STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 24-2317-INV

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

Order entered:

PROPOSAL FOR DECISION ADDRESSING
ENERGY SAVINGS ACCOUNT AND CUSTOMER CREDIT PROGRAMS

I. INTRODUCTION

This case concerns the implementation of changes to the Energy Savings Account ("ESA") program and the Customer Credit Program ("CCP") pursuant to Public Act 142 of the 2024 Vermont legislative session. Pursuant to 30 V.S.A. § 209(d)(3)(C), these programs allow customers that meet certain eligibility standards to use a percentage of their annual energy efficiency charge ("EEC") contributions to self-administer energy efficiency as a substitute for participation in energy efficiency utility ("EEU") programs.

The Vermont Department of Public Service ("Department") proposes program designs for the ESA program and CCP to implement the changes made to 30 V.S.A. § 209(d)(3)(C) required by Act 142 of the 2024 Vermont legislative session. In this proposal for decision, I recommend that the Commission adopt the Department's proposal, with some minor modifications and clarifications.

As proposed by the Department, I also recommend that the Commission set a deadline for 30 days after a final order is issued in this case for the Department to make compliance filings consisting of proposed application templates and proposed program design elements to implement the ESA program and the CCP.

II. BACKGROUND

Pursuant to 30 V.S.A. § 209(d)(3)(C), customers paying an average annual energy efficiency charge of at least $5,000 may apply to the Commission to self-administer energy efficiency through the ESA program or CCP.[1]

Public Act 150 of the 2018 Vermont legislative session directed the Commission to establish an ESA pilot program.[2] The ESA pilot program was limited to certain eligible customers and implemented temporary changes to the ESA program for those eligible customers. In 2022, Vermont Public Act 164 granted an extension of the pilot program until December 31, 2026. The extension allows pilot participants to spend or contract to spend pilot funds accrued before January 1, 2024, but does not allow participants to accrue additional pilot funds.

Act 142 codified changes to Section 209(d)(3)(C) with respect to the ESA program and CCP. The changes were informed by the ESA pilot program and the recommendations of the ESA pilot program working group, convened under direction of Act 164 and comprised of existing participants in the pilot program, Efficiency Vermont, the Vermont Agency of Commerce and Community Development ("ACCD"), and the Department.

Under the Act 142 changes, Section 209(d)(3)(C) allows up to 75% of the customer's EEC payments to be used in an ESA or up to 90% of the EEC payments for a CCP. The remaining portion of the EEC charge must be used by the EEU and Department for administrative, measurement, verification, and evaluation costs and for systemwide energy benefits. Section 209(d)(3)(C) allows the Commission to approve use of the customer's EEC funds for one or more of the following: electric energy efficiency projects and non-electric efficiency projects, which may include thermal-and-process-fuels ("TEPF") efficiency, flexible load management, combined-heat-and-power systems, demand management, energy

[1] The Commission established the ESA program in 2009 and modified the program in 2014. *See Order Establishing an Option for Certain Business Customers to Self-Administer Energy Efficiency through the Use of an Energy Savings Account*, Order of 12/22/09; *Order Approving Modifications to the Design of the Energy Savings Account Program*, Case No. EEU-2014-02, Order of 6/6/14. The Commission established the CCP in 1999 and modified the program in 2007 and 2012. *See Investigation into Department of Public Service's Proposed Energy Efficiency Plan*, Docket 5980, Order of 9/30/99 at 28, 29, 75, A-112 through A-117; *Order re Petition of IBM to Amend EEU Customer Credit Program*, Order of 8/14/07; *Clarifying Order re Petition of IBM to Amend EEU Customer Credit Program*, Order of 10/11/07; *Order Re Proposed Modifications to C&I Customer Credit Program and Participation of OMYA, Inc.*, Case No. EEU-2012-01, Order of 8/24/12.

[2] *See Order Re Energy Savings Account Pilot Program*, Case No. 19-0302-INV, Order of 5/16/19 at 27; *Order Addressing Implementation of ESA Pilot Program*, Case No. 19-0302-INV, Order of 7/23/21.

productivity, and energy storage. These funds must not be used for the purchase or installation of new equipment capable of combusting fossil fuels.

