



October 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 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.

On August 29, 2025, BED provided updates to the Commission on three items: (1) notice of withdrawal of the proposed use of TEPF funds under Act 142 for the Building GIANTS program consistent with BED's filing in 25A-1837, (2) information on the alternative uses under Act 142 for the \$700,000 of TEPF funds previously reserved for Building GIANTS, and (3) providing additional detail on the use of weatherization funds reserved and referenced in the August 14, 2025 letter.

On September 22, 2025, the Commission issued an Order noting that BED had not presented a specific budget allocation for the approximately \$700,000 of TEPF funds previously reserved for Building GIANTS, and that BED should make a compliance filing showing budget allocations for all of its TEPF funds through 2026. In addition, the Commission noted that BED often is unable to meet its TEPF performance metrics for its

traditional TEPF programs in recent years. BED writes today to make the requested compliance filing detailing its TEPF budget allocations through 2026, including specifics on how it plans to use the funds previously reserved for Building GIANTS. Please note that BED continues to reserve funds to support its traditional TEPF programs (the subject of the metrics noted above) in an amount equal to the full three-year budget amount. In addition, BED provides additional information on TEPF performance metrics.

TEPF Budget Projections Through 2026

BED provided a projected TEPF budget for all TEPF programs in the letter dated August 14, 2025. BED has since updated its budget projections (including reflecting actual program activity through August 31, 2025) and provides the most current projection in this table, including the reallocation of funds previously reserved for Building GIANTS to custom projects and Tier III prescriptive measure support:

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

TEPF fund balance as of 8/31/25	\$ 2,668,112
Estimated add'l FCM revenue thru CYE 2026	\$ 298,937
Estimated add'l RGGI revenue thru CYE 2026	\$ 762,725
Est. total TEPF funds available thru CYE 2026	\$ 3,729,774
<i>Less TEPF funds reserved for:</i>	
DRP TEPF programs ¹	\$ 1,290,258
DPS eval budget support (see Case 24-3694)	\$ 112,205
Net TEPF funds available under Act 44/142	\$ 2,439,516
<i>Planned uses through CYE 2026:</i>	
Tier III prescriptive measure support	\$ 925,000
Tier III custom project support	\$ 690,500
Partial replacement of federal EV tax credit	\$ 607,500
Weatherization initiatives	\$ 150,000
Est. TEPF fund balance CYE 2026	\$ 66,516

¹ Including traditional TEPF resource acquisition, Vermod/zero energy modular homes, high-mileage driver/superuser, Tier III custom support, DSS, and measurement and evaluation.

BED notes that in this projection, it has revised its projection for additional Tier III custom project support to \$690,500 and included an additional \$100,000 in weatherization funding available through the end of 2026. BED continues to appreciate the Department's support for additional funding for weatherization, and will evaluate ongoing demand for Tier III prescriptive and custom rebates to determine if additional allocation to weatherization can be made.

Specific Budget Allocation for Funds Previously Reserved for Building GIANTS

Since its August 29, 2025 letter, BED has refined its forecast for TEPF revenues and expenses through the end of calendar year 2026. As shown in the table above, while reserving the full 3-year budget amount for TEPF traditional programs, BED projects having sufficient funds to dedicate \$925,000 (composed of the \$225,000 discussed in our August 14, 2025 letter plus an additional \$700,000 previously allocated to Building GIANTS) to supporting Tier III prescriptive measures to enable a greater cumulative number of incentives and associated greenhouse gas emissions reductions.

TEPF Performance Metrics

BED recognizes that the Commission has expressed concern about BED's inability to meet performance metrics in the traditional TEPF program. BED has struggled to meet performance metrics under the traditional TEPF program because that program is limited to supporting unregulated fuel customers. BED's service territory is predominantly served by natural gas, a regulated fuel, which in prior years had led to BED ratepayers losing out on the full use of the TEPF funds that would be properly allocated to Burlington because of lack of demand for traditional programs. While BED continues to do its best to support traditional programs, providing \$291,000 in "traditional," resource acquisition TEPF program budget for the 2024-2026 triennial cycle, the challenge has not been lack of funds but lack of participation.

BED partners actively with local organizations to share information about these programs. BED has consistently promoted our traditional TEPF funded programs through a variety of channels including social media as well as through Vermont's contractor networks that support the Home Performance with EnergyStar program, co-managed with EVT and VGS. For example, BED provides specific program information in EVT's quarterly newsletter that is sent to the Efficiency Excellence Network (EEN) of contractors, installers, designers, builders, and architects. Since 2017, BED has also

promoted the ZEM program with our partners: North Avenue Cooperative Mobile Home Park (“NAC”), Green Mountain Habitat for Humanity, Champlain Housing Trust’s Homeownership Program (“CHT”), and VEIC, which promotes ZEMs throughout Vermont.

Despite significant funding being available, program utilization remains low. Through August 2025, BED has spent only \$35,786, or 8.3% of budget, on traditional TEPF residential resource acquisition projects. BED notes that the traditional TEPF program market is very small in Burlington as about 98% of residential buildings use natural gas for space heating as do about 99% of commercial buildings. BED estimates that the TEPF potential residential market consists of about 350 dwellings which are mostly single-family homes. Many of these homes have been relatively well maintained and updated over the years, so cost-effective weatherization opportunities are limited. The Zero Energy Modular Home (ZEM) program potential market is also very small as Burlington has only the NAC location to implement ZEM projects. Since 2017, three ZEM homes have been placed in the NAC. However, demand for these homes has been very low in recent years due to the challenging economic conditions that many of the residents face, coupled with high construction costs and high mortgage rates. This available market potential information caused BED to reduce our 2024-2026 TEPF budget and goals when compared to previous performance periods while still preserving adequate resources to provide programs in the event demand materialized (as noted in Case No. 22-2954-PET); as demonstrated by program uptake to-date, BED believes this budget and associated goals are still too high for service territory’s potential.

For these reasons, BED has supported legislation that permitted BED to use TEPF funds for other purposes that could benefit BED ratepayers, including through Act 142 and prior iterations of that legislation that allow TEPF funds to be used more broadly for thermal and transportation sector emissions reduction programs regardless of the underlying fuel source of the customer. BED ratepayers are better served by having broad access to TEPF funds through Act 142 programs rather than losing out on access to those funds which are then reallocated if not able to be used in Burlington.

In light of the continued challenges in participation rates for traditional TEPF programs, BED plans to submit separately to the Commission a proposed update to its TEPF performance metrics to better and more realistically reflect the participation rates currently occurring.

Conclusion

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 be 'Darren Springer', written over a horizontal line.

Darren Springer
General Manager