STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2010-06

In re: EEU Demand Resources Plan)

Order entered: 12/27/2011

ORDER DETERMINING ELECTRIC QUANTIFIABLE PERFORMANCE INDICATORS FOR EFFICIENCY VERMONT

I. INTRODUCTION

In this Order, we approve the electric quantifiable performance indicators ("QPIs") for Efficiency Vermont ("EVT") that address the following elements: annual incremental MWh savings; total resource benefits ("TRB"); cumulative summer peak demand savings; long-term market transformation; equity for all electric ratepayers; equity for residential ratepayers; equity for low-income customers; small non-residential customer size equity; geographic equity; and administrative efficiency. In addition, we establish a process for the development of QPIs that address the following elements: summer peak demand savings in geographic areas; comprehensiveness of savings; and management of EVT's three-year budget.

II. BACKGROUND

Pursuant to Vermont Energy Investment Corporation's ("VEIC") Order of Appointment,[1] performance compensation is to be paid based on the attainment of three-year QPIs that are established as part of the Demand Resources Plan ("DRP") process. The DRP process is used to determine the QPI targets, including corresponding incentive amounts attached to each and the financial consequences for under-performance.

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1. VEIC serves as Vermont's statewide Energy Efficiency Utility ("EEU"), known as Efficiency Vermont, under an Order of Appointment issued by the Board on 12/20/10, in Docket 7466.

On September 9, 2010, the Public Service Board ("Board") initiated a workshop process to develop the first statewide long-term DRP. This workshop process included the development of proposed electric QPIs and an updated 20-year forecast of savings given Board-approved budgets for Vermont's Energy Efficiency Utilities ("EEUs").[2]

In a February 4, 2011, Order, the Board determined that the electric QPIs shall address the following elements: (1) annual incremental MWh savings; (2) total resource benefits; (3) equity for all electric ratepayers; (4) equity for residential ratepayers; (5) equity for low-income customers; (6) commercial customer size equity; (7) geographic equity; (8) cumulative summer peak demand savings; (9) administrative efficiency; (10) comprehensiveness of savings; (11) long-term market transformation; and (12) depending on whether geographic-targeting efforts are continued, geographic targeting.[3]

On October 20, 2011, the Vermont Department of Public Service ("Department") filed proposed electric QPIs and an updated 20-year forecast of savings for EVT based on the Energy Efficiency Utility ("EEU") budgets approved by the Board in the August 1, 2011, Order. The Department represented that VEIC supported the proposed QPIs and an updated forecast of savings.

In an October 31, 2011, Order in the EEU-2011-04 proceeding,[4] the Board directed Board staff to consider in this proceeding whether a metric can be developed related to managing EVT's three-year budget over the 2012-2014 period (perhaps in the form of a minimum performance standard).

On November 4, 2011, Board staff held a workshop to discuss the proposed QPIs and updated forecast of savings. Workshop attendees included representatives of BED, Central Vermont Public Service Corporation, the Department, Green Mountain Power Corporation, International Business Machines, and VEIC.

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2. The City of Burlington Electric Department ("BED") provides EEU services in its service territory. The Board will address BED's QPIs and updated forecast of savings in a separate Order.

3. The DRP process includes an examination of whether geographic targeting efforts should be continued. A proposal for a QPI will be developed along the timeframe set forth in the geographic targeting proceedings still underway in the DRP process.

4. EEU-2011-04 concerns VEIC's request for a funding bridge.

On November 15, 2011, the Department and VEIC jointly filed updates to proposed QPIs based on the November 4 workshop discussions.

Workshop participants were provided an opportunity to file written comments on the proposed QPIs and updated forecast of savings. On December 9, 2011, the Department filed comments regarding a QPI that addresses management of EVT's three-year budget. No other workshop participants filed written comments.

III. Department and VEIC Proposed QPIs

The Department and VEIC jointly filed proposed electric QPIs and an updated 20-year forecast of savings for EVT based on budgets approved by the Board. (A copy of the proposed QPIs and updated forecast of savings are in Appendices A, B, C, and D of this Order.)