Section 209(d)(3)(C) requires that the Commission, by rule or order, establish (1) criteria for the ESA and CCP programs and approval of the applications, (2) application and enrollment periods, (3) participant requirements, and (4) the methodology for evaluation, measurement, and verification of the programs. Section 209(d)(3)(C) limits the total annual amount of customer EEC funds that can be placed into an ESA or CCP to $2,000,000 and $1,000,000, respectively.

III. PROCEDURAL HISTORY

On August 22, 2024, the Department filed a document with separate proposed program designs for the ESA program and the CCP ("Program Designs Document"). The Department states that the program designs were developed based on its review of the existing CCP and ESA program guidelines, statutory language, consideration of the impacts of these programs on non-participating ratepayers, and comments received from previous ESA pilot program participants, Efficiency Vermont, and ACCD.

Between September 11 and 13, 2024, comments on the Department's proposed program designs were filed by the Vermont Ski Area Association ("VSAA"), Smurfit Westrock, Efficiency Vermont, Chroma Technology Corp ("Chroma"), and Associated Industries of Vermont ("AIV").

On September 20, 2024, I issued an information request to the Department regarding the program designs.

On October 17, 2024, the Department filed responses to the information requests and to the stakeholder comments ("Department Response"). The Department proposes to file specific ESA and CCP program design descriptions as a compliance filing 30 days after a Commission order is issued.[3]

IV. DISCUSSION

The Department proposes separate program designs for the ESA program and CCP. I recommend the Commission adopt the Department's proposed program designs, including the modifications provided in the Department's supplemental responses.

[3] Department Response at 8.

My recommendations to the Commission are addressed separately below by program and the following topic areas:

- Program criteria;
- Allowable measures and reimbursement;
- Application and enrollment periods;
- Participant requirements;
- Methodology for program evaluation, measurement, and verification; and
- Accounting practices (listed under ESA program design and also applies to CCP).

A. ESA Program Design

1. Program criteria

The Department proposes that the design of the ESA program include technical assistance from the EEUs for projects and measures. The Department recommends that electric efficiency measures and projects be given priority before the customer proceeds with any non-electric efficiency projects under the ESA program. The Department maintains that electric efficiency measures and projects should be prioritized "to retain as much system-wide benefits to all electric ratepayers as possible and thereby helping to keep electric rates lower for all ratepayers."[4] The Department agrees that participants should not have to exhaust all cost-effective electric efficiency measures before pursuing non-electric efficiency measures and projects.[5]

To ensure that electric measures are prioritized, the Department recommends that all ESA participants be required to complete an energy audit to identify cost-effective electric efficiency measures before the customer proceeds with any non-electric efficiency projects under the program.[6] A walk-through audit would be provided as part of an EEU's technical assistance activities. The Department maintains an energy audit is sufficient for electric efficiency measures and therefore an energy management plan ("EMP") is not necessary for participants only implementing electric efficiency measures.[7]

Before implementing non-electric projects, the Department recommends that ESA participants be required to develop an EMP "explaining the need for the projects, the estimated

[4] Program Designs Document at 4.
[5] Department Response at 9.
[6] Program Designs Document at 4.
[7] Department Response at 2.

electric and other energy and non-energy benefits, the expected cost, and, if all electric efficiency measures identified in the energy audit have not been completed, why the project is being prioritized by the participant."[8] The Department recognizes that EMPs do not require Commission approval, but recommends that EMPs be filed with the Commission. The Department maintains that implemented ESA measures and costs should be transparent because the program uses ratepayer funds. Additionally, the transparency will allow other potential participants a window into what could be done with these funds should they decide to apply to participate in the future. The Department suggests that EMPs be filed as reports with the Commission (through ePUC) and that the EEUs be notified when the EMP is filed.[9]

The Department further recommends that ESA participants be allowed to participate in Efficiency Vermont midstream, point-of-sale programs, but not in any other Efficiency Vermont custom or downstream incentive programs.[10]

