

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 25A-0742

Vermont Gas Systems, Inc. Windy Ridge Geothermal Project	
---	--

**VERMONT DEPARTMENT OF PUBLIC SERVICE RECOMMENDATIONS ON
VERMONT GAS SYSTEMS PROPOSED USE OF INNOVATION FUNDS FOR THE
WINDY RIDGE PROJECT**

On April 16, 2025, Vermont Gas Systems, Inc. (“VGS”) filed a Report with the Vermont Public Utility Commission (“Commission”) proposing to allocate approximately \$64,313 in innovation funds to a community scale geothermal network to provide heating and cooling to a portion of a housing development in Hinesburg, Vermont (the “Project”).¹ The Report on the Project was filed pursuant to the Climate Action and Innovation Programs section of the VGS Alternative Regulation Plan (“ARP”) which encourages VGS to “pursue and consider projects . . . that support Vermont’s statewide energy goals by advancing promising technologies to facilitate efficient, lower carbon energy choices for Vermont customers[]” with up to \$2,000,000 in annual “Innovation Budget” funds.² The ARP requires VGS to provide 30-day notice to the Vermont Department of Public Service (“Department”) and Commission before spending over \$25,000 of Innovation Budget funds.³ Either the Department or Commission may object to the

¹ Champlain Housing Trust (“CHT”) is the developer of the Windy Ridge housing project, the first phase of the Windy Ridge housing project. Evernorth partnered with CHS to develop the South Meadow Neighborhood as part of Windy Ridge. If completed, Windy Ridge would include 76 mixed residential and commercial units including up to 58 affordable units; See Findings of Fact, Conclusions & Order, Champlain Housing Trust - Sketch Plan Approval for a 76-unit Subdivision Tax Map Number 16-20-56.800, Town of Hinesburg Development Review Board, <https://www.hinesburg.org/sites/g/files/vyhlf6691/f/pages/16-20-56-800-windyridge-sketch-final.pdf> (“Sketch Plan Approval”) (accessed May 13, 2025).

² Alternative Regulation Plan, Case No. 22-5085-PET, Filing of Oct. 26, 2023, 13. (“ARP”) (approved by Commission Order of Aug. 18, 2023) (ARP ¶ 9(b) provides for up to \$1,500,000 and \$500,000 in annual capital and expense spending respectively).

³ ARP, ¶ 9(b), (e), (f).

notice, with objections resulting in additional process. After review of VGS filing in this case the Department recommends that the Commission allow VGS' proposed Innovation Budget spending without further process or procedures in this case.

The Project would serve 44 permanently affordable residential units as part of the first of several phases of the Windy Ridge housing development.⁴ VGS estimates the Project will cost \$3,345,000. VGS anticipates the following funding sources for the Project, 64,313 in innovation funds, \$3,010,000 from a Department of Energy grant ("DOE Grant"), \$192,937 from the Champlain Housing Trust ("CHT"), and \$77,750 from estimated Green Mountain Power Renewable Energy Standard Tier III incentives.⁵ Given the DOE Grant is expected to contribute approximately 90% of the Project's cost and VGS will own the Project at the end of the 30 month grant period, the relative cost of the Project to VGS is very low.⁶

The Department supports the Project based on VGS' current filings in this case. This support is specifically conditioned on the availability of DOE Grant funds. The Project's proposed funding structure is subject to significant uncertainty in the context of the recent withholding of federal funds by the Trump Administration. Without DOE Grant funds both the societal and VGS benefit cost analysis for the Project as proposed become impracticable. In the event DOE Grant funds are unavailable, the Department understands VGS will submit a modified notice reflecting among other changes, a revised project scope and funding proposal.

⁴ Sketch Plan Approval, ¶ 3.

⁵ Report, Apr. 16, 2025, 2-3, 6-7.

⁶ Report at 3. At the end of the 30-month DOE Grant period VGS will retain ownership of the geothermal ground loop system. Based on conversations with VGS the Department understands Windy Ridge resident-users of the Project will pay \$20 each month to cover the VGS' costs in providing the ground loop portion of the system as a thermal sync for heating, cooling, and domestic hot water. Resident-users will also pay \$18 each month for VGS to service and maintain individual heat pump units for the first 30-months. After the 30-month period, resident-users may elect to discontinue the \$18 monthly service.

As VGS proposes to provide service to Windy Ridge residents as a variance from tariffed services, the Department expects subsequent rate cases and untariffed service compliance filings to include analysis of the Projects benefits and costs for VGS customers.

The Project aligns with the intent of the Climate Action and Innovation allocation. The Project would be substantially funded by a DOE Grant, provide significant research and development value in a nascent market for the benefit of VGS customers, and further Vermont's renewable energy and emissions goals. For these reasons the Department does not object to the proposal as filed.

Dated at Montpelier, Vermont this 16th Day of May 2025.

VERMONT DEPARTMENT OF PUBLIC SERVICE

By: /s/ Matthew Bakerpoole
Matthew Bakerpoole, Special Counsel
112 State Street
Montpelier, VT 05620
(802) 505-0538
matthew.bakerpoole@vermont.gov