Pursuant to VEIC's Order of Appointment, performance compensation is to be paid based on the attainment of the three-year QPI targets discussed below. QPIs 1-7 have a positive performance award associated with them and include 100% target levels, "super-stretch" targets, corresponding incentive amounts attached to each (reflecting weighting), scaling calculations, and the financial consequences for under-performance. QPIs 8-14 are minimum performance requirements where the impact for failure to meet the proposed QPI target is the forfeiture of the opportunity to meet a portion of the performance award.

a. Annual Incremental MWh Savings, Total Resource Benefits, Cumulative Summer Peak Demand Savings (QPIs 1, 2, 3)

The Department and VEIC proposed direct resource acquisition QPIs pursuant to the EVT budget approved in the August 1 Order. The August 1 Order directs that 10 percent of the 2012 and 2013 budgets be reserved for geographically targeted efficiency services,[5] which are being examined under the timeframe set forth in the geographic targeting proceedings in the DRP process. The proposed QPIs are based on 90 percent of the approved budget in 2012, 90 percent

5. For 2014 and beyond, the Board will determine geographic targeting funding levels and revenue sources on a case-by-case basis that will be informed by a collaborative, objective, and transparent Vermont System Planning Committee ("VSPC") process.

of the approved budget in 2013, and 100 percent of the approved budget in 2014. The Department and VEIC propose that the QPIs be adjusted once the QPI for geographically targeted programs is determined. (The methodology for adjusting QPIs is discussed below in Section III.n. and in Appendix C.)

The proposed three-year QPI target for annual incremental MWh savings is 320,000 MWh. The proposed three-year QPI target for total resource benefits ("TRB") is $271,088,000.[6] The proposed three-year QPI target for cumulative summer peak demand savings is 60.8 MW. Progress toward achieving QPI targets will be measured through the annual savings verification process identified in VEIC's Order of Appointment.

The targets proposed by the Department and VEIC are intended to be "stretch" targets. The Department and VEIC contend that the proposed targets are aggressive but achievable and will push EVT to innovate while responsibly using ratepayer resources to encourage adoption of efficient technologies. The proposed "stretch" targets are determined through VEIC's modeling of an updated 20-year forecast of savings for EVT based on budgets approved by the Board – the "expected" savings. The Department reviewed VEIC's forecast and together with VEIC negotiated a "stretch" target of 10 percent above the "expected" savings. This concept of a "stretch" target applies to all QPIs (QPIs 1-7) that have a positive performance award associated with them. These stretch targets are shown on Appendix A to this Order as the 100% target level.

b. Summer Peak Demand Savings in Geographic Areas (QPI 4)

The QPI to address summer peak savings in geographic areas will be developed along the timeframe set forth in the geographic targeting proceedings of the DRP process.[7] The VSPC is currently vetting areas under consideration for geographic targeting; its recommendations will

6. The QPI to address TRB is intended to encourage EEUs to design and implement efficiency initiatives that will maximize the lifetime electric, fossil-fuel, and water benefits. This metric will measure the cumulative three-year total resource benefits achieved in a performance period.

7. Geographic targeting indicators are intended to encourage EEUs to design and implement efficiency initiatives that will defer transmission and distribution upgrades in constrained areas.

inform the geographic targeting proceedings in the DRP process. The areas that are currently being considered by the VSPC for geotargeting are all summer-peak constrained.