Act 142 prescribes that ESA participants can be reimbursed up to 75% of its EEC contributions. The Department recommends that reimbursement be net of required taxes. The Department also recommends that the 25% of EEC contributions retained and not allowed for use by the ESA customer be allocated between the EEU and Department for evaluation, measurement, and verification activities, program administration, technical assistance, and other costs that include customer participation in midstream and point-of-sale programs. The Department would receive 2% of the allocation. EEU assistance would include societal cost-effectiveness screening and technical assistance. The Department recommends that the EEU collect project-level information, including energy savings and proof of installation, to the same standards the Commission and Department require for all EEU-directed projects.[11]

Discussion

Section 209(d)(3)(C) allows up to 75% of the customer's EEC payments to be used for ESA projects and measures. The remaining portion of the EEC charge must be used for administrative, measurement, verification, and evaluation costs and for system-wide energy benefits. The customer's EEC payments can be used for electric energy efficiency projects and

[8] Program Designs Document at 4.
[9] Department Response at 2.
[10] Program Designs Document at 4.
[11] Program Designs Document at 4-5.

non-electric efficiency projects, including TEPF efficiency, flexible load management, combined-heat-and-power systems, demand management, energy productivity, and energy storage. The Department proposes program criteria consistent with these requirements. Prioritization of electric efficiency projects ensures that the ESA program provides system-wide energy benefits for all ratepayers. I recommend that the Commission adopt the program criteria recommended by the Department, as described above.

Efficiency Vermont and other participants support the proposed program criteria. Efficiency Vermont recommended, and the Department agrees, that an EMP only be required for ESA participants that are pursuing non-electric efficiency measures.[12] I recommend the Commission adopt this requirement and require that the EMPs be filed with the Commission. EMPs should be filed as reports with the Commission (through ePUC) and the EEUs should be notified of these filings.

2. Allowable measures and reimbursement

The Department proposes that ESA participants complete an energy audit to identify cost-effective electric efficiency measures after being selected for enrollment in the program. The Department recommends that the energy audits and the costs associated with screening be 100% reimbursable through the ESA. The Department also recommends that walk-through energy audits be provided by the EEU as part of technical assistance for participants. The Department further recommends that the EEU provide "societal cost-effective screening for all measures, as they do for their existing programs."[13]

The Department recommends allowing for the largest amount of flexibility possible for ESA participants to pursue electric energy efficiency projects and non-electric efficiency projects, including TEPF efficiency, flexible load management, combined heat and power systems, demand management, energy productivity, and energy storage.[14] The Department proposes the following definition for energy productivity in order to ensure that the measure results in energy savings:

> Energy productivity programs and measures are investments that reduce the amount of energy required to produce a unit of product below baseline energy use. Any new equipment installed to increase productivity must be a higher efficiency

[12] Efficiency Vermont Comments at 2; Department Response at 9.
[13] Program Designs Document at 5.
[14] 30 V.S.A. § 209(d)(3)(C).

> version of the equipment than that represented by industry standard practice equipment or minimum efficiency equipment as set by federal or state standards and codes, if such equipment is available. Baseline energy use shall be calculated as the average amount of energy required to make one unit of the same product during a representative two-week baseline period in the two years preceding implementation of the program or measure. The value of the lifetime energy savings generated by the lower energy consumption per unit of product compared to the baseline energy use per unit should be greater than the cost of the newly installed equipment.[15]

The Department states this definition is a revision to the one used under the ESA pilot program and is intended to ensure that there are energy savings when implementing an energy productivity measure. The Department maintains that if the project does not reduce the amount of energy required to produce a unit of product when increasing production, then it is not an efficiency measure and is simply a production improvement that should be paid for by the business rather than by ESA funds.[16]

The Department recommends that ESA participants be reimbursed for up to 100% of total project costs (including materials and installation). The Department also recommends that the cost of engineering planning and related study costs be reimbursed in an amount up to 25% of the total costs. The Department recommends this 25% limit "to ensure some energy savings or benefits are achieved with the EEC funds rather than spending all the funds on engineering or studies with no projects implemented."[17] The Department contends that if a company has to invest some funding in the engineering and study costs for a project, it would be more likely to implement the final project than if all of those costs are covered.[18]

In response to comments recommending that participants be fully reimbursed for engineering and study costs, the Department contends that the 25% cap ensures more funding will be used for implementation of projects and acquiring savings. The Department notes that the ESA program will result in a high cost for energy saved given that participants can receive up to 100% of the costs of measures and projects rather than the incremental costs of a more efficient measure that is the typical construct for most energy efficiency program participants.[19]

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[15] Program Designs Document at 5-6.
[16] Program Designs Document at 6.
[17] Program Designs Document at 6.
[18] Program Designs Document at 6.
[19] Department Response at 10-11.

