



August 14, 2025

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620

Re: Case No. 24-3335-INV
Planned Use of Surplus Thermal Energy and Process Fuels ("TEPF") funds

Dear Ms. Anderson,

On June 18, 2025, the City of Burlington Electric Department ("BED") wrote to inform the Public Utility Commission ("Commission" or "PUC") of BED's plans for using its surplus thermal energy and process fuel ("TEPF") funds through calendar year end ("CYE") 2026. Subsequently, the Clerk of the Commission instructed BED to file the letter in Case No. 24-3335, which BED did on June 20, 2025. With this letter, BED updates the Commission on its plans for the use of surplus TEPF funds under the provisions of Act 44 of 2023 and Act 142 of 2024 by CYE 2026 and responds to the Department of Public Service's ("Department") comments filed on July 29, 2025.

Updates to planned use of surplus TEPF funds

In our June 18 letter, BED described five planned uses of TEPF funds that are available to BED under the provisions of Act 142 of 2024. These uses included (1) funding 50 percent of the Act 44 incentive for several prescriptive Tier III measures, (2) supporting Tier III custom projects, (3) providing cost-share for a federal grant ("Building GIANTS" program) that is intended to reduce thermal fossil fuel use by increasing cost competitiveness of thermal electrification technologies through thermal flexible load management¹, (4) acting to respond if the federal EV tax credit was eliminated, and (5) supporting residential weatherization projects. As further described below, we have since refined our plans for Tier III custom project support, addressing the federal EV tax credit elimination, and residential weatherization. Our plans for Tier III prescriptive measures and the Buildings GIANTS grant remain the same as described in our June 18 letter.

¹ BED notes that at the Commission's request in Case 25A-1387 it separately filed additional detail on the statutory authorization to support the Building GIANTS program using TEPF available under Act 44 of 2023 and Act 142 of 2024.

The table below summarizes the sources and uses of our revised plans for TEPF funds.

TEPF fund balance as of 6/30/25	\$ 2,809,433
Estimated add'l FCM revenue thru CYE 2026	\$ 327,600
Estimated add'l RGGI revenue thru CYE 2026	\$ 810,000
Est. total TEPF funds available thru CYE 2026	\$ 3,947,033
<i>Less TEPF funds reserved for:</i>	
Traditional TEPF programs	\$ 1,685,100
DPS eval budget support (see Case 24-3694)	\$ 112,205
Net TEPF funds available under Act 44/142	\$ 2,149,728
<i>Planned uses through CYE 2026:</i>	
Tier III prescriptive measure support	\$ 225,000
Tier III custom project support	\$ 555,000
Building GIANTS cost share	\$ 700,000
Partial replacement of federal EV tax credit	\$ 607,500
Weatherization initiatives	\$ 50,000
Est. TEPF fund balance CYE 2026	\$ 12,228

As shown in the table above, BED has a TEPF fund balance of more than \$2.8 million as of June 30, 2025. We anticipate generating additional revenues of approximately \$1.1 million through December 31, 2026. From these existing and future funds, BED will reserve \$1,797,305 for traditional TEPF programs² and DPS evaluation support.

After accounting for those set-asides, BED estimates it will have approximately \$2,149,728 remaining to support the five uses described in our June 18, 2025 letter. We plan to use \$225,000 to support Act 44 incentives for prescriptive Tier III measures. Based on our current pipeline of potential Tier III custom projects, we have increased the allocation for Tier III custom project support to \$555,000 (an increase of \$130,000 relative to our June 18th letter for a new proposed custom project). BED estimates using \$700,000 to provide cost share for the Building GIANTS grant project.

