



2025 Update to the

# Triennial Plan

(2024 – 2026)

Prepared for the  
Public Utility Commission  
November 1, 2024



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## Introduction and Background

Vermont Gas Systems, Inc. (“VGS” or “Company”) is a nationally recognized leader in the effort to decarbonize gas infrastructure and promote affordable renewable energy. In 2019, VGS announced an aggressive strategy to eliminate greenhouse gas (“GHG”) emissions by 2050. Since then, the Company has taken bold steps to evolve its products and services to support Vermont State energy policy and reduce emissions in line with the Global Warming Solutions Act of 2020 (“GWSA”) requirements. Taken together, this strategy is known as the Company’s “Climate Plan.”



To achieve the Climate Plan’s ambitious objectives, VGS has focused its efforts on three key areas: 1) reducing energy usage, 2) increasing access to the latest and most efficient in-home heating solutions, and 3) displacing fossil fuels with cleaner alternatives. To support these goals, VGS has steadily introduced new initiatives. Examples include expanding weatherization incentives for income-qualified customers, launching a heat pump water heater (“HPWH”) program, developing hybrid heating solutions, and procuring increasing volumes of alternative supply sources to displace traditional gas.<sup>1</sup> Delivering thermal efficiency services through its Energy Efficiency Utility (“EEU”) is a key strategy of the Company’s efforts. These improvements support affordability, reduce system-wide demand, providing financial benefit in the form of lower energy bills, along with reduced GHG emissions thereby advancing Vermont’s climate objectives.

This Triennial Plan (“Plan”) covers the three-year period from 2024-2026 with a focus on 2025. VGS outlines its goals to increase its investment in energy efficiency, including a substantial increase in the number of homes weatherized. This is a cornerstone of VGS’s Climate Plan in advancement and support of Vermont’s requirement of 80% reduction in GHG by 2050.<sup>2</sup>

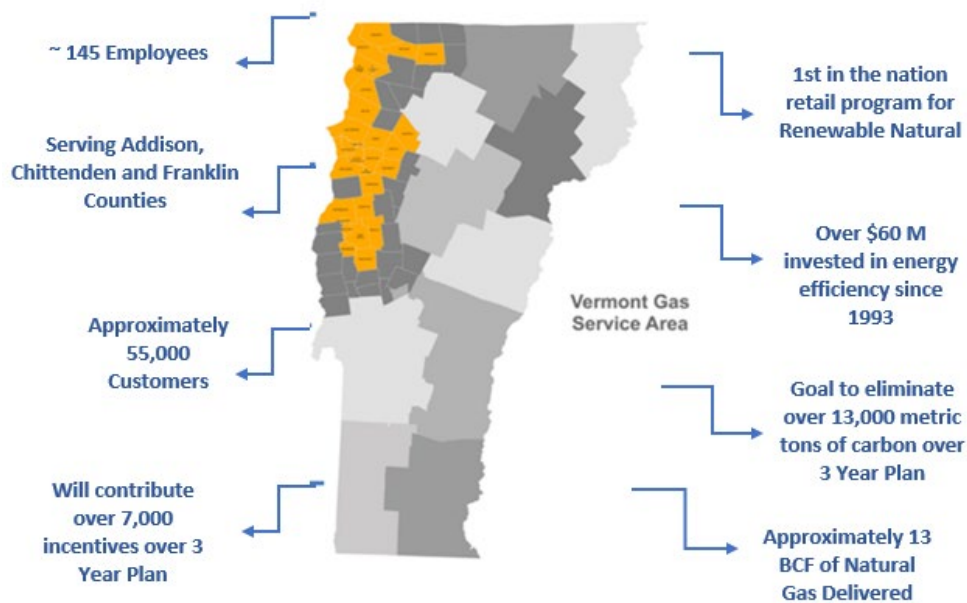
Since 1966, VGS has provided safe, reliable, and affordable heating, currently serving approximately 55,000 customers across three counties in Northwestern Vermont. In 1992, the company expanded its offerings to include efficiency services to customers, a service formalized in 2016 when VGS was appointed an EEU.

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<sup>1</sup> Examples of initiatives taken within both VGS’s distribution utility and energy efficiency utility.

<sup>2</sup> The Global Warming Solutions Act (“GWSA”) is an effective path to cut climate pollution and build resilient communities in Vermont. The GWSA builds on the success of other New England states that have cut climate pollution while growing their economies. The law ensures that Vermont takes coordinated and strategic action to reduce greenhouse gas emissions to net zero by 2050 and build climate resilient communities. It also allows Vermonters to hold the state accountable to ensure real action is taken to reduce our state’s polluting emissions.

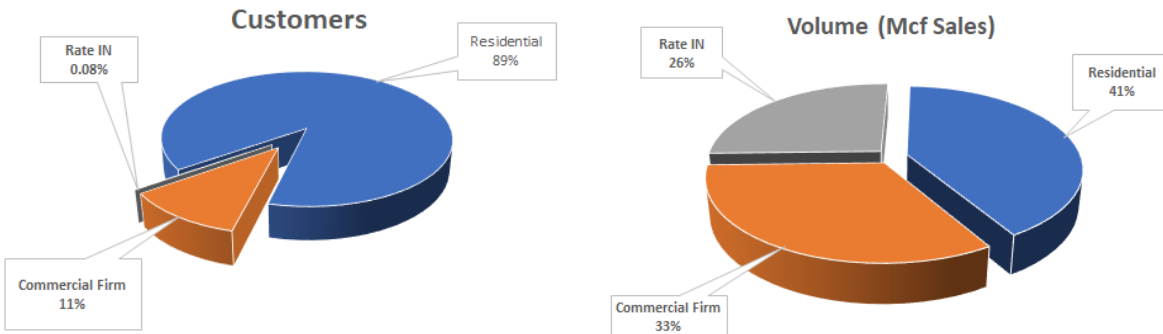
## VGS At-A-Glance



VGS maintains strong customer relationships with various segments, including homeowners, renters, builders and developers, large and small commercial customers, and institutional customers such as K-12 schools, hospitals, colleges, and municipalities. The Company is committed to customer safety, exceptional service, supporting Vermont’s climate policy, and keeping rates affordable, especially for low- and moderate-income customers who are most energy burdened. In addition to its energy efficiency programs, VGS offers a range of supports for customers. Examples include help with managing bills, income-eligible discounts, equipment rentals, and service contracts to assist customers in maintaining the safe operation of their heating equipment.

Consistent with its Climate Plan, VGS has embraced innovation to ensure a smooth transition to decarbonized energy. In 2021, the Company was the first gas-only utility in the country to offer HPWHs alongside its gas water heating appliances and now installs centrally-ducted and mini-split heat pumps as part of a hybrid home heating solution. VGS was also the first natural gas utility in the nation to offer its customers the opportunity to purchase renewable natural gas (“RNG”) sourced from digesters at farms, waste-water treatment plants, and landfills. VGS has since prioritized affordable alternative supply to displace fossil gas, including local RNG and green hydrogen development.

Residential VGS customers comprise almost 90% of the customer base and from a sales volume perspective they represent approximately 40% of natural gas sales.<sup>3</sup> The firm commercial and industrial customers that fall under the EEU make up about 10% of the customer base and almost 60% of gas sales as reflected in the following two charts.<sup>4</sup>



VGS fully participated in the Demand Resource Proceedings<sup>5</sup> (“DRP”) update process. This involved the potential study conducted by the Department, resource acquisition (“RA”) modeling scenarios and budgets, stakeholder engagement, rate and bill impacts, and the development of quantifiable performance indicators (“QPI”), and minimum performance requirements (“MPR”) as well as development and support services (“DSS”). This Plan, with a focus on 2025, spans the three-year period from 2024-2026 pursuant to the responsibilities of VGS to deliver EEU services. This Plan is designed to benefit Vermonters, support Vermont’s energy and environmental goals, and bolster the state’s economy by offering an expanding suite of energy services.

This Plan will continue the Company’s commitment to aggressive energy efficiency efforts in Addison County, VGS’s newest market, via an array of comprehensive thermal energy efficiency programs to achieve a minimum 30% participation rate in the Addison market.<sup>6</sup> VGS will continue to increase the focus on education, outreach, and tailored marketing in Addison County to encourage those customers to implement energy efficiency measures at a more aggressive pace than has been realized in past expansions into new communities.

<sup>3</sup> VGS customers eligible for participating in EEU activities refers to those customers that are charged EEC rates on their natural gas bills, pursuant to 30 V.S.A. § 209(d)(3), the proceeds from which are used to fund energy efficiency services delivered in multiple natural gas distribution utility service territories. The customers included in the VGS EEU portfolio pertain to all retail customers including all residential, firm commercial as well as retail interruptible customers. Customers excluded from EEU activities are those receiving wholesale sales of natural gas as well as those opting out to participate in the Self-Managed Energy Efficiency Program “SMEEP”.

<sup>4</sup> These charts reflect only those customers participating in EEU programs.

<sup>5</sup> PUC approved on January 12, 2024 in Case 22-2954 PET. .

<sup>6</sup> See Order dated February 4, 2021 in Case No. 19-3272-PET approving MPR #14. VGS only counts an Addison County participant once even if they participate more than once, for example, by installing high efficiency equipment and weatherizing their home. VGS engages both new customers and existing customers in Addison County.

Beyond our EEU, VGS will continue its integrated energy service programs, with a focus on working closely with our sales and marketing team along with the field services and customer care departments. This ensures a holistic customer experience based on an individual's energy, financial, comfort, or climate goals.

To serve its diverse customer base, VGS is committed to accessible energy efficiency programs with a focus on reducing the energy burden of low- and moderate-income customers. VGS currently offers six energy efficiency programs, targeting either residential or commercial/industrial ("C&I") markets. The residential programs apply to tenants and owner-occupied properties, while the C&I programs offer services to businesses of all rate class sizes, including interruptible customers.<sup>7</sup> In each market, VGS's programs cover retrofit/weatherization, new construction, and equipment replacement. Further program descriptions with more detail are contained later in this report.

VGS's successful efficiency programs strive to improve building performance and deliver tangible benefits to the customer such as lower energy burden, improved comfort, healthier indoor environments, lowering greenhouse gas emissions, and adding appreciable value to the customers' property.

To achieve the QPIs and MPRs approved by the PUC and set forth in this Plan, VGS will build on the strong foundation of these successful programs, as well as explore new and innovative ways to deliver energy efficiency, including developing new local, state, and national partnerships. VGS is committed to further the State's Energy Goals set forth in 10 V.S.A. § 578, 580, and 581 by decreasing greenhouse gas emissions, reducing the annual fuel needs in customer's served by VGS, and prioritizing the needs of low-to-moderate income Vermonters. This Plan builds upon our past efforts with a targeted focus on enhancing equity, access, and participation in our programs for income-qualified customers and underserved businesses.

## Strategies to Achieve Efficiency Goals

To achieve our efficiency goals VGS will deliver on these key strategic objectives:

**Partnership Development:** Advancing energy efficiency programs will be achieved through partnerships, collaboration, and creatively addressing the many market barriers that exist for our customers and trade allies. VGS will work closely with existing and potential customers, trade allies, utilities, and other market actors to ensure we can explore and contribute to mutually beneficial ideas, projects, and initiatives. VGS will continue its investment in these

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<sup>7</sup> Excludes Wholesale CNG served under one of the VGS CNG tariffs and customers participating in SMEEP.

relationships to leverage the diversity of skills, experience, perspectives, and resources needed to deliver value to our customers.

