STATE OF VERMONT

PUBLIC UTILITY COMMISSION

Case No. 25-0443-INV

Investigation pursuant to Act 142 of 2024 into the creation of a statewide program to reduce energy burden	

RESPONSE TO COMMISSION REQUEST FOR COMMENTS

On July 31, 2025, the Vermont Public Utility Commission ("Commission") filed a request for comments from stakeholders due on or before August 29, 2025. The Town of Stowe Electric Department ("SED") and the Vermont Public Power Supply Authority ("VPPSA") provide the following responses.

Question 1(a) a statewide program to assist customers with low-income with their electric utility bills.

Response: As public power utilities we will be a partner to a statewide program that uses state or federal funds to assist low- and moderate-income households. We do not support a program that collects electric ratepayer funds or utility funds and re-allocates the funds to a statewide program. We also do not support a statewide program that proscribes to utilities a rate design or discount program to fund a program or provide an on-bill discount. We are not supportive of proscriptive tiered discount program or prescriptive tiered rates based on household eligibility. These types of programs are complex to design and expensive to administer. Moreover, proscriptive rate design does not address energy burden and does not adhere with rate design requirements based on adequacy, efficiency, and fairness.

Public power utilities are community owned not-for-profit assets that provide a public good to their community and a direct role for its ratepayers to participate in utility governance. For example, SED has a Board of Commissioners comprised of town residents, who are elected by the Town of Stowe Selectboard. The Board hires the General Manager and approves staff proposals that range from capital projects to new tariffs. The Selectboard and voter approval are required before utility staff can take actions that range from submitting grant applications to municipal borrowing. This level of local control is a good thing – this makes public power accountable to the individuals and community it serves. Decisions that implicate a utility's cost of service and rate design should remain with the voters and Boards of public power utilities. Public power utilities should not be treated as an investor owned utility and proscribed programs and rate designs that are not supported or mandated by their ratepayers.

Question 1(b) a statewide program designed to reduce transportation, thermal, and/or electric energy costs for low- and moderate-income households through investments in efficiency or electrification measures.

Response: Any statewide program to reduce energy burden that relies on the electric utilities to support the electrification of Vermont's transportation and thermal sectors must first modernize the framework that makes beneficial electrification possible. At a minimum, this means efficiency and weatherization improvements, upgrades to service transformers and electric service panels, AMI and billing system upgrades, and rate modernization. Vermonters are unlikely to see a meaningful reduction in their energy burden if household and public infrastructure upgrades are not completed.

Efficiency Vermont's ("EVT") Energy Burden Report supports this framework. In the Report, EVT determined Vermont's statewide energy burden is 11% - transportation fuel accounts for 45% of household energy burden and another 35% of household energy burden is attributed to heating systems. The Report shows that 20% of Vermont household energy burden is attributed to electricity costs, which suggest that ratepayer funded discount programs might not be the most efficient mechanism to address household energy burden.

Vermont's housing stock is older than the national average, and a significant percentage of housing was built before 1940, which leads to a higher than national average energy use intensity (energy consumed per square foot). Older homes also tend to require expensive improvements, including mold remediation, electrical upgrades, and weatherization, which renters and low-income households struggle to implement. Simply providing a ratepayer funded discount to certain low- and moderate-income households does not address the foundational issue that significant investments are required to modernize Vermont's housing, thermal, and transportation sectors.

The Vermont Climate Council recently released its 2025 Climate Action Plan and weatherizing homes of low- and moderate-income Vermonters and reducing greenhouse gas emissions through vehicle and building electrification were two priority recommendations. Therefore, addressing weatherization, energy efficiency, and electrification programs have the added benefit of supporting state climate goals. Energy efficiency and beneficial electrification projects also create jobs, spur economic growth, and reduce energy consumption (which can reduce electricity bills). A state funded program that addresses these factors can reduce energy burden and help meet the Climate Council's priority recommendations. Whereas a program solely focused on a prescriptive rate design or bill discount funded by utilities and their ratepayers could merely subsidize the continued use of inefficient systems and polluting fossil fuels.

Question (2) Please provide recommendations as to how existing programs may be better coordinated to ensure low- and moderate-income Vermonters are reducing their total energy consumption and/or costs.

Response: The Commission should solicit feedback or offer a second workshop to hear directly from entities that serve low- and moderate-income Vermonters. These entities are best suited to provide recommendations on how to better coordinate their services on a statewide basis to reduce energy burden. This workshop can also investigate the appointment of one entity to coordinate efforts that provide funding to households to reduce energy burden. This would help overcome efficiencies created by overlapping jurisdictions, various data sets, privacy laws that keep partners from sharing customer eligibility, and can stack incentives and other funding mechanisms under one enrollment application. The distribution utilities are not best suited to coordinate efforts among the stakeholders and do not have the staffing, expertise, or funding to evaluate demographic and economic data, design comprehensive programs, or verify program eligibility.

It would also be valuable to hear from the transportation and thermal sectors, considering these sectors account for 80% of Vermont household's energy burden.

