



August 29, 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 under the provisions of Act 44 of 2023 and Act 142 of 2024 through calendar year end ("CYE") 2026. Subsequently, the Clerk of the Commission instructed BED to file the letter in Case No. 24-3335-INV, which BED did on June 20, 2025.

On August 14, 2025, BED updated the Commission on its plans for the use of surplus TEPF funds by CYE 2026 and responded to the Department of Public Service's ("Department") comments filed on July 29, 2025. In particular, BED shared that it was planning to reserve additional funds to address weatherization per the Department's suggestion.

In this letter today BED provides updates on three items: (1) Notice of withdrawal of the proposed use of TEPF funds under Act 142 for the Building GIANTS program, (2) Detail on the alternative uses under Act 142 for the TEPF funds previously reserved for Building GIANTS, and (3) Additional detail on the use of the weatherization funds reserved and referenced in the August 14, 2025 letter.

#### *Building GIANTS TEPF Funding Proposal Withdrawal*

On August 27, 2025, in Case No. 25A-1387 related to BED's commercial demand response pilot (in which BED also referenced its plans to use surplus TEPF funds as matching funds along with a federal grant to support the Building GIANTS program, of which the pilot is a part), the Commission issued an Order opening an investigation

regarding the proposed use of the TEPF funds to support the pilot and the consistency of such use with the Act 44 and Act 142 provisions. BED had offered statutory justification for the use of the TEPF funds in its pilot filing, and the Department of Public Service had stated the use of the funds in this instance was permitted. The Commission noted it was unpersuaded by those filings that the pilot would reduce greenhouse gas emissions in the thermal sector. While BED continues to believe that the pilot will reduce greenhouse gas emissions in the thermal sector through lowering operating costs for electric heating technologies, thereby inducing additional demand for and use of those technologies, BED chooses to prioritize moving the pilot to implementation. Given that the pilot is supported by federal funding with a limited performance period and that in the current environment some federal grants have been frozen, BED believes such funding should be used expeditiously when available. A delay of the pilot implementation would also mean a delay in BED's customers being able to benefit from the bill credits provided under the pilot rate. For these reasons, BED does not wish to delay implementation through additional process on the use of TEPF funds for the pilot. BED will be withdrawing its proposal to use TEPF funds to support Building GIANTS via both this letter and a separate filing in Case No. 25A-1387 and shares notice of alternative uses of those funds under Act 142 in this letter.

#### *Alternative Uses of the \$700,000 Previously Reserved for Building GIANTS*

In our June 18 and August 14 letters, BED described five planned uses of TEPF funds that are available to BED under the provisions of Act 44 of 2023 and 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 the federally funded Building GIANTS program that is intended to reduce thermal fossil fuel use by increasing cost competitiveness of thermal electrification technologies through thermal flexible load management, (4) acting to respond if the federal EV tax credit was eliminated, and (5) supporting residential weatherization projects. As noted above, BED is removing (3) Building GIANTS from that list (previously reserved an estimated \$700,000 for the remainder of CY2025 and CY2026).

In the alternative of using the estimated \$700,000 in available TEPF funds under Acts 44 and 142 for Building GIANTS (including the commercial pilot), BED will use those funds to support additional Tier III custom projects (item (2) referenced above) as such projects become available, as well as supporting deployment of existing Tier III prescriptive measures (item (1) referenced above), including BED's e-bike rebate

program. Specifically, BED will use TEPF funds under Act 142 to further reduce its Tier III expenditures, covering not only the 50 percent of the Act 44 incentive referenced above, but also a portion of other, non-Act 44-funded thermal and transportation sector Tier III incentives in order to fund a larger number of total rebates. At a moment when federal legislation is phasing out previously available incentives for a variety of electrification technologies, expanding BED's ability to fund a larger number of rebates may be critical to customers seeking to reduce emissions in the thermal and transportation sectors. Utilizing available TEPF funds under Act 44 and 142 to further reduce the amount of Tier III funds associated with certain prescriptive measures will enable BED to fund more cumulative rebates and achieve greater cumulative emissions reductions in the thermal and transportation sectors through the end of CY2026 than it would be able to do under the Tier III budget alone.

#### *Additional Detail on the Weatherization Funding*

Regarding the reserved \$50,000 for weatherization referenced in the August 14, 2025, letter, BED has consulted with the Department and plans to use those funds to support technical assistance and implementation to accelerate progress on property owners' compliance with Burlington's rental housing weatherization policy. The policy is focused on higher energy use rental properties, and on those properties receiving energy audits and weatherization in order to reduce emissions, improve efficiency, comfort, and improve affordability for renters. Compliance with the policy has not met targets due primarily to a lack of qualified contractors but also to capacity constraints within the City of Burlington's Department of Permitting and Inspections (DPI). BED proposes to partner with DPI to use TEPF funds to support swifter implementation, including providing technical assistance for properties to pursue energy audits and weatherization, and capacity-building to track and report on implementation.

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,

A handwritten signature in black ink, appearing to read 'Darren Springer', with a stylized flourish at the end.

Darren Springer  
General Manager