**Develop operational resources:** In 2025 VGS plans to expand its commercial team by adding another energy advisor that will focus primarily on small to medium businesses as well as multi-family properties. This additional resource will work towards fostering productive relationships and increased engagement with both larger residential projects and small to medium sized commercial customers that typically require staff support to advance energy efficiency projects. VGS will continue its residential midstream program that was rolled out in 2024 as well as explore new service delivery methods on the commercial side seeking new ways to utilize data to create and deliver customer value. As previously mentioned, the EEU program leverages the myriad ways we engage directly with customers through our field service team, sales team, and call center. We will continue to advance their education and knowledge about energy efficiency to ensure customers are getting the benefit of VGS's full range of services. In 2025, we will continue to make changes to our website and online services (such as MyMeter, which provides customers with easy access to their natural gas cost and consumption data) to provide easy and clear paths to program participation, incentive changes, and new initiative promotion.

**Expand contractor availability:** All efficiency providers face the challenge of a constrained contractor workforce. VGS will continue to work closely with Efficiency Vermont, Burlington Electric Department, weatherization contractors, workforce training programs, and local income-eligible opportunity offices, such as Champlain Valley Office of Economic Opportunity (CVOEO), to support the contractor community as it strives to meet the expected increase in thermal efficiency work in the years ahead. VGS will continue to be an active collaborator within the Energy Action Network's "Weatherization at Scale" Coalition, where weatherization workforce continues to be a major topic necessitating broad and cross-functional solutions.

## Total VGS Energy Efficiency program budgets and savings goals

The budgets and savings goals proposed are based on a combination of historical VGS performance data, the potential study conducted by GDS and Cadmus<sup>8</sup>, Efficiency Vermont, Burlington Electric Department ("BED"), the Department, federal and state policies and codes, the accelerating electrification of space heating and hot water systems across our service territory, projected data, and rate and bill impacts. The annual Mcf savings goals presented in this Plan directly match those resulting from the above-mentioned potential study. The program costs are based on a combination of current and historical program performance, workforce trends, current market conditions, and results from the potential study.

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<sup>8</sup> Consultants for the Department who performed the 20-year potential study.

A summary of VGS’s RA budgets based on spending, savings, annualized, lifetime, and peak day (Mcf) natural gas savings levels and total resource benefits<sup>9</sup> (“TRBs”) during the performance years outlined in this Plan are shown in the following table.

**Total Proposed Program Sector Budgets, Annual, Lifetime and Peak (Mcf) Savings Budgets**

		Budget			(2024-2026)
		2024	2025	2026	3 Yr Total
<b>Natural Gas RA Acquisition</b>					
VGS EE Delivery		\$5,898,686	\$5,974,400	\$5,755,794	\$17,628,880
Mcf Savings		83,696	84,025	81,132	248,853
<b>Summary of Costs</b>					
Commercial		\$1,868,240	\$1,794,265	\$1,664,114	\$5,326,619
Residential		\$4,030,446	\$4,180,134	\$4,091,681	\$12,302,261
Total		\$5,898,686	\$5,974,400	\$5,755,794	\$17,628,880
<b>Summary of Mcf Savings</b>					
Commercial		52,658	51,441	48,512	152,611
Residential		31,038	32,584	32,620	96,242
Total		83,696	84,025	81,132	248,853
<b>Summary of Peak Mcf Savings</b>					
Commercial		217	214	204	635
Residential		244	254	251	749
Total		461	467	455	1,384
<b>Yield Rate (\$/Mcf)</b>					
Commercial		\$35	\$35	\$34	\$35
Residential		\$130	\$128	\$125	\$128
Total		\$70	\$71	\$71	\$71
<b>Total Resource Benefits (TRB)*</b>		\$9,410,909	\$9,447,879	\$9,122,595	\$27,981,383

The following Table reflects the associated proposed savings (Mcf) and carbon emissions avoided (metric tonnes).

Carbon Emission Savings	Budget			(2024-2026)
CO2 metric tonnes	2024	2025	2026	3 Yr Total
<b>Total Annual lifetime Savings (Mcf)</b>	<b>1,433,585</b>	<b>1,440,320</b>	<b>1,391,337</b>	<b>4,265,242</b>
<b>Lifetime GHG Annual Carbon Emissions</b>	<b>78,896</b>	<b>79,267</b>	<b>76,571</b>	<b>234,733</b>
<b>Annual Mcf Saved</b>	<b>83,696</b>	<b>84,025</b>	<b>81,132</b>	<b>248,853</b>
<b>Annual GHG Carbon Emissions savings</b>	<b>4,606</b>	<b>4,624</b>	<b>4,465</b>	<b>13,695</b>

<sup>9</sup> \* TRB updated based on most recent PUC approved AESC

To achieve our goal of increasing energy efficiency savings, VGS will be creative, nimble, and flexible in response to market conditions and customer demands. With this Plan, VGS has committed to an expanded number of low- and moderate-income program participants and increased collaboration with its trade allies, weatherization contractors, and retail and wholesale distributors across its footprint. Due to increasing energy codes, a significant move towards electrification of thermal energy systems in the new construction market, higher material costs, and labor constraints, EEU spending is higher when compared to historical performance periods. This spending includes the continuation of the innovative approach of using our own capital resources as a component of the overall budget. Similar to 2021-2023, the capital funding will be treated like an investment and will be recovered in a manner that mitigates the rate impact and puts energy efficiency into a similar recovery framework as other infrastructure investments. VGS retains the ability to adjust strategies to achieve these objectives within its QPI and MPR framework because the EEU regulatory framework is sufficiently flexible to allow this responsive approach.

While specific strategies will evolve over time, we know that continued positive relationships with Efficiency Vermont, Burlington Electric Department, Green Mountain Power, Vermont Electric Cooperative, Vermont Public Power Supply Authority, Champlain Valley Office of Economic Opportunity, the Department, Green Mountain Credit Union, third party contractors, as well as communities within our footprint and associated organizations will be critical to achieving these aggressive goals. These collaborative relationships are instrumental in planning, marketing, implementing, and sharing of costs and services that enable VGS to have successful energy efficiency programs while working to keep costs and rate impacts as low as possible.

During calendar year 2025, VGS's energy efficiency strategies and initiatives include:

- Increasing the number of residential units audited and weatherized with an increased focus on income-eligible customers through increased incentives and low-cost financing, including health and safety measures in a comprehensive package.
- Addressing shifts in economic & social realities and modifying financing and incentive structures to enable both contractors and customers to have the confidence and financial support to move forward on energy efficiency projects.
- Aggressively marketing all efficiency programs to increase general awareness and participation levels.
- Continuing the partnership with BED on multifamily properties with high energy use intensity, as well as collaborating with BED on their NetZero Energy initiative and District Energy.
- Continuing the partnership with Efficiency Vermont on collaborative efficiency offerings and seamless customer engagement across all of our programs.

- Continuing the partnership with CVOEO to expand resources to serve the low-income households within our service territory.
- Promotion of Weatherization Repayment Assistance Program (“WRAP”) to enable customers to weatherize their homes through on-bill financing.
- Continue to promote the “Switch & Save” program for the purchase and installation of heat pump water heaters for existing VGS residential customers and qualifying households resulting from a grant from the Vermont Department of Public Service.
- Continuing our collaboration with income-eligible housing providers to support affordable housing goals by reducing customer energy burdens.
- Exploring new partnerships to extend our engagement on weatherization programs and increasing the weatherization contractor base.
- Continue the advancement of the midstream incentive model to spur increased program participation through working more closely with distributors and trade allies.
- Expanding engagement with HVAC contractors, mechanical insulators, and other service providers to drive high-performance equipment installations and upgrades.
- Continue the development and advancement of enhanced rebate offers and marketing collateral for small and medium businesses.
- Continue developing partnerships with the Vermont Office of Professional Regulation, Division of Fire Safety, Home Energy Raters, and other key stakeholders to provide ongoing education to contractors about the requirements of the Residential Building Energy Standards and cost-effective ways to achieve net-zero homes.
- Collaborating with other VGS customer-facing teams, including Sales & Marketing, Field Services, and Customer Care, to deliver upon a model of integrated energy services to ensure a holistic customer experience with every VGS interaction.
- Continuing our partnership with Green Mountain Credit Union and exploring new ones with the Vermont Housing Finance Agency to offer a variety of financing options for energy efficiency upgrades.
- Exploring funding opportunities through the Inflation Reduction Act to help residential and business customers leverage additional funding, tax credits, and deductions to accelerate their energy efficiency investments.
- Continuing the residential mobile home and condominium initiatives.<sup>10</sup>
- Continuing partnership with Burlington International Airport on the implementation of their BTV Sound Mitigation plan.<sup>11</sup>
- An expanded partnership with NeighborWorks of Western Vermont to support the Weatherization & Health Initiative.
- Monitoring opportunities for modifications to the Plan (with PUC approval) specifically on special projects that may require additional funding.

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<sup>10</sup> See “Program Descriptions – Residential Retrofit/Weatherization” for more detail

<sup>11</sup> See “Program Descriptions – Residential Retrofit/Weatherization” for more detail.

The next section of this Plan addresses the overall RA budgets and savings, followed by the programs the Company will offer to achieve those results.

### Resource Acquisition Program Descriptions

The following section offers program descriptions and more detail regarding incentives, initiatives, and program offerings. While the descriptions and incentives described here reflect VGS’s current thinking and plans, VGS will adjust its delivery of efficiency offerings as needed to meet program goals and respond to customer demands. This flexibility, within the parameters of the Commission-approved budgets, QPIs, and MPRs, is critical in maintaining vibrant, responsive, successful programs.

The tables below contain the program level proposed RA budgets and corresponding savings by sector. The residential sector spending is budgeted to be approximately 70 percent of the total resource acquisition spending, which is consistent with the large percentage of the customer base they represent, mature programs, and more challenging markets to serve such as rentals and income-qualified households, that result in higher costs.