The Department recommends that participants be provided three years to spend accrued EEC funds and that any unspent funds after the three-year period be returned to the EEU. The Department recommends that reconciliation occur annually at the end of each calendar year and be returned to the EEU fund triennially (e.g., EEC collected in 2024 that is unspent by the end of 2027 reverts to the EEU). The Department also recommends that participants be allowed to apply to the Commission to retain funds for up to six years if additional time is needed to complete a project, as long as these funds are obligated.[20] The Department considers "obligated" funds to be synonymous with "committed" funds, as used in the implementation of the ESA pilot program. Thus, the Department recommends defining committed funds as those funds that are designated for a specific project or purpose and that are officially obligated through a contract, grant, loan, or other arrangement. Funds may be considered committed provided there is a written agreement of some type obligating payment.[21]

Discussion

Section 209(d)(3)(C) requires the Commission to establish participant requirements for the ESA program. I recommend that the Commission adopt the allowable measures and reimbursement provisions proposed by the Department, as described above. The Department proposes requirements for allowable measures and reimbursement that ensure energy savings or benefits are achieved with the EEC funds.

Efficiency Vermont and other commenters support all or most of the proposed requirements for allowable measures and reimbursement. However, Chroma Technology, Smurfit Westrock, and AIV propose that engineering planning and related study costs in excess of 25% could be reimbursed after a project is implemented. They suggest that this option would address the Department's concern that a project may not ultimately be implemented after the initial investment of EEC funds for planning costs.

I recommend that the Commission adopt the Department's proposed 25% limit on reimbursement of engineering planning and study costs. The 25% cap ensures that more EEC funds will be used for implementation of completed projects and acquired savings. As the Department notes, when compared to most other EEU efficiency programs, the ESA program

[20] Program Designs Document at 7.
[21] Program Designs Document at 7; Department Response at 3.

results in a high cost for energy saved given that participants can receive up to 100% of the costs of measures and projects.

3. Application and enrollment periods

Consistent with Section 209(d)(3)(C), the Department recommends that interested customers be required to submit an application to participate in the ESA program. The Department proposes to work with the EEUs to develop an application template that would be submitted to the Commission for review and approval.[22] As with the existing ESA program, the Department recommends that applications be submitted to the EEUs, the Department, and the Commission for review. The EEUs and Department would then submit a filing to the Commission affirming eligibility and completion of application requirements for participants to be accepted into the program.[23]

The Department recommends that enrollment be offered once every three years to align with the EEUs' three-year budget- and goal-setting process. This provides predictability in the overall amount set aside for the ESA program and allows for an estimate of the savings that will be achieved for a performance period.[24] The Department contends that this will minimize the administrative burden of continually reviewing applications that might occur under a continual open enrollment period. Under the Department's proposal, a regular cycle will call for applications to be submitted 18 months before a new three-year EEU performance period (which would be July 1, 2025, for the 2027-2029 performance period). The enrollment period would start at the beginning of the performance period (January 1, 2027 for the 2027-2029 performance period).[25] The Department acknowledges that it may be necessary to have an initial application process and enrollment period that does not follow this recommendation to provide an opportunity for program participation sooner than the 2027-2029 performance period. To allow for this recommendation, the Department proposes separate initial timelines for existing ESA and ESA pilot program participants and new applicants. The Department also suggests that the Commission consider merging this initial application process with the process for 2027-2029 performance period to avoid two application processes within a short time frame. To accomplish

[22] Department Response at 3.
[23] Department Response at 3.
[24] Program Designs Document at 7.
[25] Program Designs Document at 7-8.

that end, the Department suggests the first full open enrollment be for the 2030-2032 performance period.[26]