The Department and VEIC propose to set aside a portion of the performance award for a QPI addressing summer peak savings in geographic areas with the understanding that if the Board does not adopt this QPI, the set-aside funds will be added to the remaining pool of total available performance award dollars. The Department and VEIC propose to set aside $243,137 of the performance award for the 100% target and $50,000 of the performance award amount for the "super-stretch" target (incentive weight of 10 percent for each) (award amounts, weighting, and scaling are discussed below in Sections III.k, III.l, and III.m).

c. Comprehensiveness of Savings (QPI 5)

The Department and VEIC agree that the existing QPI addressing comprehensiveness in program delivery for the 2009-2011 performance period – measuring an increase in small-business MWh savings above baseline, excluding certain end uses – does not adequately capture the intent of the comprehensiveness metric. The Department and VEIC represent that they have reviewed multiple proposals that are designed to measure EVT's level of comprehensiveness in program delivery and are pursuing two models that both apply to the small-business market, but have not settled on a final proposal. The Department and VEIC request the opportunity to continue discussions on a QPI to address comprehensiveness of savings with a goal of filing results with the Board on or before January 31, 2012.

The Department and VEIC propose to set aside $121,568 of the performance award for the 100% target level and $25,000 of the performance award amount for the "super-stretch" target (incentive weight of 5 percent for each) with the understanding that if the Board does not adopt a QPI for comprehensiveness of savings, the set-aside funds will be added to the remaining pool of total available performance award.

d. Long-term Market Transformation (QPIs 6, 7)

The QPIs to address market transformation are intended to encourage EEUs to design and implement programs that maximize long-term efficiency savings effect on the building and equipment stock in Vermont. The Department and VEIC propose two QPIs for market transformation, one based on the residential sector, and one based on the commercial and industrial sectors.

Residential Market Transformation (QPI 6)

The 2011 Vermont Comprehensive Energy Plan[8] calls for 60 percent of new homes to be built to comprehensive above-code service tiers[9] by 2020, and net zero construction standard by 2030. While many market and government actors will have a role to play in reaching this target, EVT is expected to have a significant influence in this market through its Residential New Construction ("RNC") program. The Department and VEIC have outlined a path to achieving this goal, as outlined in the table below.

Period	Target Market Share in Efficiency Vermont comprehensive above-code services
2012-2014	40% in 2014
2015-2017	50% in 2017
2018-2020	60% in 2020

The Department and VEIC propose that the first step of this path, to achieve 40 percent of homes constructed in 2014 participating in EVT comprehensive RNC above-code service tiers, be the subject of the QPI addressing residential market transformation. Market share will be calculated by dividing total current-year EVT program completions in all service tiers by previous-year 1-4 unit Vermont building permits. The Department and VEIC propose that the path to achieving long-term market transformation in this sector be reevaluated in the context of setting QPIs for the 2015-2017 performance period.

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8. The Vermont Comprehensive Energy Plan is prepared by the Department pursuant to 30 V.S.A. § 202a and can be found at: www.vtenergyplan.vermont.gov.

9. EVT residential new construction service tiers currently include Energy Code Plus and ENERGY STAR Homes. EVT may add additional service tiers in the future, but if so, any new services would be at least as stringent as the requirements in the current Energy Code Plus service. The requirements and incentives for these service tiers are detailed at: www.efficiencyvermont.com/docs/for_my_home/RNC%20Docs/RNC_Incentive%20Sheet_Final.pdf.

Commercial Market Transformation (QPI 7)

Commercial efficiency investments usually require that at least one portion of the supply chain, including contractors and suppliers, be involved in the decision to make such investments. To transform the market for products and equipment, these market actors must be aware of the need to stock and promote efficient products as well as techniques to enhance efficiency in any given project. The Department and VEIC propose that these supply-chain market actors are an appropriate focus of a QPI addressing commercial market transformation.

The Department and VEIC propose that the QPI target for commercial market transformation require VEIC to achieve 7,360 instances where a supply-chain partner[10] is attached to a completed business project. This represents an increase of 15 percent over 2009-2011 expected values, based on the increase in budgets relative to the 2009-2011 performance period. This represents a stretch target since yield rates measured in $/MWh are expected to decline over the 2012-2014 performance period, meaning that the proportional number of projects per dollar available will also go down. The Department and VEIC represent that under this QPI target, VEIC will need to increase supply-chain activity while the proportional number of projects decreases.

e. Electric Ratepayer Equity (QPI 8)

The QPI to address electric ratepayer equity is structured to ensure equity for all Vermont electric customers as a group by assuring that the overall electric benefits are greater than the costs incurred to implement and evaluate the EEU. The Department and VEIC propose that, consistent with past performance periods, the QPI for electric ratepayer equity requires that total electric benefits divided by total costs is greater than 1.2. The impact for failure to meet the proposed QPI target for electric ratepayer equity is the forfeiture of the opportunity to earn any performance award for the 2012-2014 period.