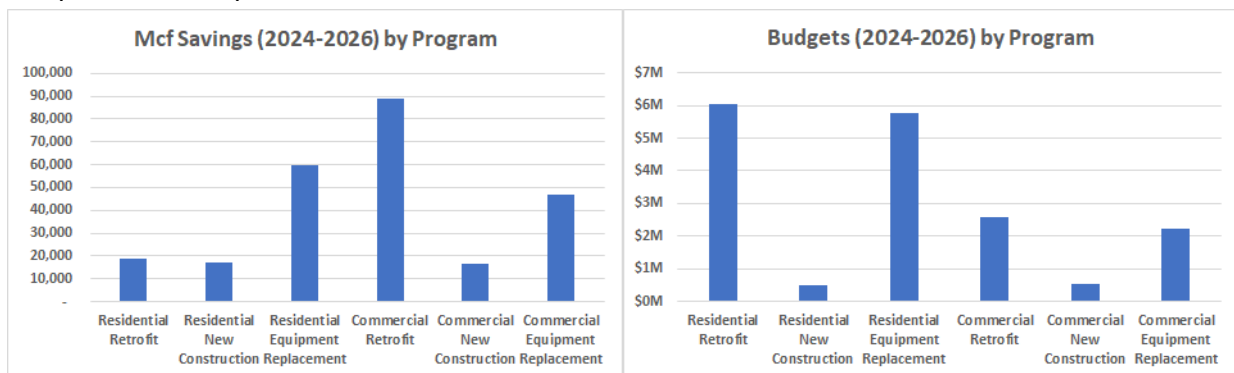
#### Total VGS RA Proposed Spending Budgets by Program by Sector

VGS EEU RA Budgets	Budget			(2024-2026)
	2024	2025	2026	3 Yr Total
<b>Residential Sector</b>				
Retrofit	\$2,058,959	\$2,070,040	\$1,925,322	\$6,054,321
New Construction	\$172,229	\$165,637	\$154,041	\$491,907
Equipment Replacement	\$1,799,258	\$1,944,458	\$2,012,318	\$5,756,034
<b>Commercial Sector</b>				
Retrofit	\$897,534	\$863,128	\$802,830	\$2,563,491
New Construction	\$194,174	\$186,733	\$173,676	\$554,583
Equipment Replacement	\$776,532	\$744,405	\$687,608	\$2,208,544
<b>Subtotal Residential</b>	<b>\$4,030,446</b>	<b>\$4,180,134</b>	<b>\$4,091,681</b>	<b>\$12,302,261</b>
<b>Subtotal Commercial</b>	<b>\$1,868,240</b>	<b>\$1,794,265</b>	<b>\$1,664,114</b>	<b>\$5,326,619</b>
<b>Total</b>	<b>\$5,898,686</b>	<b>\$5,974,400</b>	<b>\$5,755,794</b>	<b>\$17,628,880</b>

## Total Proposed VGS RA Annual (Mcf) Savings by Program by Sector

VGS EEU RA Mcf Savings	Budget			(2024-2026)
	2024	2025	2026	3 Yr Total
<b>Residential Sector</b>				
Retrofit	6,461	6,543	6,121	19,125
New Construction	5,945	5,759	5,387	17,091
Equipment Replacement	18,632	20,282	21,112	60,026
<b>Commercial Sector</b>				
Retrofit	30,981	30,010	28,076	89,067
New Construction	5,745	5,565	5,206	16,516
Equipment Replacement	15,932	15,866	15,230	47,028
<b>Subtotal Residential</b>	<b>31,038</b>	<b>32,584</b>	<b>32,620</b>	<b>96,242</b>
<b>Subtotal Commercial</b>	<b>52,658</b>	<b>51,441</b>	<b>48,512</b>	<b>152,611</b>
<b>Total Annual Savings (Mcf)</b>	<b>83,696</b>	<b>84,025</b>	<b>81,132</b>	<b>248,853</b>

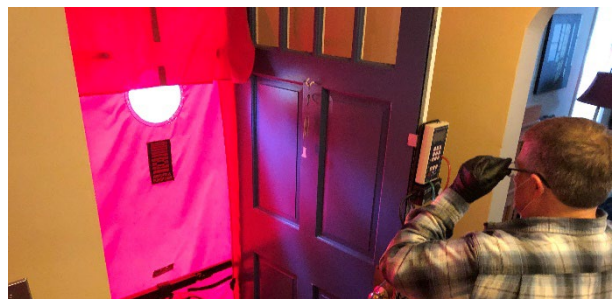
Spending and savings may vary between individual programs and sectors as VGS focuses on achieving the overall QPIs and MPRs described later in this document. The following pie charts reflect a side-by-side comparison of the proposed spending relative to savings by program for the performance period 2024-2026.



## PROGRAM DESCRIPTIONS

### 1. Residential Retrofit/Weatherization Program

The Residential Retrofit/Weatherization Program focuses on reducing the energy use in existing residential homes and buildings. Since residential customers can vary significantly based on energy usage, home ownership, and income levels, VGS has evolved its audit and weatherization offerings to address these various market segments. These services include a comprehensive energy audit and weatherization project management via our “FastTrack” program, access to incentives and financing for projects pursued with Efficiency

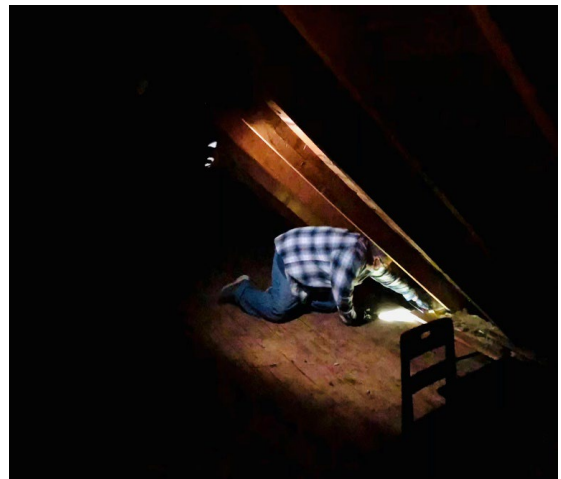


A VGS Residential Energy Auditor preparing a blower door test on a home. The blower door test provides a baseline measurement for building heat loss. This test is conducted during the audit and after a project is completed.

Excellence Network contractors, prescriptive initiatives for condos and manufactured housing, and “energy coaching” – all aimed at increasing the number of homes weatherized and meeting the customer’s needs. Energy efficiency is an important tool for improving housing affordability and VGS continues to advance more of its focus and resources on income-qualified customers to help support a just transition for all Vermonters.

## Weatherization Services

All VGS residential customers are eligible for participation in our Retrofit/Weatherization program. Residential buildings (single family homes and multi-family with 4 units and under) that meet our high usage criteria are eligible for a comprehensive energy audit from our expert Building Performance Institute (“BPI”) certified staff. VGS will be adapting these energy usage thresholds and program offerings to prioritize serving more income-qualified customers through our in-house program. Residential buildings that fall below our high usage criteria are eligible to participate in our program in partnership with qualified third-party BPI-certified contractors that are part of the Efficiency Excellence Network. Residential buildings occupied by owners or tenants with low natural gas energy intensity qualify for an in-person or virtual “energy coaching” consultation to better understand their heating profile and help identify opportunities for low-cost ways of improving their homes and reducing their energy burden. This consultation may also include the delivery of energy-saving kits that contain water conservation measures, air-sealing materials, and other items designed to reduce energy use.



A comprehensive home audit requires close inspection of the conditions where heat loss or air infiltration can happen. It's hard to see everything but with infrared technology and sturdy knees the remedy can be determined.

For customers who pursue a weatherization project, VGS covers up to 50% of the qualified measure costs in cases where the building owner pays the heating bill and up to 75% of the measure cost in cases where the tenant pays the heating bill. An incentive cap will be utilized to manage overall program costs and ensure funding access for all who choose to participate.

To further help customers with the costs of weatherization, VGS will continue to offer low-cost financing through interest rate buydowns and the new Weatherization Repayment Assistance

Program. VGS will also allow health and safety measures<sup>12</sup> that impede a project from moving forward to be incorporated into the loan on a case-by-case basis.

In addition to financial incentives, building owners are provided with technical assistance and project management services to encourage the installation of the efficiency measures identified in the audit report. Once an audit is completed, customers have the choice of obtaining competitive bids from qualified contractors or using VGS's "FastTrack" option which provides the customer with an easy hands-off approach to getting their weatherization work completed. The FastTrack option utilizes one of our pre-screened contractors to perform the project work. The VGS auditor serves as the project manager from start to finish. For the past several years, approximately 90% of customers have chosen the FastTrack option.

### **Programs for Low- and Moderate-Income Customers**

During 2024, VGS transitioned into primarily serving our low-income customers directly and will continue that during 2025. VGS has contracts in place with Champlain Housing Trust to verify income levels and is also able to offer incentives related to health and safety issues such as vermiculite or knob and tube wiring that might otherwise impede a project from moving forward. VGS will continue our partnerships with CVOEO and 3E Thermal, who will verify the owner/occupant income status and eligibility to perform the energy audit and will coordinate the installation of the recommended measures. Projects completed with our partners typically

have shared costs and savings whereas projects completed in-house often has VGS covering up to 100% of project costs. VGS will continue to monitor its offerings for low-income customers with new targeted measures including the early retirement of antiquated heating systems, storm windows, insulating panels, duct sealing, pipe insulation, and heat pump water heaters.



VGS initiated a 2022 program change to assist moderate-income households (80%-120% of area median income) who don't qualify for reduced low-income assistance program ("LIAP") utility reduced rates and who may not have access to other forms of assistance such as the Weatherization Assistance Program (<80% of area median income). For these moderate-income customers, VGS will continue the increased levels of incentive contributions to 75% of the

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<sup>12</sup> Typical health and safety measures included in low-cost financing include vermiculite and asbestos remediation, the removal of knob and tube wiring, moisture mitigation, and upgrading ventilation systems.

project costs during 2024-26.<sup>13</sup> Of the area VGS serves, 120 percent of the area median income (“AMI”) for a family of four ranges from approximately \$130,000 in Addison County to approximately \$142,000 in Chittenden and Franklin Counties. VGS believes this will help enable more moderate-income customers to weatherize their homes and reduce utility bills.

### **WRAP On-Bill Financing for Moderate-Income Customers**

In late 2021 and 2022, VGS, Efficiency Vermont, the electric distribution utility companies, and Vermont Housing Finance Agency (“VHFA”) all worked together to implement the Weatherization Repayment Assistance Program (“WRAP”). This program was designed to enable income-qualified customers to access on-bill financing of weatherization project costs



to reduce or eliminate upfront costs to make these improvements. Energy savings estimated are meant to offset the monthly tariff-on-bill charge utilized to finance weatherization improvements to the home. During 2025, VGS will continue to promote this program in an effort for more customers to realize energy savings but also benefit from improved comfort levels by making homes less drafty along with better indoor air quality. VGS will continue to work with VHFA to review processes in efforts to increase participation levels<sup>14</sup>.

### **Prescriptive Initiatives for Condos and Manufactured Housing**

VGS will continue to offer its “Condo Initiative” promoting air-sealing and attic insulation for condominiums. Historically, it has been difficult to cost-effectively provide weatherization services to condominiums. The Condo Initiative has addressed this challenge by streamlining the standard audit approach. The Condo Initiative provides that VGS will:



**Townhouses and condominiums can offer weatherization opportunities, especially when the development can be addressed as a single project.**

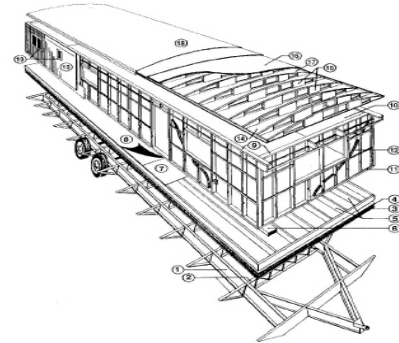
- Visit the condominium to conduct a “walk-through” audit to look for additional efficiency upgrades beyond air-sealing and attic insulation.
- Review both natural gas and electric usage to compare to other units in the building.

<sup>13</sup> VGS will apply cap amounts on single family homes and continue initiative pending program budgets.

<sup>14</sup> As of November 1, 2024 there were four WRAP participants completed by VGS EEU.

- Offer rebates/financing for air-sealing and attic insulation work completed; and
- Inspect the installation at no cost to the homeowner.

Similarly, manufactured homes have been a difficult market to reach. VGS is addressing this challenge through its Mobile Home Prescriptive Weatherization Program. Customers who own a mobile home will receive a rebate of 75% of the total implementation costs up to project caps. Low-income customers who are not otherwise participating in the CVOEO program are eligible for 100% of the total implementation costs from VGS.<sup>15</sup> VGS will approve the project with the homeowner, execute an agreement, submit the rebate, and inspect the final job at no extra cost.