The Department further recommends that there be an option for an automatic renewal for participants for an additional three years if they choose and a requirement for full open enrollment every six years. According to the Department, allowing participants to extend for a total of six years enables larger and more complex projects to be implemented.[27] For existing ESA and ESA pilot program participants, the Department suggests that the Commission "consider an automatic approval of existing ESA pilot participants into the new program with a simplified application given the likelihood of those customers having existing energy management plans with measures that could be quickly implemented."[28] The Department adds that ESA pilot program participants could be automatically accepted after signing an affidavit that they will adhere to the new ESA program design and requirements and will provide any additional necessary information requested by the EEUs.[29] The Department further recommends that if a participant withdraws from the program they be required to wait until the next full enrollment period to reapply.[30]

Because the changes to Section 209(d)(3)(C) include an ESA program cap of $2 million, the Department recommends that if the ESA program is oversubscribed during enrollment, the largest energy users should receive priority during the selection process. The Department explains that this approach provides for an objective and quantifiable metric for the selection process.[31]

Discussion

Section 209(d)(3)(C) requires the Commission to establish an application process, criteria for approval, and application and enrollment periods for the ESA program. Except for the modifications and clarifications discussed below, I recommend that the Commission adopt the Department's ESA proposal for application and enrollment described above. The Department's proposal precedes the EEUs' three-year budgets and goal setting process and provides ESA participants with a flexible process.

[26] Program Designs Document at 7-8; Department Response at 4-6.
[27] Program Designs Document at 8.
[28] Program Designs Document at 8.
[29] Department Response at 7.
[30] Program Designs Document at 8.
[31] Program Designs Document at 8.

With respect to the application process, I recommend that the Commission adopt the Department's proposal that it work with the EEUs to develop an application template that includes a simplified process for existing ESA and ESA pilot program participants.

I recommend that the Department's compliance filing, consisting of the proposed application template and the ESA program design and requirements, be filed for Commission approval within 30 days of issuance of the Commission order. I also recommend that the Commission establish a target date for an order with its determinations no later than 30 days after the Department's filing.

With respect to the initial implementation period, I recommend the Commission adopt the Department's recommendation that the initial application and enrollment process not be directly aligned with the EEU performance period to provide an opportunity for program participation sooner than the 2027-2029 performance period. Under this approach, the application and enrollment process will begin in 2025, and end in 2029.

Accordingly, for existing ESA and ESA pilot program participants, I recommend the following timeline for the initial application and enrollment period:

- Within three months of Commission order – deadline for participants to file a simplified application that includes a signed affidavit that they will adhere to the new ESA program design/requirements and agree to provide any additional necessary information requested by the EEUs.
- Within four months of the Commission order – target date for Commission order addressing participants accepted into the new ESA program. The enrollment period for these participants will be through December 31, 2029.

For new ESA applicants/participants, I recommend the following timeline for the initial enrollment period:

- May 30, 2025 – deadline for applications to participate in the ESA program.
- June 30, 2025 – deadline for EEUs and Department to file recommendations with respect to eligibility and the completeness of the application and affirm eligibility and completion of application for acceptance of applicants into the new ESA program.
- July 31, 2025 – Target date for Commission order accepting any additional participants into the ESA program. The enrollment period for these participants would be from

January 1, 2027, through December 31, 2029. These participants are eligible to participate in other EEU programs until the enrollment period begins.

Before the start of an enrollment period, I recommend that the Commission open a case to enable the filing of applications and to enable the EEUs and the Department to file recommendations with respect to eligibility and the completeness of the applications. As part of the case, I recommend that the Commission provide details on the process for filing ESA applications with the required entities.

4. Participant Requirements

The requirement that commercial and industrial customers who pay an average annual energy efficiency charge of at least $5,000 are eligible to participate in the ESA program is consistent with statutory requirements.[32] The Department did not recommend any other participant requirements.

Discussion

Section 209(d)(3)(C) allows customers who pay an EEC of at least $5,000 to apply to the Commission to self-administer energy efficiency through an energy savings account. Accordingly, I recommend that the Commission adopt the Department's proposal that commercial and industrial customers who pay an average annual EEC of at least $5,000 are eligible to participate in the ESA program.