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10. For purposes of this metric, supply chain partners are categories of specific contractors and suppliers as identified by the Department and VEIC.

f. Residential Ratepayer Equity (QPI 9)

The QPI to address residential ratepayer equity is structured to ensure equity for residential customers by requiring a minimum level of resource acquisition spending to be dedicated to the residential sector. Residential resource acquisition is projected to have a higher (better) yield than the commercial sector; however, residential electric efficiency opportunities are somewhat limited and often based on other funding (e.g., the Home Performance with ENERGY STAR program is largely funded by Heating and Process Fuel budgets, so the electric efficiency available is limited by those available funds). VEIC and the Department agree that a residential spending minimum ensures that a minimum level of residential spending occurs.

The Department and VEIC propose that the QPI for residential ratepayer equity require minimum three-year spending of $22,000,000. This dollar amount represents 70 percent of the projected resource acquisition spending in the residential sector. Consistent with past performance cycles, the impact for failure to meet the proposed QPI target for residential ratepayer equity is the forfeiture of the opportunity to earn 18 percent of the 100% target level performance award.

g. Low-income Ratepayer Equity (QPI 10)

The QPI to address low-income ratepayer equity is structured to ensure equity for low-income customers by requiring a minimum level of spending on low-income services. The Department and VEIC propose to increase the minimum amount of low-income spending to $7.5 million.[11] The Department and VEIC represent, that while accurate Vermont-specific information regarding low-income sector consumption and contribution to the EEC is difficult to secure, the minimum target appears to be roughly commensurate with the sector's expected contribution to the portion of the Energy Efficiency Charge ("EEC") that does not include expected geographically targeted program expenditures.

11. The QPI for low-income ratepayer equity for the 2009-2011 performance period was $6.3 million. The Department and VEIC note that this increase in low-income spending slightly decreased the overall yield for the portfolio from earlier projections. In other words, this lowered the targets set in QPIs 1, 2, and 3.

As in past performance cycles, spending associated with participation in the Efficient Products Program will not be counted towards this QPI target, even though low-income customers participate in this program, in order to ensure that low income customers receive sufficient benefits. VEIC and the Department recognize that this participation increases the benefit that low-income customers receive from efficiency programs.

Consistent with past performance cycles, the impact for failure to meet the proposed QPI target for low-income ratepayer equity is the forfeiture of the opportunity to earn 18 percent of the 100% target level performance award.

h. Small Non-residential Customer Equity (QPI 11)

The QPI to address small non-residential customer equity is structured to ensure equity for smaller non-residential customers whose efficiency projects may result in smaller overall savings than large customers, by requiring a minimum level of participation from customers whose annual usage is under 40,000 kWh/year. The Department and VEIC propose that the QPI target be set to ensure participation by at least 1,950 of such customers. The QPI target for small non-residential customer equity represents 70 percent participation by this specific customer group.

Consistent with past performance cycles, the impact for failure to meet the proposed QPI target for small non-residential customer equity is the forfeiture of the opportunity to earn 18 percent of the 100% target level performance award.

i. Geographic Equity (QPI 12)

The QPI to address geographic equity is structured to ensure equity for all Vermont electric customers by requiring that energy efficiency benefits are geographically distributed across the state. The Department and VEIC propose that the QPI target for geographic equity establishes a minimum TRB by county. (A copy of the QPI is found in Table A-5 of Appendix A of this Order.)