Typical components of a mobile home: 1-Steel chassis. 2-Steel outriggers and cross members. 3-Underbelly. 4-Fiberglass insulation. 5-Floor joists. 6-Heating/air conditioning duct. 7-Decking. 8-Floor covering. 9-Top plate. 10-Interior paneling. 11-Bottom plate. 12-Fiberglass insulation. 13-Metal siding. 14-Ceiling board. 15-Bowstring trusses. 16-Fiberglass insulation. 17-Vapor barrier. 18-Galvanized steel one-piece roof. 19-Metal windows.

### Switch & Save with a Heat Pump Water Heater

Through a grant from the Vermont Department of Public Service, VGS is offering the Switch & Save program for the purchase and installation of heat pump water heaters for existing VGS residential customers and qualifying households within our service territory. We've partnered with participating contractors to handle the installation and receive the incentive payments from VGS, which will leave customers with little to no out-of-pocket costs.

Customers with annual household income less than 120 percent of Vermont's area median income will be eligible for the Switch & Save program. Households earning less than 80 percent of area median income will receive 100% of the equipment and installation costs up to a program cap of \$5,000 per household. Households earning less than 120 percent of area median income will receive 90% of the equipment and installation costs up to \$4,500.

This program is accelerated by Home Electrical System Upgrade funding to address electrical infrastructure needs that prevent the installation of heat pumps to decarbonize water and space heating systems, which launched in late 2024 and will continue until 2026 or until funding is exhausted.

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<sup>15</sup> A low-income customer means a customer in the low-income assistance program ("LIAP") or receiving another form of heating assistance.

## Other Residential Strategies

VGS will continue to proactively seek and develop partnerships and strategic initiatives to amplify our program resources and deliver customer value. For example:

- In Addison County, VGS will continue partnering with Heat Squad by NeighborWorks and others to deliver residential weatherization services.
- VGS will support community events such as Button Up as well as Vermont- and Town Energy Committee-sponsored activities throughout the year.
- VGS will promote and incentivize additional weatherization work as an additional component of the BTV Sound Mitigation Program.
- VGS is an active partner with BED and other market actors in the Burlington 2030 District which aims to develop relationships and affect commitments from property owners to achieve clean energy goals.<sup>16</sup>
- VGS is a collaborator with Efficiency Vermont, BED, and the Northeast Energy Efficiency Partnership for the continued development of the Vermont Home Energy Profile to help create visibility around energy use as part of the home-buying experience.<sup>17</sup>
- VGS has served as a partner with Efficiency Vermont, BED, CEDO, and RESOURCE in a weatherization contractor training program, which has now expanded to multiple sites statewide, and will actively seek other innovative models to expand the number of professionals in the weatherization market.

## Burlington International Airport (“BTV”) Sound Mitigation Project

Between 1989 and 2019 Burlington International Airport implemented a federally funded program that acquired and removed sound-impacted homes. In late 2020 a new program (BTV Sound Mitigation Program) was formally approved. The new program is focused on sound insulation as the primary noise mitigation measure. Under this program, the Airport will qualify homes for retrofits such as window and door replacements, central air conditioning, insulation, and air sealing. During 2020 VGS pledged to partner with the Airport and provide the local 10% match required for the BTV Sound Mitigation Program. Initially VGS anticipated the BTV Sound pilot program to begin in 2021. However, this pilot timeline was moved forward to 2022 with a small cohort of homes (12) that were provided a VGS energy audit along with projected costs and energy savings to use as a set of baseline metrics for the project. VGS and the Airport are looking for additional partners to comprise the remainder of the 10 percent local funding match

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<sup>16</sup> See <https://www.2030districts.org/burlington>

<sup>17</sup> See <https://vgsvt.com/vermont-home-energy-profile/>  
<https://www.efficiencyvermont.com/services/energy-assessments/vermont-home-energy-profile>  
<https://clearlyenergy.com/vermont>

and initially expected an estimated 50 homes annually during the 2024-26 performance period. While this federally funded program has incurred delays, VGS will continue its regular meetings with the Airport and partners as this project advances through the following:

- Program formulation
- Identify additional funding partners
- Home eligibility/criteria determinants
- Pre-qualification of 50 home cohort
- Establish program standards
- Implement pilot phase for sound insulation
- Develop and create public outreach campaign that defines the program and qualifications
- Assist Burlington Airport in reviewing the program approach with the FAA



and

### City of Burlington Multi-Family Dwellings & Net Zero Roadmaps



VGS and BED continue to build upon learnings from the very successful 2016-17 Energy Champ pilot program that focused on addressing weatherization opportunities in tenant-occupied multifamily properties. This will include jointly offering additional

incentives for homes that are projected to save both natural gas and electricity through shell improvements that reduce thermal energy needs, whether gas-fired equipment, electric resistance heat, heat pumps, or air conditioning. During 2025, VGS will continue to support Burlington's update to the Minimum Housing Code to include weatherization and energy efficiency in rental properties by providing incentives and low-cost financing to help defray the upfront costs of pursuing cost-effective weatherization upgrades. Additionally, VGS and BED are working together to help Burlington residents create a net zero road map of their home by utilizing incentives, equipment replacement, and renewable natural gas offerings. VGS and BED will also continue to jointly complete homes with BED offering additional incentives for homes that are projected to save electric usage based on shell improvements (reduction in both electric resistance heat and air conditioning).

## Residential Weatherization/Retrofit Summary

The Plan assumes an increase in weatherization participants during this performance period. The results of this Plan along with a goal of increasing participants will further VGS's path to increase the number and depth of weatherization projects. The weatherization increases will be based on a combination of:

- Single-family homes
- Multifamily properties
- Condominiums
- Mobile homes
- Income eligible services

## 2. Residential New Construction Program

It is far more cost-effective to build highly efficient homes than to retrofit a structure after it is built. VGS will continue the statewide Residential New Construction ("RNC") program offered jointly by VGS and Efficiency Vermont. With an increasing number of new construction projects pursuing electric heat pumps as the primary heating and domestic hot water systems, a coordinated approach is important to ensure consistency of program delivery across service territories. The EEU's jointly serve customers in the VGS footprint with Efficiency Vermont serving the remainder of the state. All residential new construction projects in Vermont are eligible for technical assistance and incentives from Efficiency Vermont, but projects that use natural gas are also eligible for enhanced services and rebates from VGS.

Efficiency Vermont provides services in support of the construction of homes meeting specific levels of energy performance. Efficiency Vermont and VGS will continue its engagement of builders and developers strategically by providing target levels and types of support based on builders' goals, knowledge, skills, and interests. This will allow for a wide range of engagement up to and including a net-zero ready home standard. VGS is also developing partnerships with the Vermont Office of Professional Regulation, Division of Fire Safety, Home Energy Raters, and other key stakeholders to provide ongoing education to contractors about the requirements of the Residential Building Energy Standards and cost-effective ways to achieve net-zero homes.



As building code for new constructions increase, VGS will continue to provide incentives and technical support for advancing efficiency on equipment and thermal shell measures.

This program structure is being modified to a more market-based approach through account management of builders and developers via the Efficiency Excellence Network (“EEN”), which includes direct consultation with Efficiency Vermont Energy Consultants on project design/planning and program-related questions. Members will have access to products and services that allow for market differentiation with a proposed framework that includes two membership tiers: (1) Residential Construction Expert and (2) Efficiency Vermont certified builder. Accordingly, there will be corresponding requirements, benefits, certificates, and incentives based on the membership tier. The program structure has evolved to eliminate what had been perceived by some builders as an “all-or-nothing” approach that allows participation in a wide range of activities.

The VGS multifamily building track is for large, master metered, centrally heated multifamily buildings. For multifamily buildings heated by natural gas, VGS will offer technical analyses of mechanical, thermal, and domestic hot water energy efficiency measures, and will partner with other EEU's when appropriate to maximize the savings opportunities in these projects. VGS is focused on increasing participants by maintaining a relationship with builders and a focus on new developments or major renovations to drive participation. This program is designed to ensure new construction projects do not become lost opportunities for constructing high-performance buildings; engaging architects and builders to participate on the ground level is the most cost-effective way to save energy. Multifamily projects that are designated for occupancy by low-income populations are co-administered with CVOEO or 3E Thermal as described above. Although market trends have recently shifted to more multifamily new construction to pursue heat pumps for primary heating and domestic hot water systems, VGS is still promoting high-performance design for a building's thermal envelope and combustion-based equipment for all buildings within VGS's footprint.

### **3. Residential Equipment Replacement**

This program is aimed at encouraging customers to install high efficiency equipment when they are either adding or replacing natural gas-fired equipment. This is an opportunity for influencing choices to reduce usage over the life of the new equipment.

This program encourages customers to install water and space heating equipment that exceeds the standards established by the National Appliance Energy Conservation Act (NAECA) or the *de facto* baseline efficiency for the specific equipment type. These replacements typically occur when the equipment has failed and can no longer be repaired, has reached the end of its useful life, or when the fuel source for heating the home is being switched to natural gas.

VGS is in a unique position to encourage the purchase of high efficiency equipment due to our Field Services team. This team of 20+ technicians visit thousands of in-home service requests each year, providing both tariffed and non-tariffed services, and ensuring that our customers have safe and properly functioning equipment. When our team discovers equipment that has reached the end of its useful life, these technicians encourage customers to install high efficiency equipment and inform customers of the EEU rebates. Income-eligible customers who contact the VGS Customer Care Team who may have high usage will be referred for EEU weatherization services or equipment change outs as discussed earlier in this Plan. These are further examples of the synergies possible in our integrated energy services program.

VGS will continue to promote its midstream incentives at the point of purchase at the distributor level to help offset the average incremental cost of high-efficiency equipment. VGS has partnered with an outside contractor who manages distributors and provides training to promote this point of purchase program. The contractor meets periodically with the distributors, provides marketing material, training and feedback to VGS. VGS plans to monitor participant levels and revise incentives as needed based on participant levels and changing markets and budgets in an effort to streamline administrative processes and transform the gas-fired equipment market in Vermont. VGS also plans to continue to include low-cost financing for moderate-income households in addition to the midstream rebate.

Because customers have different financial situations, VGS also offers a range of incentives to best fit customer needs including low- interest loans for high-efficiency equipment through VGS’s partnership with Green Mountain Credit Union. To better track participation by the income-eligible sector, VGS will internally flag participants that are also enrolled in VGS’s low-income assistance program (LIAP) or receive other forms of heating assistance.

VGS will continue its partnership with Efficiency Vermont to incentivize “Smart Thermostats” to all VGS customers. VGS will monitor advances in Smart Thermostats, Smart Meter, and Smart Grid (for natural gas systems) to determine if these technologies can increase customer engagement, reduce consumption, and shave peak periods.



Smart thermostats provide customers with value on multiple fronts: easy time-of-day scheduling for desired temperatures and ensuring cost-savings during unoccupied periods.

#### **4. Commercial Retrofit Program**

The Commercial Retrofit Program helps customers reduce natural gas consumption and peak day demand in their buildings. VGS will engage with commercial customers to install cost-

effective, natural gas-saving measures for their spaces, and water and process heating measures. Every business is unique, which presents distinct challenges such as identifying customized solutions, competing for capital dollars, and other business priorities related to project development and project management capacities. Additionally, the pandemic brought forth a general sense of economic uncertainty resulting in inertia with respect to facility upgrades, growth, and financial stability. To succeed, VGS will perform on the following key strategic objectives in 2025:

### **General Services**

VGS will continue its partnerships with EVT, BED, and the other distribution utilities (DUs) to provide Vermont's commercial and industrial utility customers with optimal energy value and services. VGS will coordinate walk-through assessments for all commercial buildings whose owners are looking for assistance in identifying cost-effective energy efficiency measures. VGS will provide engineering assistance for natural gas-related measures identified from the audits. If a project needs external engineering assistance, VGS will be available to assist with the cost of that engineering study.