5. Methodology for program evaluation, measurement, and verification

The Department proposes that it will verify energy savings associated with projects implemented under the ESA program during the annual EEU savings verification process. The Department recommends that the EEU claim the energy savings and greenhouse gas reductions, and other benefits associated with the ESA projects. If more than one EEU or an EEU and distribution utility are involved in a project, the savings should be split proportional to the investments of each entity.

Discussion

Section 209(d)(3)(C) requires that the Commission establish the methodology for evaluation, measurement, and verification of ESA programs. I recommend that the Commission

[32] Program Designs Document at 9.

adopt the methodology for program evaluation, measurement, and verification proposed by the Department. The proposed methodology is consistent with the methodology used in other EEU programs.

6. Accounting practices

Efficiency Vermont recommends that ESA participants' EEC contributions be tracked through accrual accounting practices.[33] Under this approach, Efficiency Vermont and the ESA participant maintain records of accumulated contributions and withdrawals, and Efficiency Vermont assures the availability of EEC funds when participant invoices are submitted. Efficiency Vermont maintains that keeping EEC contributions in the general pool of the electric efficiency budgets is administratively efficient, provides effective management of cash flow, anticipates project pipeline development, and streamlines reporting for program activities across the Efficiency Vermont's entire portfolio.[34]

Discussion

I recommend that the Commission adopt the accounting procedures proposed by Efficiency Vermont and supported by the Department. Tracking EEC funds through accrual accounting practices is administratively efficient and consistent with other EEU program accounting. I recommend this practice apply to both the ESA program and the CCP.

B. CCP Program Design

1. Program criteria

The Department explains that the CCP design is meant to be more independently driven by the participant than the ESA program. Accordingly, the Department recommends that no technical assistance will be provided by the EEU unless hired directly by the participant. The Department asserts that CCP participants should demonstrate their independent commitment to "pursuing cost effective energy efficiency (electric and thermal), demand management, combined heat and power, or energy storage on its own."[35] Unlike the ESA program, the Department recommends that CCP participants not be allowed to participate in any other EEU programs, including midstream, point-of-sale programs.[36]

[33] Efficiency Vermont also recommends this methodology for CCP participants.
[34] Efficiency Vermont Comments at 2.
[35] Program Designs Document at 10.
[36] Program Designs Document at 10.

As required by Section 209(d)(3)(C), a CCP participant can be reimbursed up to 90% of its EEC contributions. The Department recommends that reimbursement should be net of required taxes. The Department also recommends that the 10% of EEC contributions retained and not allowed for use by the CCP participant be used for administrative and measurement, verification, and evaluation costs. The Department would be allocated 2% of these costs. The Department recommends that the 10% should also be inclusive of societal cost-effectiveness screening. The Department recommends that the EEU be directed to collect project-level information, including energy savings, to the same standards the Commission and Department require for all EEU-directed projects.[37]

Discussion

Section 209(d)(3)(C) allows up to 90% of the customer's EEC payments to be used for CCP projects and measures. The remaining portion of the EEC charge must be used for administrative, measurement, verification, and evaluation costs and for system-wide energy benefits. The EEC contributions can be used for electric energy efficiency projects and non-electric efficiency projects, including TEPF efficiency, flexible load management, combined-heat-and-power systems, demand management, energy productivity, and energy storage. The Department proposes program criteria consistent with these statutory requirements. I recommend that the Commission adopt the Department's proposed program criteria for CCP.

2. Allowable measures and reimbursement

Consistent with its recommendation for the ESA program, the Department recommends that the Commission allow the largest amount of flexibility as possible for CCP participants. The Department recommends that the EEU provide cost-effectiveness screening for all measures. The Department also recommends a requirement that the estimated project lifetime monetary benefits must be equal to or exceed project costs. Additionally, the Department recommends the same energy productivity definition included in the proposed ESA program design be used for the CCP.[38]

The Department recommends that program participants be reimbursed up to 100% of total project costs (including materials and installation). For the same reasons identified under

[37] Program Designs Document at 10.
[38] Program Designs Document at 10-11.

the proposed ESA program, the Department recommends that the cost of engineering planning and study costs be reimbursed up to 25% of the total costs.[39]