The Department and VEIC represent that the minimum targets were structured by first establishing an overall minimum TRB target. This value was developed by multiplying the

Board-approved 2012-14 EEU electric budgets[12] by the 1.2 factor established in the QPI for electric ratepayer equity (QPI 8). The statewide minimum TRB was then multiplied by the percent population by county.[13] This established the minimum TRB by county. Consistent with past performance periods, Essex and Orleans counties were combined for purposes of this QPI.

Consistent with past performance cycles, the impact for failure to meet the proposed QPI target for geographic equity is the forfeiture of the opportunity to earn 6 percent of the 100% target level performance award.

j. Administrative Efficiency (QPI 13, 14)

The QPI to address administrative efficiency is designed to measure the administrative efficiency of an EEU's delivery of services. While aggressive performance targets directed at MWh savings based on a limited budget encourage administrative efficiency, other indicators are useful for measuring operational performance. The Department and VEIC propose a two-tiered QPI. The first QPI is related to a minimum span of control (the ratio of supervisory staff to non-supervisory staff); the second QPI is a milestone indicator that will initiate a process to identify, analyze, and measure EVT's key business processes. The proposed QPIs are described in more detail in Appendix B of this Order.

The impact for failure to meet either one of the two proposed QPI targets for administrative efficiency is the forfeiture of the opportunity to earn 2 percent of the 100% target level performance award.

k. Weighting of QPIs

The Department and VEIC propose that the performance awards associated with QPIs 1-7 to be weighted in accordance with Table A-1, column F, of Appendix A of this Order. The proposed weighting is similar to past performance cycles, with the following modifications:

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12. The budgets are based on 90 percent of the approved budget in 2012, 90 percent of the approved budget in 2013, and 100 percent of the approved budget in 2014 in order to exclude the effects of the geographic targeting program.

13. 2010 census data was used to determine the percent of population by county.

- Increase in weight of QPI 3 (cumulative summer peak demand savings) to 20 percent of potential performance award, intended to encourage an increased focus on this QPI given the significant benefits associated with reducing system peak (e.g., transmission and distribution infrastructure deferrals, reduction in Regional Network Service charges).
- QPI for geographically targeted services (summer peak) – weighting set at 10 percent. If no geographically targeted areas are approved, then this 10 percent shall be re-distributed across the remaining QPIs.
- There is no cumulative winter peak savings target set.[14] In past performance cycles, this was weighted at 7 percent.
- QPIs 5, 6, and 7 are new and focus on specific dynamics of EVT's activities and are weighted less heavily than QPIs 1, 2 and 3.

l. Scaling of QPIs up to 100% Target

VEIC and the Department propose that the targets for QPIs 1-7 be scaled according to Table A-2 of Appendix A of this Order. Scaling up to the 100% target level is largely consistent with past performance cycles. For QPIs for market transformation (QPIs 6 and 7), the opportunity to earn a performance incentive begins when VEIC reaches 80 percent of the 100% target level performance award.

m. "Super-stretch" QPI Targets

The Department and VEIC, consistent with past performance cycles, propose targets for achievement beyond the 100% target level for QPIs 1-7. The proposed “super-stretch” target is to achieve up to 5 percent beyond the 100% target level, as described in Table A-3 of Appendix A of this Order. In 2009-2011, the super-stretch target was 4 percent beyond 100% target levels. In addition, the Department and VEIC propose to increase the available performance award that is directed to exceeding the 100% target to approximately 17 percent of the total available performance award. For the 2009-2011 performance period, the total amount of incentive dollars allocated to the super-stretch was approximately 14 percent.