### **Services to Small Businesses**

VGS is committed to serving Vermont's many small businesses. The Small Business Efficiency Program will include a series of targeted initiatives for foodservice operations, beverage manufacturers, lodging establishments, and grocery/convenience stores. Other small and medium business types will also be eligible for this program. VGS offers interested small business owners a customized energy audit to determine potential weatherization and other gas-saving opportunities and incentives. Commercial initiatives for 2025 include:

- Anticipated commercial staff person with a focus on engagement with the small to medium business sector;
- Subsidized steam trap audits for beverage manufacturers being delivered by a local partner, with prescriptive incentives committed to fix or replace steam traps that are leaking or blowing by
- Deeper engagement with foodservice operations to promote midstream incentives for Energy Star commercial kitchen equipment, kitchen hood controls, and reductions in domestic hot water use;



Installing mechanical insulation on steam pipes can result in a dramatic decrease in heat loss.

- Enhanced incentives for insulating and installing controls on domestic hot water loops within lodging and multifamily buildings;
- Opportunity identification and increased incentives for the addition of doors to open coolers and refrigerated cases at grocery and convenience stores; and
- On-site assessment and additional incentives for the addition or upgrade of dock seals for heated loading docks.

### **Services to Large Businesses**

The largest businesses among VGS's customers are assigned a Key Account Manager. The Key Account Manager, with DU partners and EEU partners, helps large businesses identify energy-saving projects and create mid- to long-term energy savings plans. With rapidly rising prices for large boilers and heat recovery systems attributed to volatility in commodities such as steel and aluminum, shortages for controls components and circuit boards, and mechanical contractor constraints, there will be an increased focus on some of the most cost-effective ways to reduce thermal energy waste through building retrofits. VGS is working closely with trade allies who can accelerate the replacement of failed steam traps, the installation of mechanical insulation, and retro-commissioning of building and process controls, as these services are not experiencing the same supply chain issues, workforce constraints, and price volatility of adding or replacing large mechanical systems.

### **Financial Assistance**

VGS will offer financial incentives, typically as rebates or low-to-zero interest loans, for the installation of natural gas-saving energy efficiency measures. Rebate amounts will be based on each project's energy savings, payback, and value of the avoided cost savings to VGS ratepayers. VGS will also explore funding opportunities through the Inflation Reduction Act to help business customers accelerate their energy efficiency investments.

### **Special Projects and Energy Savings Accounts**

Occasionally, large commercial customers pursue the development of unique projects that involve both efficiency and generation. For example, VGS may assist projects that involve customer-sited generation including Combined Heat and Power ("CHP") and distributed renewable generation if the projects meet certain technical and economic performance criteria.

VGS will jointly work with any commercial customer who is participating in the Energy Savings Account pilot (ESA). VGS will collaborate with Efficiency Vermont and ESA participants on establishing incentive splits on a project-by-project basis.

## 5. Commercial New Construction Program

The Commercial New Construction Program (CNC) helps customers reduce natural gas consumption and peak-day demand when constructing new buildings. VGS will partner with commercial, institutional, and industrial building owners to incorporate cost-effective natural gas saving measures in both the design and construction of new buildings and in the expansion, renovation, or remodeling of existing buildings. As more new buildings electrify their primary heating and domestic hot water systems using electric heat pumps, VGS will continue partnering with the other EEU and electric DUs to ensure customers are provided with technical expertise and available incentives from a variety of sources to design and construct high-performance buildings across our service territory.



Involving VGS Energy Leads in the new construction process can lead to unexpected natural gas savings opportunities like using the waste heat generated by refrigerator condensers to heat a grocery store.

VGS will review commercial building plans and conduct energy analysis of cost-effective natural gas saving measures. In addition, VGS will supply the customer and/or their design team with energy efficient equipment information, technical assistance, and manufacturer referrals. For measures that exceed the energy code baseline, VGS may provide financial incentives of up to 50% of the incremental cost of the measure. Local, state and/or federal energy and building construction codes establish the baseline for comparing the cost-effectiveness of the proposed natural gas saving measure(s). The *2024 Vermont Commercial Building Energy Standard*<sup>18</sup> as well as ASHRAE 90.1 -2019 establish the current baseline.

VGS will continue to collaborate with its EEU and DU partners to ensure seamless service to customers. VGS and partners will provide the customer with a holistic approach to energy efficiency savings throughout the construction process.

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<sup>18</sup> CBES update effective July 1, 2024 <https://publicservice.vermont.gov/efficiency/building-energy-standards/commercial-building-energy-standards>. Anything permitted under the 2020 CBES prior to July 1, 2024, shall remain valid to be constructed as long as construction starts within 180 days of July 1, 2024.

## 6. Commercial Equipment Replacement Program

The Commercial Equipment Replacement Program (CER) supports customer costs related to high efficiency equipment installations when the customers are either adding or replacing natural gas-fired equipment. Reaching customers at this key time can result in significant reductions in customer energy use over the life of the new equipment. This VGS program encourages commercial and industrial customers to cost-effectively install equipment that exceeds minimum energy efficiency standards.

### Eligibility

Customers wanting to participate in VGS's equipment replacement program must ensure their proposed equipment meets eligibility criteria. Large manufacturing or other types of process equipment to be installed must either be listed on VGS's fixed rebate schedule or pass VGS custom screening for cost-effectiveness. Smaller, residential-sized equipment must meet minimum standards set by the National Appliance Energy Conservation Act (NAECA). These energy efficiency standards apply to furnaces, hot water and steam boilers, and tank-type water heaters. VGS energy specialists use the *2024 Vermont Commercial Building Energy Standard* and ASHRAE 90.1-2019<sup>19</sup> to compare energy use baselines against the minimum efficiency levels of a project's proposed piece of replacement equipment.

### Financial Assistance

VGS will offer cash rebates to reduce the incremental cost of purchasing and installing cost-effective, high-efficiency natural gas equipment as well as financing with interest buydown options.

For high-efficiency natural-gas equipment not listed in the fixed rebate schedule or when a special circumstance arises, VGS will custom-screen measures for cost effectiveness. Large-scale equipment not on the list might not have certified AFUEs and thus can be custom screened by VGS. Equipment with a benefit-to-cost ratio of greater than 1.0 will be eligible for a custom rebate.



With a rebate from VGS, a new Energy Star certified piece of commercial kitchen equipment is cost comparable to a standard, inefficient model. A small business walk thru with a VGS Energy Lead can result in natural gas savings for both building owner and tenant.

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<sup>19</sup> CBES update effective July 1, 2024 <https://publicservice.vermont.gov/efficiency/building-energy-standards/commercial-building-energy-standards>

In addition to rebates, VGS will provide engineering and analytical support at no charge to customers. For projects where specialized engineering assistance is required, VGS will assist customers in finding qualified consulting engineers, and may be able to offer additional financial incentives to offset the cost of engineering analyses.

Energy efficiency projects for interruptible customers will be treated no differently than projects for firm customers, with the exception that no peak day savings will be claimed or projected in the cost-effectiveness screening.

## Hybrid Heating Systems

Until recently, achieving all-electric or renewable solutions for space conditioning, water heating, and process heating has been limited by high capital and operational costs. However, advancements in technology, innovative hybrid systems, and strategic integration with the electric grid are expanding opportunities to reduce emissions, lower utility costs, and provide value to the grid while decreasing the carbon footprint of commercial and industrial-scale operations.

Hybrid heating systems, which utilize both electric and natural gas fuels, are emerging as a flexible solution to balance cost, carbon intensity, and grid capacity for tasks such as water heating and space conditioning. Optimizing these systems based on energy costs, fuel carbon intensity, and grid dynamics can enable the C&I sector to achieve substantial GHG reductions. Notable hybrid technologies and strategies include:

- **Hybrid Roof-Top Units (HRTU):** With growing interest among original equipment manufacturers, these units provide an energy-efficient solution for light commercial and larger commercial buildings. HRTUs can also serve as a grid resource to support electric grid stability.
- **Packaged Hybrid Boiler Systems:** These systems integrate electric and gas boilers to generate steam, offering a versatile heating solution for larger commercial and industrial applications.
- **Industrial Heat Pumps (IHP):** IHPs harness waste heat from fossil-fuel-based systems, boosting temperatures to meet the needs of space, water, or process heating, thereby displacing fossil fuel consumption and enhancing efficiency.
- **Parallel Electric Boilers (EB):** Installed alongside fossil fuel boilers, these electric boilers can be dispatched when electricity prices are favorable or when there is excess renewable energy on the grid, maximizing cost-effectiveness and environmental benefits.

- **Gas Absorption Heat Pumps (GHP):** In combination with electric air source heat pumps, GHPs can significantly increase system efficiency and reduce emissions, particularly in smaller commercial buildings and multi-family housing.

VGS is engaging with a variety of commercial and institutional customers to identify opportunities to explore, study, and support hybrid heating systems in concert with EVT and the DU Tier 3 programs. We view many of the technologies as transformative to the rapid acceleration to decarbonize building space heating and water heating needs for our customers.

## Development and Support Service Program Descriptions

VGS spending categories are allocated into two categories: (1) Resource Acquisition (“RA”), which typically leads to some level of energy savings and (2) Development and Support Services (“DSS”) that are not directly responsible for savings but contribute and support the portfolio as a whole. DSS activities are intended to advance, improve, or support energy efficiency but do not necessarily result in direct energy savings. The DSS categories in this Plan are: Education & Training, Applied Research & Development, Planning & Reporting<sup>20</sup>, Evaluation, Policy & Public Affairs, Information Technology, and General Administration.

Further description of each category is provided below with the budgets for the 2024-2026 in the following Table.

Development and Support Service Budgets by Category

<b>Total EEU Natural Gas EEC funded budgets 2024-2026</b>				
<b>VGS DSS</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
1. Education & Training	\$80,030	\$80,731	\$81,438	\$242,199
2. Applied Research & Demonstration	\$10,621	\$10,727	\$10,834	\$32,182
3. Planning and Reporting	\$66,787	\$67,355	\$67,928	\$202,070
4. Evaluation	\$36,404	\$36,768	\$37,136	\$110,308
5. Policy and Public Affairs	\$15,610	\$15,766	\$15,924	\$47,300
6. Information Technology	\$36,880	\$37,049	\$37,217	\$111,146
7. General Administration	\$36,168	\$36,505	\$36,845	\$109,518
<b>Subtotal DSS VGS Funded</b>	<b>\$282,500</b>	<b>\$284,901</b>	<b>\$287,322</b>	<b>\$854,723</b>

### 1. Education and Training

While VGS has knowledgeable and experienced staff and contractors, in the rapidly changing energy world it is critical to invest in education and training to ensure VGS remains current on

<sup>20</sup> VGS rolled the costs associated with Fiscal Agent Reporting into the DSS Planning and Reporting category.

codes, efficiency best practices, and emerging technologies. The training may include Efficiency Vermont's annual Better Buildings by Design conference, Building Performance Institute trainings, and industry-vital seminars offered by CEE and ACEEE.

This Plan includes a continuation of our partnership with Vermont Energy Education Program (VEEP). Promoting energy literacy with K-12 students will produce more informed consumers of energy for the next generation of Vermonters.

VGS will make new efforts in support of expanding the weatherization and heating contractor base and developing the skills of the existing workforce and continue its minimum of two contractor trainings per year.

