STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2010-06

In re: EEU Demand Resources Plan

Order entered: 12/1/2010

ORDER DETERMINING FRAMEWORK FOR HEATING-AND-PROCESS-FUEL QUANTIFIABLE PERFORMANCE INDICATORS

I. INTRODUCTION

On September 9, 2010, the Public Service Board ("Board") initiated a workshop process to develop the first statewide long-term Demand Resources Plan. This workshop process will lead to, among other items, a Board decision establishing electric and heating-and-process-fuel quantifiable performance indicators ("QPIs"). In this Order, we determine the framework that workshop participants should use to develop proposed heating-and-process-fuel QPIs. Specifically, we determine that workshop participants should use the following framework: (1) overall mmBtu savings; (2) comprehensiveness of savings; (3) customer market sector equity; (4) low-income participation; and (5) administrative efficiency.

II. PROCEDURAL HISTORY

The Board held the first workshop in this process on September 22, 2010. At that workshop, participants discussed a schedule that included the filing of a proposed framework to develop heating-and-process-fuel QPIs.

On November 1, 2010, the Vermont Department of Public Service ("Department") and the Vermont Energy Investment Corporation ("VEIC") separately filed proposed frameworks.

On November 5, 2010, the City of Burlington Electric Department ("BED") filed comments on the Department's framework. On November 8, 2010, Central Vermont Public Service Corporation ("CVPS") and VEIC separately filed comments on the Department's proposed framework.

III. WORKSHOP PARTICIPANT RECOMMENDATIONS

The Department recommends the following framework to develop heating-and-process-fuel QPIs:

(1) Overall mmBtu-savings indicator designed to encourage an Energy Efficiency Utility ("EEU") to design and implement efficiency initiatives that will maximize thermal-energy savings, which would be measured upon net incremental mmBtu savings achieved each year of a performance period;

(2) Comprehensiveness-of-savings indicator intended to encourage an EEU to design and implement efficiency initiatives to maximize comprehensive treatment of buildings. This metric would act as a balance to the overall mmBtu indicator to ensure that when a particular building is treated, no lost opportunities are created. The Department notes that different values and metrics may need to be developed in the case of each EEU based on differences in the composition of building stock and customer base;[1]

(3) Customer market-sector equity indicator intended to ensure equity between customer market segments. For example, this indicator may require a minimum spending requirement for residential-sector spending, even if it may be more cost-effective to treat commercial customers. The Department notes that the structure of this indicator may be different for each EEU as customer market segments may differ;

(4) Low-income participation indicator intended to ensure treatment of low-income households. The Department contends that energy efficiency initiatives that address low-income households are generally more expensive than other initiatives, as the households are less able to contribute to measure costs and often health and safety measures are a necessary prerequisite of installation of energy savings measures. The Department further recommends that workshop participants continue to address a number of issues related to this indicator, including the definition of low-income, how an EEU would identify eligible participants, and how eligibility would be verified; and

(5) Administrative-efficiency indicator designed to measure the administrative efficiency of heating-and-process-fuel delivery. The Department further recommends that workshop participants continue to address whether an administrative efficiency metric should focus directly upon the heating-and-

1. For instance, the 2009-2011 indicator for VEIC is based upon the Home Performance with ENERGY STAR™ single-family building initiative. BED may be better suited to a different program or different measure of comprehensiveness, given a different mix of home owners versus renters in its service territory.

process-fuel portion of an EEU's portfolio, or should address the entire portfolio of efficiency measures.

BED and CVPS support the Department's proposed framework. With respect to the overall mmBTU-savings and comprehensiveness-of-savings QPIs, CVPS recommends that the development of these QPIs consider the role that cost-effective electro-technologies (such as heat pumps) could play in improving societal efficiency and cost-effectiveness.

VEIC generally supports the Department's proposed framework, but recommended further workshop discussion of the low-income-participation and administrative-efficiency indicators. VEIC contends that a determination of the resources that would be dedicated to a targeted lower income population has an interactive effect with targets for the QPIs for overall mmBtu savings, comprehensiveness of savings, and customer market-sector equity. VEIC also questions whether the Department's objective to ensure treatment of low-income households can be more efficiently met by appropriate program design rather than a QPI.

IV. DISCUSSION AND CONCLUSION

All workshop participants who filed comments agree that the framework to develop heating-and-process-fuel QPIs should include: (1) overall mmBtu savings; (2) comprehensiveness of savings; and (3) customer market-sector equity. These categories are consistent with the performance indicators developed for the 2009-2011 performance period for VEIC.[2] We conclude that the framework should include these three categories.

All workshop participants who filed comments, except some concerns on the part of VEIC, agree that the framework to develop QPIs should address low-income participation and administrative efficiency, but also support further workshop discussions on how best to incorporate these categories into the QPI framework. VEIC questions whether the low-income participation may be more appropriately addressed through program design rather than a QPI. We are persuaded by the Department's recommendation that the framework should address low-income participation. Therefore, we conclude that the framework to develop heating-and-

2. VEIC is currently serving as the statewide EEU under a contract with the Board.

process-fuel QPIs should address low-income participation and administrative efficiency. Workshop participants shall continue to address whether these categories should be separate QPIs or be incorporated with other proposed QPIs. Workshop participants shall file recommendations for these categories as part of their recommendations for heating-and-process-fuel QPIs.

In addition, we encourage workshop participants in the development of proposed QPIs for overall mmBTU savings and comprehensiveness of savings to work with CVPS regarding the role that cost-effective electro-technologies (such as heat pumps) could play in improving societal efficiency and cost-effectiveness.

SO ORDERED.

Dated at Montpelier, Vermont, this 1st day of December, 2010.

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

OFFICE OF THE CLERK

FILED: December 1, 2010

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)