The Department recommends that participants be provided three years to spend accrued EEC contributions and that any unspent funds after the three-year period be returned to the EEU. Using the same requirements as for the ESA program, the Department recommends that CCP participants be allowed to apply to the Commission to retain funds for up to six years if additional time is needed to complete a project, but these funds must be obligated to receive the extension.[40]

Discussion

Section 209(d)(3)(C) requires the Commission to establish participant requirements for the CCP. I recommend that the Commission adopt the allowable measures and reimbursement provisions proposed by the Department. The Department proposes requirements for allowable measures and reimbursement that ensure energy savings or benefits are achieved with the EEC funds. Consistent with my recommendation for the ESA program, I recommend the Commission adopt the 25% cap on engineering planning and study costs for the CCP.

3. Application and enrollment periods

The Department recommends substantially the same application and enrollment process for the CCP as described above for the ESA program. However, the Department proposes two changes. First, the Department does not propose that ESA pilot participants be able to automatically enroll in the CCP, as they would be under the proposed ESA program. The Department maintains that automatic approval should not be granted because the CCP is an entirely new and different program without previous participation. Second, the Department recommends the initial application process be open to any company, including ESA pilot program participants. Unlike the proposal for the ESA program, the Department recommends the initial application process start selecting participants in 2025. The initial enrollment period would continue until the end of 2029 and the next enrollment period would start in 2030.[41]

[39] Program Designs Document at 11.
[40] Program Design Document at 11.
[41] Department Response at 10.

Because the changes to Section 209(d)(3)(C) include an EEC program cap of $1 million, the Department recommends that if the CCP is oversubscribed, the largest energy users receive priority during the selection process. The Department explains that this approach provides for an objective and quantifiable metric for the selection process.[42]

Discussion

Section 209(d)(3)(C) requires the Commission to establish an application process, criteria for approval, and application and enrollment periods for the CCP. Except for the modifications and clarifications discussed below, I recommend that the Commission adopt the Department's proposal for application and enrollment in the CCP. The proposal is consistent with the process under the ESA program while recognizing the need for some distinctions because all applicants will be new to the program requirements.

I recommend that the Department's compliance filing, consisting of the proposed application template and the CCP program design elements, be filed for Commission approval within 30 days of issuance of the Commission order. I also recommend that the Commission establish a target date for an order with its determinations no later than 30 days after the Department's filing.

With respect to the initial implementation period, Chroma Technology, Smurfit Westrock, and AIV recommend that ESA pilot participants be automatically allowed to enroll in the CCP. Because the requirements of the CCP will be new to ESA pilot program participants, I recommend the Commission not allow ESA pilot participants to automatically enroll and instead adopt the Department's recommendation for the application and enrollment process.

Accordingly, for new CCP applicants/participants, I recommend the following timeline for the initial enrollment period:

- June 30, 2025 – deadline for applications to participate in the CCP.
- July 31, 2025 – deadline for EEUs and Department to file recommendations with respect to eligibility and the completeness of the application and affirm eligibility and completion of application for acceptance of applicants into the CCP.

[42] Program Designs Document at 12.

- August 31, 2025 – Target date for Commission order accepting any participants into the CCP program. The enrollment period for these participants would be from the date of the Commission's order through December 31, 2029.

Before the start of an enrollment period for the CCP, I recommend the Commission open a case to enable the filing of applications and to enable the EEUs and the Department to file recommendations with respect to eligibility and the completeness of the applications. As part of the case, I recommend that the Commission provide details on the process for filing CCP applications with the required entities.

4. Participant requirements

The Department's proposal states that commercial and industrial customers who pay an average annual energy efficiency charge of at least $5,000 are eligible to participate in the CCP. The Department recommends that participants be required "to have a designated, dedicated contractor or staff within the corporation with responsibility to develop, analyze, implement, and verify projects."[43] The Department further recommends that these personnel must be certified energy professionals or licensed engineers and/or have an applicable degree from an Accreditation Board for Engineering and Technology ("ABET")-accredited institution or formal energy or environmental certification such as International Organization for Standardization or European Union standards. The Department suggests that these participants should be required to certify these qualifications every three years.[44]

Discussion

Section 209(d)(3)(C) allows customers who pay an EEC of at least $5,000 to apply to the Commission to self-administer energy efficiency through a CCP. Accordingly, I recommend that the Commission adopt the Department's proposed participate requirements. Because CCP participants do not have access to technical assistance from the EEUs, I recommend the Commission adopt the Department's recommendation that CCP participants have qualified and certified staff to support energy efficiency projects. I also recommend that the Commission adopt the Department's proposal that CCP participants provide certification qualified staff.