## **2. Applied Research & Development**

This work will include those VGS efforts pertaining to keeping current with emerging new technologies, analytics, or data services geared around new concepts and technologies that are not yet proven or widely accepted. VGS's bilateral agreement with Efficiency Vermont includes a share of costs related to research and development for technology and demonstrations.

## **3. Planning and Reporting**

This DSS category represents costs associated with VGS's work to provide the Commission with monthly reports, quarterly reports, Annual Plans, Annual Reports, Fiscal Agent Reports, and the DRP process. Reporting or planning to either the Department or the Commission pursuant to the Process and Administration and Order of Appointment documents falls into this category. Work associated with energy efficiency planning pertaining to the development of VGS's Integrated Resource Planning also falls within this category.

## **4. Evaluation**

VGS undertakes informal evaluations of projects and periodically evaluates the cost effectiveness of new equipment and measures. VGS staff will continue its work with the Department in the development of its Technical Resource Manual ("TRM") as well as participate in Technical Advisory Groups and initiatives that pertain to benchmarking VGS programs that may result in changing baselines or savings claims. During 2024, a third-party contractor hired by the Department drafted updated TRMs specific to equipment replacement prescriptive measures and anticipates these moving to approval in late 2024 or early 2025. Triennial Plan 2024-2026 included savings goals related to TRMs that feed into the residential equipment replacement program that will most likely be eroded based on updated TRMs getting approved. VGS will work with the Department to monitor this program and projected savings to determine if a savings adjustment specific to the adoption of these TRMs is warranted.

The costs included in this category reflect VGS's costs and the cost of any consultants VGS retains to help with the evaluation process – excluding the DPS's evaluation-related costs.

The Department annually verifies VGS savings claims. The process requires the delivery of the annual savings claims by VGS to the Department along with a sample of individual project files for review. The verification process, includes a regular exchange of information and discussion regarding savings quantification methods and documentation. This process includes evaluation of methods of calculations and characterizations around basis for savings claims—whether customized or prescriptive for forecasting or claimed savings—to continuously improve savings estimates. In early 2024, VGS participated in the verification process for the performance year 2023 and achieved higher realization rates in all but one program compared to 2022. The Commercial Retrofit program resulted in a lower realization rate than in 2022 primarily due to one large commercial project that was complex and spanned an entire year. Data input errors, project documentation and consistently determining measure lifetimes are examples of areas for VGS to improve. VGS achieved a 99% realization rate for annual savings across combined residential programs. The annual realization rate for the commercial programs combined did decline to 82% from the prior year, though the three-year average was nearly 92% for annual savings.

Looking ahead to 2025 and beyond, VGS remains committed to applying its TRMs and weather normalization procedures in line with other Vermont EEUs, enhancing documentation, adding quality control layers, and refining verification strategies to streamline processes and boost realization rates. VGS has already started implementing recommendations from the evaluation team and will continue working with the Department to adopt the updated TRM, while clarifying strategies on when to use a TRM, seek an alternative TRM, or conduct custom analysis. Significant year-over-year fluctuations in realization rates typically relate to custom projects, particularly when a smaller project pool magnifies the impact on overall program results.

Table F, located at the end of this document, details the realization rates for the triennial period from 2021 to 2023, based on verified versus claimed annual and peak Mcf savings by program.

## **5. Policy and Public Affairs**

VGS work that supports participation in broad energy efficiency related discussions fall under this category. Areas under this category include any regulatory matters that overlap with energy efficiency, such as Integrated Resource Planning, unregulated fuels efficiency programs, updating Process and Administration documents, Order of Appointments, as well as any policy cases requiring tracking, filing, or commenting related to energy efficiency. The VGS internal staff time expected to be spent on that type of initiative is budgeted here.

## 6. Information Technology<sup>21</sup>

VGS's energy services database is referred to as "DSMPro." DSMPro is a Windows application that provides a structured interface for the collection of building envelope data and savings calculations in support of its energy efficiency portfolio of programs. The DSMPro database is regularly improved to help in the collection and reporting of measure, project, and program metrics. This is critical for planning, reporting, forecasting, and overall tracking. There is a regular need to modify existing tools, add new tools, and improve functionality to the system, all of which serves to better understand and respond to changes and new initiatives. VGS will also be exploring the modernization of existing software systems to lower administrative costs while improving overall program performance. Any advancement of tools or application-driven processes will be allocated in this category. During 2024, VGS worked with the Department and other EEU's regarding review of its DSS IT budgets based on a set of guidelines proposed by the Department and anticipates this to continue into 2025.

## 7. General Administration

The overall management of the VGS costs for EEU programs that are not specific to individual programs are included under General Administration. This includes general staff meetings, coordination of program implementation across all program functions, managing and monitoring overall performance, and collaboration with other EEU's.

## Quantifiable Performance Indicators ("QPI") and Minimum Performance Requirements ("MPR")

The following sections describe the proposed QPIs and MPRs. The descriptions and weighting on these QPIs and MPRs were previously approved by the PUC in the previous DRP proceeding, Case No. 19-3272-PET. QPIs and MPRs are critical metrics to gauge the on-going performance of VGS's efficiency programs. These QPIs and MPRs are intended to provide a well-balanced portfolio to ensure all markets are served while providing customer benefits that contribute to policy and performance objectives.

For ease of reference, the general descriptions are detailed below and followed by the populated QPIs and MPRs in table format.

- QPI #1: The annual incremental savings QPI requires VGS to design and implement efficiency initiatives that will maximize energy savings. This QPI target includes two components: the total of the incremental annual Mcf savings achieved each year of a

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<sup>21</sup> VGS is working with the Department and other EEU's to transfer some or all of its DSS IT budgets into RA. VGS filed a compliance filing on October 16, 2024 in Case 22-1647 Petition to transfer all its DSS IT budgets for 2025-2026 into RA based on a set of guidelines proposed by the Department.

performance period and the greenhouse gas emissions covered over the same time period. Each of the two parts of this QPI are weighted at 1a) 15% and 1b) 10%.

- QPI #2: The lifetime natural gas savings QPI requires VGS to design and implement efficiency initiatives that will maximize the lifetime natural gas benefits. This QPI target includes two components: present worth of lifetime natural gas avoided costs and lifetime Mcf savings. Each of the two parts of this QPI are weighted at 15% each.
- QPI #3: The peak day savings QPI requires VGS to design and implement efficiency initiatives that will maximize the capacity reduction coincident with peak day demand. The metric will measure incremental peak-day savings each year of the performance period. This QPI target is weighted at 15%.
- QPI #4: The residential single-family comprehensiveness QPI ensures that energy efficiency initiatives are designed and implemented to acquire comprehensive savings. This QPI target contains two components: the percentage of home energy audits that have cost-effective measures that are converted to measures installations within one calendar year and the percentage of installations of audit-identified, cost-effective measures within one calendar year. Each of the two parts of this QPI are weighted at 5% each. VGS tracks results for this QPI for Addison County as well and received Commission approval to weight 4a) and 4b) at 3% Existing Footprint and 2% for Addison County.<sup>22</sup>
- QPI #5: VGS is focused on increasing the number of homes that are weatherized. This QPI identifies the number of buildings receiving an audit, which is the first step towards a weatherization project. This QPI is weighted at 5%. This QPI is based on an annual number and will help ensure VGS is on track to helping the State of Vermont achieve its weatherization goals. Through our staff and BPI contractors, audits will be available to income-eligible, moderate income, single family, multi-family, condominiums, and mobile homes.
- QPI #6: The long-term market transformation QPI encourages VGS to design and implement efficiency initiatives that lead to market transformation. The metric will measure the number of energy efficiency trainings offered to contractors to advance market transformation by having these contractors perform quality work regardless of the geographical region they are performing services within. This QPI target is weighted at 5%.

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<sup>22</sup> Order dated February 4, 2021 in Case No. 19-3272-PET.

- QPI #7: The business comprehensiveness QPI requires that energy efficiency initiatives designed and implemented for commercial retrofit projects include a diverse range of installed measures. The QPI assumes the measures installed during the prior 12-months will be 5% control-related; 20% heating systems, heat recovery, or domestic hot water systems; 5% process-related; and 15% shell/other. VGS received Commission approval to split the weighted targets between the existing footprint and Addison County at 4% and 1% respectively.<sup>23</sup>
- QPI #8: The administrative efficiency QPI is designed to encourage administrative cost reductions as a percent of total budget. The 5% reduction remains unchanged from prior Commission approved DRP Plans. This is an indicator intended to assess operations and keep administrative costs in check. This indicator is designed to measure the administrative efficiency of program delivery. This metric offers definitions of administrative costs and requires annual reporting. The ratio of incentive costs to non-incentive costs and total administrative costs as a percent of total budget will be reflected for each reporting year. The average administrative costs for RA budgets during 2019-2021 was 10.57 percent of total RA budgets. For 2024-2026, VGS estimated that administrative costs would be 10.57 percent of the total RA budgets.<sup>24</sup>

The following descriptions pertain to the MPRs and as such do not contain percent weighting.

- MPR #9: This indicator encourages equity for all Vermont natural gas ratepayers by ensuring that the overall natural gas benefits are greater than the costs incurred to implement and evaluate the VGS efficiency programs. This metric requires that the total verified gas benefits divided by total costs be greater than 1.2.
- MPR #10: This indicator encourages equity for residential customers by ensuring that a minimum level of overall efficiency effort, as reflected by spending, is dedicated to residential customers.
- MPR #11: This indicator is to encourage efforts to ensure that spending for low-income customers is equitably dedicated.
- MPR #12: This indicator encourages equity for smaller non-residential customers by ensuring that a minimum level of overall efficiency effort will be dedicated to small commercial accounts. This metric requires a minimum level of participation by

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<sup>23</sup> See Order dated February 4, 2021 in Case No. 19-3272-PET.

<sup>24</sup> See Order dated February 4, 2021 in Case No. 19-3272-PET.

customers whose annual natural gas usage is 600 Mcf per year or less. This metric aligns with commercial customers that are classified as Rate G1 or G2 on the VGS rate classification.

- MPR #13: This indicator encourages VGS to design and implement efficiency initiatives that will maximize the lifetime natural gas, other fossil fuels, and water benefits. This metric is designed to encourage VGS to calculate and track all components of total resource benefits (“TRB”), including water savings and delivered fuel savings associated with measures. VGS works with other EEU and distribution utility partners to ensure these benefits are not double counted.
  
- MPR #14: This Addison County indicator encourages VGS to maximize the percentage of Addison County customers that benefit from VGS energy efficiency programs. This metric requires VGS to meet minimum program participation rates for customers in Addison County by aggressively marketing and promoting its energy efficiency programs. VGS customers can participate in multiple programs (install high efficient equipment in the residential equipment replacement program and weatherize their home in the residential retrofit program) and in some cases multiple times in one program. VGS only counts an EEU Addison customer once in this metric and engages new customers as well as continues to engage customers that have already participated in its energy programs.<sup>25</sup>

Please see the following tables for the VGS QPIs and MPRs described above along with the corresponding targets and weighting.

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<sup>25</sup> See Order dated February 4, 2021 in Case No. 19-3272-PET approving continued Addison County penetration at 30%.