BED plans to use a significant portion of the approximately \$670,000 of remaining funds to boost our EV incentives to help customers mitigate the elimination of the federal EV credit effective the end of September 2025 (and acknowledging state rebates for EVs are also no longer funded and available to customers). Our current cost estimate of \$607,500 for this purpose is based on increasing BED's existing all-electric vehicle ("AEV")

² See Plan B of our Demand Resource Plan in Case 22-2954.

market-rate incentive from \$2,300 to \$5,000, and our income-eligible AEV incentive from \$3,000 to \$5,700. BED is tentatively planning an early September customer/public announcement regarding its plan to boost EV incentives, so BED customers can be aware of the change ahead of the expiration of federal incentives at the end of September, 2025. During the 15-month period starting October 1, 2025, we project paying up to 225 incentives for AEVs (180 market-rate incentives and 45 income-eligible incentives). As is typical with all Tier III programs, BED shall maintain the option to modify terms and conditions of its incentive offer should participation exceed our current expectations. All other incentives for preowned AEVs and PHEVs remain at current levels until further notice.³

BED notes that its EV Tier III program does not provide incentives for vehicles costing above \$60,000 MSRP⁴, and that it does provide enhanced support for income-qualified EV customers to help increase access to EV technology. As of June 2025, approximately 22.5 percent of all BED rebates for EV/plug-in hybrid vehicles have been enhanced rebates to income-qualified customers. BED also notes that the transportation sector continues to have the largest sector share of greenhouse gas emissions in Vermont, with the latest data from 2022 showing transportation to be nearly 39% of greenhouse gas emissions.⁵ Continued progress towards EV adoption is an important emissions mitigation strategy in that sector.

With respect to weatherization, BED appreciates the Department's interest in additional weatherization initiatives and is newly planning to reserve \$50,000 in TEPF funds to support residential weatherization initiatives as part of this update. BED works closely with the City of Burlington Department of Permitting and Inspections to track progress on rental weatherization policy in Burlington and has secured a UVM-funded fellowship position for the fall of 2025 to help with implementation and data tracking related to this initiative.

³ See Case 24 – 3273, BED's Tier III 2025 plan filed with the Commission on November 1, 2024.

⁴ Average MSRP of new vehicles were above \$51,000 in June of 2025, see:

[https://www.coxautoinc.com/market-insights/june-2025-atp-report/#:~:text=Importantly%2C%20new%2Dvehicle%20manufacturer's%20suggested,by%20December%202024%20\(%2451%2C990\).](https://www.coxautoinc.com/market-insights/june-2025-atp-report/#:~:text=Importantly%2C%20new%2Dvehicle%20manufacturer's%20suggested,by%20December%202024%20(%2451%2C990).)

⁵ See <https://anr.vermont.gov/content/anr-climate-action-office-releases-annual-greenhouse-gas-emissions-inventory-vermont-0>

Response to Department of Public Service July 29 Comments

In its July 29 comments, the Department states that it did not contest BED's interpretation of Act 44 (2023) and agrees that BED has the statutory authority to support its proposed expanded EV incentive noted in our June 20 filing as modified by this letter filing. The Department did not directly address Act 142's provisions (enacted subsequent to Act 44 of 2023) providing for BED's ability to utilize surplus TEPF funds for these programs without the need for Commission approval, and recommended the Commission order BED to work with the Department on the Department's proposal to utilize more of BED's TEPF funds towards weatherization instead of EV incentives. BED does not believe such action would be consistent with the provisions of Act 142. Further, BED believes there are strong rationales for boosting EV incentives in the current market as noted above, and there are strong ratepayer, consumer and emissions reduction benefits to increasing EV adoption. However, BED understands the Department's interest in strong support for weatherization, which BED shares. In light of the Department's comments, BED increased its reservation of TEPF funds for additional weatherization initiatives as noted above, and BED looks forward to discussing with the Department the most productive uses of the reserved weatherization funds, including to support additional capacity to timely implement the residential rental weatherization policy in Burlington.

BED has shared this letter with the Department in advance and has discussed its contents with them.

Should the Commission have any questions or concerns, please do not hesitate to contact me.

Sincerely,



Darren Springer
General Manager