14. Given that Vermont is not a winter-peaking state, cumulative winter peak savings target is not being set.

n. Future Adjustments to Quantifiable Performance Targets

The Department and VEIC propose two mechanisms to allow for future adjustments of QPI targets during the 2012-2014 performance period. The first mechanism, consistent with past performance periods, allows the Department and VEIC to adjust the targets for TRB (QPI 2) due to changes in Board-approved avoided costs without further Board process. In addition, the proposed mechanism allows the Department and VEIC to adjust the targets for TRB to reflect other potential changes to the State screening tool for efficiency investments that could have potential effects on performance targets. The second mechanism allows the Department and VEIC to propose adjustments to QPI targets to reflect market changes that affect measured baselines or net-to-gross factors used for the establishment of performance targets. The proposed mechanisms are described in more detail in Appendix C of this Order.

o. Consideration of Behavioral Measures

The proposed QPIs for the 2012-2014 performance period include no savings associated with new behavioral efficiency measures, including those related to advanced metering infrastructure ("AMI") enabled in-home displays, initiatives utilizing AMI data, or other initiatives not directly focused on the installation of efficient materials or equipment.[15] The Department and VEIC propose that if savings from behavioral measures are possible, reliably quantifiable, cost-effective, and can be implemented in the 2012-14 timeframe, then VEIC and the Department will propose QPI adjustments to the Board at that time.

p. Updated Forecast of Savings

The Department and VEIC provided an updated 20-year forecast of savings using the "expected" values as described in the discussion about QPIs 1, 2, and 3. (A copy of the updated forecast is found in Appendix C of this Order.) The updated forecast provides the expected MWh and MW savings given Board-approved budgets. Consistent with development of the

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15. For example, Efficiency Vermont's Energy Leadership Challenge may encourage both traditional efficiency measures and changes in behavior. While the Department has encouraged VEIC to develop systems to track and report the behavioral-based changes, such systems are uncertain at this time. Thus, they are not included in the QPIs.

QPIs, this forecast is based upon 90 percent of the Board-approved budgets in 2012 and 2013, and 100 percent of the budget in 2014. The Department and VEIC propose to update the forecast when the geographic-targeting proceedings in the DRP process are completed.

IV. Discussion And Conclusion

We approve the Department's and VEIC's proposed electric QPIs for EVT, including 100% target levels, super-stretch targets, corresponding incentive amounts attached to each (reflecting weighting), scaling calculations, and the financial consequences for under-performance. (Appendices A and B to this Order contain a copy of the QPIs that we approve today.) Pursuant to VEIC's Order of Appointment, performance compensation is to be paid based on the attainment of these three-year QPIs targets.

The proposed QPIs are consistent with the performance indicators developed for the 2009-2011 performance period for EVT and the February 4 Order on QPI framework. The proposed QPI "stretch" targets are aggressive but achievable and will push EVT to innovate while responsibly using ratepayer resources to encourage adoption of efficient technologies. The proposed QPIs include new performance indicators that address long-term market transformation and administrative efficiency. The QPIs for long-term market transformation are intended to encourage EVT to design and implement efficiency initiatives that maximize market transformation, especially given that the Order of Appointment structure provides an opportunity for long-term planning. The QPIs for administrative efficiency are designed to measure the administrative efficiency of energy efficiency delivery. These proposed QPIs represent a sufficient first effort at measuring market transformation and administrative efficiency.

As the concept of an administrative QPI is new, the Department and VEIC have proposed the development of milestone indicators. The Department and VEIC have agreed to file status updates within two weeks of the milestones identified in Appendix B to this Order. We accept the Department's and VEIC's agreement and will require this filing deadline in today's Order.

We accept the Department's and VEIC's recommendation with regard to the QPIs addressing summer peak demand savings in geographic areas and comprehensiveness of savings. The QPI for geographic targeting shall be developed along the timeframe set forth in the geographic targeting proceedings in the DRP process. The Department and VEIC have agreed to file a proposal for a QPI to address comprehensiveness of savings by January 31, 2012. We accept the Department's and VEIC's agreement and will require this filing deadline in today's Order. We direct Board staff to conduct any additional proceedings necessary to review these filings and to determine any schedule changes to these deadlines.

In our October 31, 2011, Order in the EEU-2011-04 proceeding, we directed Board staff to consider in this proceeding whether a metric can be developed related to managing EVT's three-year budget over the 2012-2014 performance period (perhaps in the form of a minimum performance standard). Any QPI developed should reflect the importance we place on staying within a three-year budget. The Department recommends that any QPI to address management of EVT's three-year budget be developed with consideration of the EEU-2011-04 proceeding.