VGS QPIs

QPI #	Title	Performance Indicator	Target (2024-2026)	Policy Goal Advanced	Weight
<b>Quantifiable Performance Indicators ("QPI")</b>					
1	Savings	a. Annual incremental net Mcf expected savings	248,853	Annual incremental Mcf savings indicator intended to encourage EEU to design and implement efficiency initiatives that will maximize natural gas energy savings	15%
		b. Green house Gas emissions (carbon savings metric tons)	13,695	Annual incremental GHG emission indicator intended to encourage EEU to design and implement efficiency initiatives that will maximize greenhouse gas emissions	10%
2	Lifetime Natural Gas Savings	a. Present worth of lifetime natural gas avoided costs	\$27,981,383	Encourage an EEU to design and implement efficiency initiatives that will maximize lifetime natural gas benefits	15%
		b. Lifetime Mcf Savings	4,265,242		15%
3	Peak Day Natural Gas Savings	Peak day incremental expected savings	1,384	Cumulative peak day savings indicator intended to encourage EEU to design and implement efficiency initiatives that will maximize the capacity reduction coincident with peak day demand	15%
4	Residential Single Family Comprehensive	a. Percent of home energy audits converted to a measure installation within 12 months (Existing)	30%	Intended to ensure that energy efficiency initiatives are designed and implemented to acquire comprehensive savings	3%
		a. Percent of home energy audits converted to a measure installation within 12 months (Addison)	30%		2%
		b. Percent of all cost effective measures as well as those measures recommended by the audit and installed by the customer within 12 months. (Existing)	70%	Intended to ensure that energy efficiency initiatives are designed and implemented to acquire comprehensive savings	3%
		b. Percent of all cost effective measures as well as those measures recommended by the audit and installed by the customer within 12 months. (Addison)	70%		2%
5	Residential Audits	Energy audits completed; including comprehensive, home performance, customer, energy snap shots, low income, condominiums and mobile homes	600 Annually	Encourage customers to have energy audits performed, including comprehensive, home performance, custom, energy snap shots, low income, condominiums and mobile homes	5%
6	Long-term Market Transformation	Offer energy efficiency training for contractors	Two Per Year	Encourage EEU to design and implement efficiency initiatives that maximize market transformation	5%
7	Business Comprehensive Savings	Diversity of measures implemented in commercial retrofit projects (Existing)	A minimum of measures installed during the prior 12-months will be: 5% control-related, 20% heating systems, heat recovery or domestic hot water systems, 5% process-related and 15% shell or other-related	Intended to ensure that energy efficiency initiatives are designed and implemented to acquire comprehensive savings	4%
		Diversity of measures implemented in commercial retrofit projects (Addison)			1%
8	Administrative Efficiency	Administrative Cost reductions as a percent of total budget - proposal reflects 5% reduction goal	\$97,707	This indicator is intended to encourage the program administrator to continually assess its operations to continue to deliver services that maximize ratepayer value	5%

VGS MPRs

MPR #	Title	Performance Indicator	Target (2024-2026)	Policy Goal Advanced	Weight
<b>Minimum Performance Requirements ("MPR")</b>					
9	Minimum Natural Gas Benefits (Equity for all Natural Gas Ratepayers)	<b>Total natural gas energy efficiency benefits divided by total utility costs</b>	<b>Equal or greater than 1.2 cost benefit ratio</b>	Equity for all Vermont natural gas customers as a group by assuring that the overall natural gas benefits are greater than the costs incurred to implement and evaluate the natural gas EEU and the natural gas EEC	0% (Minimum Requirement)
10	Equity for Residential Ratepayers	<b>A minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers</b>	<b>\$8,611,583</b>	Equity for residential customers by assuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	0% (Minimum Requirement)
11	Equity for Low-income Customers	<b>A minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to Low-income customers</b>	<b>\$875,240</b>	Equity for low-income customers by assuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income households	0% (Minimum Requirement)
12	Equity for Small Business Customers	<b>Percent of commercial (non-residential) installed end uses that are classified as Rate G1 or G2 (use 600 Mcf/yr. or less)</b>	<b>30%</b>	Equity for small business customers by assuring that a minimum level of overall efficiency efforts, as reflected in participation, will be dedicated to small business accounts	0% (Minimum Requirement)
13	Total Resource Benefits	<b>Track and report non natural gas TRB</b>	<b>Annually</b>	Encourage EEU to design and implement efficiency initiatives that will maximize the lifetime benefits	0% (Minimum Requirement)
14	Addison County Aggressive DSM	<b>Meet minimum energy efficiency program participation rate for customers in Addison County</b>	Achieve 30% energy efficiency participation in Addison County by Year 3	This indicator is intended to maximize the percent of Addison County customers that benefit from VGS energy efficiency programs	0% (Minimum Requirement)

## Department Evaluation and Fiscal Agent budgets<sup>26</sup>

Energy efficiency charge (“EEC”) rates are set separately for Efficiency Vermont, BED, and VGS customers and are a volumetric charge by rate classification based on the total costs to operate the efficiency programs and the projected load. In addition to the previously mentioned RA and DSS categories, the total costs that drive the EEC rates also include the Department’s EEC-funded evaluation and verification of the VGS portfolio of programs, the fiscal agent-associated costs, as well as VGS’s share of the Thermal Energy Process Fuels (“TEPF”) fund. The TEPF was established for access to both regulated and unregulated TEPF services for effective coordination across all services with each respective agency contributing to its share of the funding.<sup>27</sup> The Department evaluation occurs annually based on the savings claims for the prior calendar year. Table F at the end of this document, reflects the most recent realization rates<sup>28</sup> from 2023 as well as the triennial period concluding 2021-2023. Projected costs associated with VGS’s responsibility for administration and reporting of the related costs of the natural gas EEU fund were previously allocated under the fiscal agent heading, however the VGS proposal has rolled these associated internal VGS labor costs into its DSS Planning and Reporting category. VGS included an estimate for the potential study costs associated with the next DRP proceeding. These categories do not contribute to the day-to-day operations of the VGS energy efficiency programs and therefore are not classified as either RA or DSS but are required as part of EEU services and therefore are included in overall EEU budgets and recovered in the EEC. The following table outlines non-RA and non-DSS associated budgets.

### VGS EEU natural Gas EEC funded budgets for this Plan

<b>VGS EEU Natural Gas EEC funded Budgets for 2024-2026</b>				
Other EEU Costs	2024	2025	2026	Total
<b>DPS Evaluation</b>	\$195,710	\$250,080	\$291,890	\$737,680
<b>TEPF Clearing House</b>		\$15,178	\$15,178	\$30,356
<b>Potential Study</b>	\$0	\$0	\$125,000	\$125,000
<b>Fiscal Agent Audit</b>	\$3,500	\$3,550	\$3,600	\$10,650
<b>Triennial Audit</b>	\$4,000	\$4,050	\$4,100	\$12,150
<b>Total</b>	<b>\$203,210</b>	<b>\$272,858</b>	<b>\$439,768</b>	<b>\$915,836</b>

<sup>26</sup> PUC approval on January 12, 2024 in Case 22-2954 PET based on VGS compliance filing with tables of budgets on 10/26/2023 and a revised compliance filing on 11/7/2023.

<sup>27</sup> Order Re Framework for a Thermal Energy and Process Fuels Statewide Information Clearing House, pursuant to 30 V.S.A. § 209(g)(2). The Commission determined that the costs of the TEPF Information Clearinghouse shall be allocated between unregulated and regulated fuel sectors..

<sup>28</sup> Process and Administrative document section V: Administration 9. DRP Triennial and Annual Plans A, (a) iv...”recently concluded evaluation results”

## Overall Objectives and Strategies for this Plan

This Plan represents a comprehensive strategy for energy efficiency savings and investments throughout the 2024-26 performance period. In 2025, VGS will maintain a strong focus on low- and moderate-income households and will add a commercial energy advisor to engage with small and medium sized businesses to continue advancing our equity work. This trajectory puts VGS and its customers on a path towards significantly reducing natural gas use and GHG emissions. The programs are designed to be inclusive, customer-centered, and to help advance VGS's ambitious Climate Plan of Net Zero by 2050.

The savings and EEU budgets are supported through the VGS financing mechanism approved by the Commission in the last DRP proceeding to enable a relatively smooth rate trajectory.<sup>29</sup> VGS will monitor updated TRMs, aligning them with those used to project budgets during the DRP process, and collaborate with the Department to make adjustments as needed. These programs have been designed to be nimble, flexible, and responsive to customer needs ensuring that smaller commercial customers and economically challenged Vermonters are able to consistently participate in our offerings.

This Plan takes into consideration the impacts of evolving energy codes, accelerated electrification of heating and hot water systems within new construction projects, rising costs, and workforce constraints. It balances these challenges with strategies to eliminate barriers to customer participation through enhanced collaboration and partnerships, advancing Vermont's clean energy and climate goals.

Tables A through Table D summarize the total VGS EEU budgets required to achieve this Plan. Table E details the DSS budgets by category and Table F the results of the verification process pertaining to annual and peak day savings.

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<sup>29</sup> See Order dated October 22, 2020 in Case No. 19-3272-PET. The loan amounts are designed to balance business as usual EEC collections based on load along with EEU budgets. PUC approval on January 12, 2024 in Case 22-2954 investments will not exceed \$10.5 M over the 2024-2026 period.

**Table A: Total VGS EEC funded budgets for this Plan<sup>30</sup>**

Total EEU Natural Gas EEC funded budgets 2024-2026					% of total
Vermont Gas RA and DSS budgets	2024	2025	2026	Total	Total
<b>Resource Acquisition</b>					
Residential Retrofit	\$2,058,959	\$2,070,040	\$1,925,322	\$6,054,321	31.2%
Residential New Construction	\$172,229	\$165,637	\$154,041	\$491,907	2.5%
Residential Equipment Replacement	\$1,799,258	\$1,944,458	\$2,012,318	\$5,756,034	29.7%
Commercial Retrofit	\$897,534	\$863,128	\$802,830	\$2,563,491	13.2%
Commercial New Construction	\$194,174	\$186,733	\$173,676	\$554,583	2.9%
Commercial Equipment Replacement	\$776,532	\$744,405	\$687,608	\$2,208,544	11.4%
<b>Subtotal RA VGS Funded</b>	<b>\$5,898,686</b>	<b>\$5,974,400</b>	<b>\$5,755,794</b>	<b>\$17,628,880</b>	<b>90.9%</b>
<b>Development &amp; Support Services</b>					
1. Education & Training	\$80,030	\$80,731	\$81,438	\$242,199	1.2%
2. Applied Research & Demonstration	\$10,621	\$10,727	\$10,834	\$32,182	0.2%
3. Planning and Reporting	\$66,787	\$67,355	\$67,928	\$202,070	1.0%
4. Evaluation	\$36,404	\$36,768	\$37,136	\$110,308	0.6%
5. Policy and Public Affairs	\$15,610	\$15,766	\$15,924	\$47,300	0.2%
6. Information Technology	\$36,880	\$37,049	\$37,217	\$111,146	0.6%
7. General Administration	\$36,168	\$36,505	\$36,845	\$109,518	0.6%
<b>Subtotal DSS VGS Funded</b>	<b>\$282,500</b>	<b>\$284,901</b>	<b>\$287,322</b>	<b>\$854,723</b>	<b>4.4%</b>
<b>SubTotal VGS Funded</b>	<b>\$6,181,186</b>	<b>\$6,259,301</b>	<b>\$6,043,116</b>	<b>\$18,483,603</b>	<b>95.3%</b>
<b>Other EEU Costs</b>					
DPS Evaluation	\$195,710	\$250,080	\$291,890	\$737,680	3.8%
TEPF Clearing House	\$0	\$15,178	\$15,178	\$30,356	0.2%
Potential Study	\$0	\$0	\$125,000	\$125,000	0.6%
Fiscal Agent Audit	\$3,500	\$3,550	\$3,600	\$10,650	0.1%
Triennial Audit	4000	4050	4100	\$12,150	0.1%
<b>SubTotal Other EEU Costs</b>	<b>\$203,210</b>	<b>\$272,858</b>	<b>\$439,768</b>	<b>\$915,836</b>	<b>4.7%</b>
<b>Total Natural Gas EEC Funded</b>	<b>\$6,384,396</b>	<b>\$6,532,159</b>	<b>\$6,482,884</b>	<b>\$19,399,439</b>	<b>100.0%</b>

**Table B: Detail of RA Peak Day Annual Savings (Mcf) by Program**

VGS EEU RA Peak Mcf Savings	Budget			(2024-2026)
	2024	2025	2026	3 Yr Total
<b>Residential Sector</b>				
Retrofit	64	65	61	189
New Construction	59	57	53	169
Equipment Replacement	121	132	137	390
<b>Commercial Sector</b>				
Retrofit	100	98	94	292
New Construction	37	36	34	107
Equipment Replacement	80	79	76	235
<b>Subtotal Residential</b>	<b>244</b>	<b>254</b>	<b>251</b>	<b>749</b>
<b>Subtotal Commercial</b>	<b>217</b>	<b>214</b>	<b>204</b>	<b>635</b>
<b>Total Annual Peak Savings (Mcf)</b>	<b>461</b>	<b>467</b>	<b>455</b>	<b>1,384</b>

<sup>30</sup> PUC approved on January 12, 2024 in Case 22-2954 PET based on VGS compliance filing with fiscal agent audit, triennial audit and TEPF line items on November 7, 2023.

