESA Pilot Program that no company had the opportunity to apply to participate in, the Department does not recommend an automatic approval of existing ESA pilot participants into the CCP and instead recommends an open application process to any company that either did or didn't participate in the ESA pilot program. However, the Department is recommending an application process that would select participants in 2025 and includes an extended performance period similar to the ESA enrollment timeline for existing ESA pilot participants (for a five-year period with a full open enrollment opportunity in 2030).

The Department does not agree with the stakeholder comments that participants should be able to be fully reimbursed for engineering and study costs after projects are implemented. Although, the 25% cap on feasibility studies and engineering was proposed to ensure some energy savings or benefits are achieved with the EEC funds, versus potentially spending all the funds on engineering or studies with no projects implemented. It also provides that more funding will be used for implementation of projects and acquiring savings and that the companies provide some investment in the measures/projects. There is already a very high cost for energy saved for the proposed programs given that participants can receive up to 100% of the costs of measures and projects versus a percentage of the incremental costs of a more efficient measure which is the typical construct for an energy efficiency program. Additionally, these costs will not have been included in the initial cost-effectiveness screening and therefore there will not be a determination whether it would screen if a participant did include planning and engineering costs if the project goes forward. It would increase administrative costs to do another screening after the project is implemented to determine cost-effectiveness with these costs included. Therefore, the Department does not recommend fully reimbursing planning and engineering costs after a project goes forward.

Dated at Montpelier, Vermont this 17th day of October, 2024.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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