Consistent with the schedule in the EEU-2011-04 proceeding, VEIC in consultation with the Department shall file a proposal for a QPI to address management of EVT's three-year budget by May 1, 2012. We direct Board staff to conduct additional proceedings with regard to a QPI to address management of EVT's three-year budget. These proceedings may include a workshop, scheduled after the May 1 filings, to discuss any proposals for the QPI and the opportunity for workshop participants to file written comments. In addition, any schedule changes to these workshop proceedings shall be determined by Board staff.

Consistent with the February 4 Order on QPI framework, the proposed QPIs for the 2012-2014 performance period include no savings associated with new behavioral efficiency measures. The Department and VEIC propose that if savings from behavioral measures are possible, reliably quantifiable, cost-effective, and can be measured in the 2012-14 timeframe, then VEIC and the Department will propose QPI adjustments to the Board at that time.

We accept the Department's and VEIC's recommendation with regard to two mechanisms to allow for future adjustments of QPIs during the 2012-2014 performance period. (The proposed mechanisms are described in more detail in Appendix C of this Order.) The proposed mechanisms are consistent with adjustments made in past performance periods and with ongoing updates to the screening tool and other baselines that are likely to occur during a three-year performance period. VEIC in consultation with the Department shall notify the Board of any changes they make to QPIs during the 2012-2014 performance period under the first of these identified mechanisms.

We accept the Department's and VEIC's updated 20-year forecast of savings. (A copy of the updated forecast is found in Appendix D of this Order.) We are persuaded that the forecast is consistent with the Board-approved EEU budgets. The Department and VEIC have agreed to provide the Board with an updated forecast of savings when the geographic-targeting proceedings in the DRP process are completed. We accept the Department's and VEIC's agreement and will require this filing deadline in today's Order.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board ("Board") of the State of Vermont that:

1. The proposed electric quantifiable performance indicators ("QPIs") for Efficiency Vermont for the 2012-2014 performance period, including corresponding incentive amounts attached to each (reflecting weighting), 100% target levels, super-stretch target levels, and scaling calculations, and the financial consequences for under performance relative to QPIs shall be those shown in Appendices A and B to this Order.

2. The Department of Public Service and Vermont Energy Investment Corporation shall file status updates within two weeks of the milestones identified in Appendix B to this Order.

3. Future adjustments to QPIs shall be allowed under the mechanisms identified in Appendix C to this Order. Vermont Energy Investment Corporation in consultation with the Department of Public Service shall notify the Board of any adjustments it makes to QPIs during the 2012-2014 performance period through the first mechanism identified in Appendix C to this Order.

4. A proposal for a QPI to address geographic targeting shall be developed along the timeframe set forth in the geographic targeting proceedings in the Demand Resource Plan process.

5. The Department of Public Service and Vermont Energy Investment Corporation shall file with the Board an updated forecast of savings when the geographic-targeting proceedings in the Demand Resource Plan process are completed.

6. The Department of Public Service and Vermont Energy Investment Corporation shall file a proposal for a QPI to address comprehensiveness of savings by January 31, 2012. We direct Board staff to conduct any additional proceedings necessary to review these filings and to determine any schedule changes to this deadline.

7. Vermont Energy Investment Corporation in consultation with the Department of Public Service shall file a proposal for a QPI to address management of Efficiency Vermont's three-year budget by May 1, 2012. We direct Board staff to conduct additional proceedings with regard to a QPI to address management of EVT's three-year budget and to determine any schedule changes to this deadline.

Dated at Montpelier, Vermont, this 27th day of December, 2011.

s/ James Volz)
) PUBLIC SERVICE
)
s/ David C. Coen) BOARD
)
) OF VERMONT
s/ John D. Burke)

OFFICE OF THE CLERK

FILED: December 27, 2011

ATTEST: s/ Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)