Table C: Detail of RA Lifetime Savings (Mcf) by Program

VGS EEU RA lifetime Mcf Savings	Budget			(2024-2026)
	2024	2025	2026	3 Yr Total
<b>Residential Sector</b>				
Retrofit	116,298	117,774	110,178	344,250
New Construction	111,078	105,676	96,923	313,677
Equipment Replacement	335,376	365,076	380,016	1,080,468
<b>Commercial Sector</b>				
Retrofit	464,711	450,150	421,140	1,336,001
New Construction	103,410	100,170	93,708	297,288
Equipment Replacement	302,713	301,474	289,372	893,558
<b>Subtotal Residential</b>	<b>562,752</b>	<b>588,526</b>	<b>587,117</b>	<b>1,738,395</b>
<b>Subtotal Commercial</b>	<b>870,834</b>	<b>851,794</b>	<b>804,220</b>	<b>2,526,847</b>
<b>Total Annual lifetime Savings (Mcf)</b>	<b>1,433,585</b>	<b>1,440,320</b>	<b>1,391,337</b>	<b>4,265,242</b>

Table D: Detail of RA Incentive Budgets by Program

VGS EEU RA Incentive Budgets	Budget			(2024-2026)
	2024	2025	2026	3 Yr Total
<b>Residential Sector</b>				
Retrofit	\$1,429,655	\$1,437,349	\$1,336,863	\$4,203,867
New Construction	\$92,428	\$88,890	\$82,667	\$263,985
Equipment Replacement	\$1,638,636	\$1,770,873	\$1,832,675	\$5,242,184
<b>Commercial Sector</b>				
Retrofit	\$512,819	\$493,161	\$458,709	\$1,464,689
New Construction	\$94,548	\$90,925	\$84,567	\$270,039
Equipment Replacement	\$406,569	\$389,748	\$360,011	\$1,156,328
<b>Subtotal Residential</b>	<b>\$3,160,718</b>	<b>\$3,297,112</b>	<b>\$3,252,205</b>	<b>\$9,710,036</b>
<b>Subtotal Commercial</b>	<b>\$1,013,936</b>	<b>\$973,834</b>	<b>\$903,287</b>	<b>\$2,891,056</b>
<b>Total</b>	<b>\$4,174,654</b>	<b>\$4,270,946</b>	<b>\$4,155,492</b>	<b>12,601,092</b>

Table E: Detail of DSS Categories by Program 2024-2026

<b>VGS EEU DSS Budget Category Details</b>				<b>3 Year</b>
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2024-2026</b>
<b>1. Education &amp; Training</b>				
1 Energy Code and Standards Support	\$3,000	\$3,000	\$3,000	\$9,000
2 Vermont Energy Literacy Program	\$22,000	\$22,000	\$22,000	\$66,000
3 Customer Support	\$6,000	\$6,000	\$6,000	\$18,000
4 Energy Efficiency Education	\$39,830	\$40,531	\$41,238	\$121,599
5 Better Buildings by Design Conference, ACEE, CEE	\$9,200	\$9,200	\$9,200	\$27,600
Annual Total	<u>\$80,030</u>	<u>\$80,731</u>	<u>\$81,438</u>	<u>\$242,199</u>
<b>2. Applied Research &amp; Demonstration</b>				
1 New Technology	\$2,621	\$2,727	\$2,834	\$8,181
2 Technology Demonstrations	\$4,500	\$4,500	\$4,500	\$13,500
3 Emerging Data Services and Analytics	\$3,500	\$3,500	\$3,500	\$10,500
Annual Total	<u>\$10,621</u>	<u>\$10,727</u>	<u>\$10,834</u>	<u>\$32,181</u>
<b>3. Planning and Reporting (EEU only)</b>				
1 Annual/Monthly/Quarterly Plans/Fiscal Agent Reports	\$16,787	\$18,182	\$19,621	\$54,590
2 Demand Resource Plan, Integrated Resource Plan	\$10,000	\$10,305	\$10,085	\$30,390
3 Coordination/planning with partners/EEU's	\$20,000	\$18,258	\$18,053	\$56,311
4 Reporting on EEU related matters	\$20,000	\$20,610	\$20,170	\$60,780
Annual Total	<u>\$66,787</u>	<u>\$67,355</u>	<u>\$67,928</u>	<u>\$202,070</u>
<b>4. Evaluation (VGS EEU)</b>				
1 Annual Savings Verification	\$16,904	\$16,989	\$18,105	\$51,999
2 Technical Advisory Group	\$5,000	\$4,837	\$4,733	\$14,570
3 Technical Resource Manual	\$5,000	\$5,153	\$5,042	\$15,195
4 Quality management of program	\$5,000	\$5,153	\$5,042	\$15,195
5 Evaluation informal program	\$4,500	\$4,637	\$4,212	\$13,349
Annual Total	<u>\$36,404</u>	<u>\$36,768</u>	<u>\$37,136</u>	<u>\$110,308</u>
<b>5. Policy and Public Affairs (EEU only)</b>				
1 Public Affairs	\$2,233	\$1,926	\$1,689	\$5,848
2 Financial/Leveraged Product Development (Bilateral agreement)	\$1,500	\$1,546	\$1,513	\$4,559
3 Regulatory Affairs	\$11,877	\$12,294	\$12,722	\$36,893
Annual Total	<u>\$15,610</u>	<u>\$15,766</u>	<u>\$15,924</u>	<u>\$47,300</u>
<b>6. Information Technology</b>				
1 Information Technology	\$36,880	\$37,049	\$37,217	\$111,146
Annual Total	<u>\$36,880</u>	<u>\$37,049</u>	<u>\$37,217</u>	<u>\$111,146</u>
<b>7. General Administration</b>				
1 General administration of programs	\$36,168	\$36,505	\$36,845	\$109,518
Annual Total	<u>\$36,168</u>	<u>\$36,505</u>	<u>\$36,845</u>	<u>\$109,518</u>
<b>Total</b>	<b><u>\$282,500</u></b>	<b><u>\$284,901</u></b>	<b><u>\$287,322</u></b>	<b><u>\$854,722</u></b>

Table F: Commission Approved Evaluation Results (2021-2023)<sup>31</sup>

Realization Rate Program Name	Annual Mcf			Realization Rate Program Name	Peak Annual Mcf		
	2021	2022	2023		2021	2022	2023
Residential Retrofit	96.7%	94.7%	99.9%	Residential Retrofit	85.7%	88.5%	99.9%
Residential New Construction	106.2%	74.6%	96.1%	Residential New Construction	112.8%	70.8%	98.4%
Residential Equipment Replacement	102.8%	89.3%	99.0%	Residential Equipment Replacement	103.0%	96.5%	99.3%
Commercial Retrofit	76.4%	110.9%	80.1%	Commercial Retrofit	94.2%	119.5%	26.9%
Commercial New Construction	99.5%	68.9%	93.9%	Commercial New Construction	99.8%	68.0%	93.5%
Commercial Equipment Replacement	86.7%	54.0%	98.5%	Commercial Equipment Replacement	72.2%	51.4%	84.8%
Subtotal Residential	102.4%	87.9%	98.8%	Subtotal Residential	100.7%	87.7%	99.4%
Subtotal Commercial	82.8%	98.4%	81.8%	Subtotal Commercial	87.0%	87.6%	54.8%
Total Portfolio Annual Savings RR	93.2%	94.3%	83.7%	Total Portfolio Annual Peak RR	95.5%	87.7%	77.2%
Annual Mcf Savings Verified	2021	2022	2023	Peak Mcf Savings Verified	2021	2022	2023
Residential Retrofit	5,098	6,185	4,347	Residential Retrofit	58.8	78.9	55.5
Residential New Construction	6,017	3,494	2,542	Residential New Construction	71.5	38.3	26.3
Residential Equipment Replacement	16,619	10,902	9,671	Residential Equipment Replacement	120.3	90.6	97.8
Commercial Retrofit	9,918	30,344	96,798	Commercial Retrofit	55.3	100.9	25.7
Commercial New Construction	3,150	2,645	1,531	Commercial New Construction	35.1	26.2	15.7
Commercial Equipment Replacement	6,740	2,792	11,145	Commercial Equipment Replacement	42.7	27.4	56.9
Subtotal Residential	27,734	20,581	16,560	Subtotal Residential	250.6	207.8	179.5
Subtotal Commercial	19,808	35,781	109,474	Subtotal Commercial	133.1	154.4	98.3
Total Portfolio Verified	47,542	56,362	126,034	Total Portfolio Verified	383.7	362.2	277.8
Annual Mcf Savings Claimed	2021	2022	2023	Peak Mcf Savings Claimed	2021	2022	2023
Residential Retrofit	5,270	6,534	4,351	Residential Retrofit	68.6	89.1	55.5
Residential New Construction	5,667	4,682	2,644	Residential New Construction	63.4	54.1	26.7
Residential Equipment Replacement	16,159	12,203	9,764	Residential Equipment Replacement	116.8	93.9	98.4
Commercial Retrofit	12,980	27,368	120,908	Commercial Retrofit	58.7	84.5	95.5
Commercial New Construction	3,167	3,837	1,631	Commercial New Construction	35.2	38.5	16.8
Commercial Equipment Replacement	7,777	5,172	11,314	Commercial Equipment Replacement	59.2	53.3	67.0
Subtotal Residential	27,096	23,419	16,759	Subtotal Residential	248.8	237.0	180.7
Subtotal Commercial	23,924	36,377	133,853	Subtotal Commercial	153.1	176.2	179.4
Total Portfolio Claimed	51,020	59,796	150,612	Total Portfolio Claimed	401.9	413.2	360.1

<sup>31</sup> PUC order dated September 19, 2024 approving the 2023 savings verification (and the period ending 2021-2023) for VGS EEU in Case 24-1342-PET.

PUC order dated October 24, 2023 approving the 2022 savings for VGS EEU in Case 23-1411-PET.

PUC order dated October 27, 2022 approving the 2021 savings for VGS EEU in Case 22-1558-PET.