We also suggest that the Commission include information in the Report that provides an overview of the dockets on energy burden, energy assistance programs, budget billing plans, Tier III, and low-income rebate programs. The Legislature and stakeholders will benefit from having an overview of the work done by the Commission, Department of Public Service, distribution utilities, and energy efficiency utilities to address energy burden. For example, EVT's Low-Income Fuel Switch Program has been successful in serving income-eligible customers. Sharing with the Legislature how the electric sector has been responsive to the needs of our ratepayers can provide the opportunity to develop a more comprehensive statewide program to address transportation, thermal, and electric costs for low-and moderate-income families.

Question (3) Please identify any obstacles and recommended solutions for increasing coordination across electric, thermal, and transportation energy cost reduction programs, including through the sharing of best practices and program design and implementation successes.

Response: As stated above, the distribution utilities are not best suited to recommend how to improve coordination across electric, thermal, and transportation energy cost reductions programs. We recognize the obstacles to utilities becoming more involved implicate regulatory authority and targets, funding for utility managed programs, lack of expertise in developing enrollment and eligibility guidelines, and messaging across multiple stakeholders that can confuse and discourage households from seeking assistance. Establishing one entity to serve as a clearinghouse or statewide administrator can simplify these obstacles and would allow utilities to provide an ancillary role to a statewide program.

A barrier to coordination is where to set the income qualifications and verification for households participating in a statewide energy burden program. Commission Rule 4.400 defines low income as a household income at or below 80% of Vermont statewide median income. Federal and State assistance programs use eligibility standards that range from at or below 30% to 200% of the federal poverty level to 80% of Vermont's statewide median income. Green Mountain Power recently modified the eligibility threshold under their energy assistance program. Efficiency Vermont also maintains income qualifications for its programs. One eligibility standard for households to qualify for benefits set by the Legislature would simplify household eligibility.

Another barrier to increasing coordination is how to set up a statewide benefit program. Utilities need guidance on the monthly discount amount, the amount of kWh/month that receives the subsidy, how administrative costs will be paid for, and who manages eligibility, verification, monitoring, and program audits. A statewide program should require a prescribed base level of energy efficiency, electrical upgrades, and demand-side management that each eligible household must complete before enrolling in the benefits program. If we simply provide a bill discount to customers with poorly insulated homes or no opportunity to control electric usage and demand, then we might see electric usage in participating households increase, which can increase energy burden.

(4) If a statewide program is recommended, please:

As stated, we do not support a statewide program that includes utility and/or electric ratepayer funds.

We are open to learning more about a proposal for a statewide program administered by a third party that relies on other funding from other sources (i.e., not ratepayer funds) to benefit low to moderate-income Vermonters.

a. Explain whether existing programs should continue to operate and align with a new statewide energy cost stabilization program or whether existing programs should cease operations.

b. Identify the most appropriate financing mechanism for a statewide energy cost stabilization program.

c. Describe any recommended eligibility requirements for a statewide energy cost stabilization program.

d. Suggest and describe a process for making and monitoring eligibility determinations for a statewide energy cost stabilization program.

Question (5) Stakeholders may provide information or data to support or challenge the assumption in Act 142 that "electric costs might rise but that total energy costs are expected to decrease because of increased electrification, efficiency, storage, and demand response activities."

<u>Response</u>: As more low- and moderate-income households electrify their heating and transportation devices, we need to make sure their electric bills are not more expensive or subsume the expected savings benefit by shifting to electrification. For example, the Department of Public Service filed a report in Case No. 25A-0998, AMI Evaluation of Heat Pump Usage, that suggests Vermonters are not maximizing the value of heat pump installations. We know anecdotally that customers use their heat pumps to cool and dehumidify their homes, which means heat pump owners might not be reducing their fossil fuel consumption (by offsetting heating fuels with heat pump usage) and are increasing their energy burden (increasing electric usage with heat pump cooling loads). This information suggests that home energy burden could be increasing, which is not the intent of transitioning heating and transportation fuels to electric sources.

We are not aware of a meaningful storage and demand response program in Vermont that provides a mechanism to reduce electric usage during peak usage periods or can avoid distribution system upgrades required to support increased electrification. If the rate of electrification continues to outpace the rate of weatherization, demand response programs, and rate design, then both electric rates and total energy burden could increase for Vermonters. We do not have any evidence to support Section 21 (a)(4) and (b) in Act 142 (2024) will be accomplished without significant funding and workforce development to implement electrification, efficiency, storage, and demand response programs.

Question (6) Stakeholders may also provide written comments responding to any other issues raised at the workshop or relevant to the Commission's report pursuant to Act 142.

Response: Unless provided in a separate attachment the utilities have no additional comments.

Question (7) Finally, if stakeholders wish to have further workshops in this proceeding, please make specific proposals to the Commission regarding the topics to be discussed.

Response: We reiterate the earlier suggestion to seek direct engagement from community action groups and organizations providing financial assistance to low- and moderate-income Vermonters. We also encourage Commission to investigate other options to address energy burden that does not rely on the electricity sector to fund Vermonters switching their transportation and thermal fuels from fossil fuels to electric.

Conclusion

Energy burden is complex and impacts renters, multi-family housing units, and single-family homeowners differently. Programs that provide support to low- and moderate-income households need a comprehensive, coherent, and achievable strategy. This will take time to implement, which will give public power utilities time to develop local solutions to assist households within their service territories.

Sincerely,

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