[43] Program Design Document at 12.
[44] Program Design Document at 12.

However, rather than requiring this every three years, I recommend that the Commission require this information to be provided as part of the CCP application or renewal process.

5. Methodology for program evaluation, measurement, and verification

The Department proposes that it will verify energy savings associated with projects implemented under the CCP. The EEU will track and report the verified savings for CCP participants, but these results will not be claimed by the EEU towards its quantifiable performance indicators.[45]

Discussion

Section 209(d)(3)(C) requires that the Commission establish the methodology for evaluation, measurement, and verification of the CCP. I recommend that the Commission adopt the methodology for program evaluation, measurement, and verification proposed by the Department. The proposed methodology is consistent with the methodology used in other EEU programs.

V. CONCLUSION

The Department proposes program designs for the ESA program and CCP to implement the changes made to 30 V.S.A. § 209(d)(3)(C) by Act 142. Based on the consideration of participant comments and the statutory requirements, I recommend that the Commission adopt the Department's proposal, with some minor modifications and clarifications.

As proposed by the Department, I also recommend that the Commission set a deadline for 30 days after a final order is issued in this case for the Department to make compliance filings consisting of proposed application templates and proposed program design elements to implement the ESA program and the CCP.

This proposal for decision is being circulated to the participants for their review and comment in accordance with 3 V.S.A. § 811.

Dated at Montpelier, Vermont this 10th day of February, 2025

Andrea C Poppiti

Andrea Poppiti
Hearing Officer

[45] Program Design Document at 12-13.

PUC Case No. 24-2317-INV - SERVICE LIST

Janette Bombardier
Chroma Technology Corporation
10 Imtec Lane
Bellows Falls, VT 05101
jbombardier@chroma.com

(for Chroma Technology Corporation)

Warren Coleman
MMR, LLC
45 Court St
Montpelier, VT 05602
warren@mmrvt.com

(for WESTROCK)

Tait Germon
Killington/Pico Ski Resort Partners, LLC
4763 Killington Rd
KILLINGTON, VT 05751
tgermon@killington.com

(for Killington Pico Ski Resort Partners, LLC)

Nathan Hill
Collins Aerospace
100 Panton Rd
Vergennes, VT 05491
nathan.hill@collins.com

(for Collins Aerospace)

John W Kessler
Agency of Commerce and Community Development
National Life Building, Drawer 20
Montpelier, VT 05620-0501
john.kessler@vermont.gov

(for Vermont Agency of Commerce and Community Development)

Megan Ludwig, Esq.
Vermont Department of Public Service
112 State Street
Montpelier, VT 05620-2601
megan.ludwig@vermont.gov

(for Vermont Department of Public Service)

Harland L Miller
Collins Aerospace
100 Panton Road
Vergennes, VT 05491
harland.miller@collins.com

(for Collins Aerospace)

Ken Nolan
Vermont Public Power Supply Authority
P.O. Box 126
Waterbury Center, VT 05677
knolan@vppsa.com

(for Vermont Public Power Supply Authority)

Matthew Poli
Killington/Pico Ski Resort Partners LLC
4763 Killington Road
Killington, VT 05751
mpoli@killington.com

(for Killington Pico Ski Resort Partners, LLC)

Matthew J. Walker
Efficiency Vermont-Vermont Energy Investment Corporation
20 Winooski Falls Way
5th Floor
Winooski, VT 05404
mjwalker@veic.org

(for Efficiency Vermont - Vermont Energy Investment Corporation)

David C. Westman
Efficiency Vermont - Vermont Energy Investment Corporation
20 Winooski Falls Way
5th Floor
Winooski, VT 05404
dwestman@veic.org

(for Efficiency Vermont - Vermont Energy Investment Corporation)