

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

EEU-2013-01

2013-2014 Demand Resources Plan Proceeding	
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Order entered: 10/27/2017

ORDER RE: 2017 REVISIONS TO EFFICIENCY VERMONT'S THERMAL-ENERGY-AND-PROCESS-FUELS BUDGETS AND PERFORMANCE TARGETS

I. INTRODUCTION

In this Order, the Vermont Public Utility Commission ("Commission") approves revised thermal-energy-and-process-fuels ("TEPF") budgets for Efficiency Vermont for the 2015-2017 performance period. In addition, the Commission approves revised electric and TEPF quantifiable performance indicator ("QPI") targets for Efficiency Vermont.

Pursuant to 30 V.S.A. §§ 209(e)(1) and 255(d), revenues from ISO-New England's Forward Capacity Market ("FCM") and the Regional Greenhouse Gas Initiative ("RGGI") auctions are used to provide TEPF efficiency services. Prior to the start of the 2015-2017 performance period, the Commission established three-year TEPF budgets based on estimated FCM and RGGI revenues. Because actual TEPF revenues are subject to change based on the results of the FCM and RGGI auctions, Vermont Energy Investment Corporation ("VEIC")¹ is required to submit revised TEPF budget estimates on a yearly basis to ensure that any significant deviation from TEPF budget estimates and resulting savings goals established for the 2015-2017 performance period are identified prior to the end of the performance period.

In this Order, we approve a total TEPF budget for the 2015-2017 performance period of \$21,076,159, which represents an 8% decrease from the previous budget approved in 2016. As a result of the decrease in the total TEPF budget, we also approve a decrease in the QPI targets addressing annual incremental net MMBtu savings for the 2015-2017 performance period.

¹ VEIC serves as Vermont's statewide Energy Efficiency Utility ("EEU"), known as Efficiency Vermont, under an Order of Appointment issued by the Commission on 2/12/16, in Docket 8455.

In addition in this Order, we accept revised electric QPI targets addressing total resource benefits (“TRB”) for the 2015-2017 performance period. These revised targets reflect recent updates to avoided-cost values used in the determination of these targets.

Appendix A to this Order contains the revised electric and TEPF QPI targets, as well as the unchanged QPI targets for Efficiency Vermont approved in 2016.

II. GLOSSARY OF ACRONYMS

Commission	Vermont Public Utility Commission
Department	Vermont Department of Public Service
DRP	Demand Resources Plan
DSS	Development and Support Services
EEC	Energy Efficiency Charge
EEU	Energy Efficiency Utility
FCM	Forward Capacity Market
HSL	Heat Saver Loan
MW	Megawatt
MWh	Megawatt Hour
PACE	Property Assessed Clean Energy
P&A Document	Process and Administration of an Energy Efficiency Utility Order of Appointment
QPI	Quantifiable Performance Indicator
RGGI	Regional Greenhouse Gas Initiative
TEPF	Thermal Energy and Process Fuels
TRB	Total Resource Benefits
VEIC	Vermont Energy Investment Corporation

III. BACKGROUND AND PROCEDURAL HISTORY

The Demand Resources Plan (“DRP”) is a set of year-by-year values for demand-side electricity, natural gas, and TEPF savings goals, and includes budgets funded by the energy efficiency charge (“EEC”) and TEPF revenues, QPIs, and minimum performance requirements. In 2010, as part of the Commission’s modification of the EEU program structure, the

Commission approved a document titled *Process and Administration of an Energy Efficiency Utility Order of Appointment* (“P&A Document”) that describes the overall EEU program structure.² The P&A Document describes the process to be followed in developing a DRP as well as a DRP’s contents.

This proceeding concerns the DRP established for the 2015-2017 performance period.

In a July 9, 2014, Order, the Commission determined annual TEPF budgets for Efficiency Vermont for the 2015-2017 performance period.³ In addition, the Commission required VEIC to submit revised TEPF budget estimates on a yearly basis to reflect possible changes in FCM and RGGI revenues that fund the TEPF program.

In an October 10, 2014, Order, the Commission approved electric and TEPF QPIs and minimum performance requirements for Efficiency Vermont.⁴

In an October 10, 2016, Order, the Commission approved revised TEPF budgets and QPI targets for Efficiency Vermont.⁵

On June 29, 2017, VEIC filed recommended changes to TEPF budgets and QPI targets approved by the Commission for Efficiency Vermont for the 2015-2017 performance period. VEIC represents that the Vermont Department of Public Service (“Department”) supports the recommendations. No comments were filed on the June 29, 2017 filing.

On September 29, 2017, VEIC filed recommended revisions to one of the electric QPI targets: QPI 2 – TRB. VEIC represents that it consulted with the Department before filing these revisions.

² *Investigation into Petition Filed by Vermont Department of Public Service Re: Energy Efficiency Utility Structure*, Docket 7466, Order of 12/20/10. The P&A Document has been modified in subsequent proceedings. The latest revision was approved in Docket 8455, Order of 2/12/16.

³ Order Re: Energy Efficiency Utility Budgets for Demand Resources Plan, EEU-2013-01, Order of 7/9/14 (“July 2014 Order”).

⁴ *Order Determining Quantifiable Performance Indicator Targets for Efficiency Vermont and BED*, EEU-2013-01, Order of 10/10/14 (“October 2014 Order”).

⁵ *Order Re Revised Thermal-Energy-and-Process-Fuels Budgets and Revised Performance Targets for Efficiency Vermont*, EEU-2013-01, Order of 10/10/16 (“October 2016 Order”).

IV. DISCUSSION

A. TEPF Budgets

For the 2015-2017 performance period for Efficiency Vermont, the Commission approved TEPF budgets for three categories: (1) resource acquisition activities that are used to obtain MMBtu savings; (2) development and support service (“DSS”) activities that are necessary for the administration of Efficiency Vermont’s programs but that do not directly result in resource savings; and (3) an operations fee and maximum performance incentive payment. Pursuant to VEIC’s Order of Appointment, performance compensation is to be paid based on the attainment of three-year QPI and minimum performance requirement targets. The QPI targets include corresponding incentive amounts attached to each and the financial consequences for under-performance.

VEIC states that changes in RGGI and FCM revenues for the 2015-2017 period necessitate a revision of the TEPF budgets. Due to changes in auction prices, RGGI revenues are estimated to decrease by \$2,298,480 and the FCM revenues are estimated to increase by \$159,533. VEIC proposes that the overall TEPF budget decrease be applied to Efficiency Vermont’s resource-acquisition budget and the applicable operations fee and performance award. Consistent with the July 2014 Order, the sum of the operations fee and performance award result in a 4.5% set-aside, with 60% available for the performance payment and 40% available for an operations fee. VEIC proposes that the TEPF DSS budget for the 2015-2017 performance period remain as determined in the July 2014 Order.

Pursuant to 24 V.S.A. § 3270, the Property Assessed Clean Energy (“PACE”) loan fund is established and administered by the State Treasurer. As required by 24 V.S.A. § 3270(c)(1)(A)(i), no more than \$50,000 per year of TEPF funds is available to the State Treasurer to be called upon as a loan loss reserve fund for the PACE Program. Pursuant to Section 209(e)(1)(A), FCM net revenues “that are not transferred to the State PACE Reserve Fund under 24 V.S.A. § 3270(c)” are deposited into the EEU Fund. For the 2015-2017 performance period, the Commission established a \$100,000 budget for the PACE Program.

VEIC states that the State Treasurer currently has a \$50,000 reserve in the PACE fund and will not require any additional funds during the 2015-2017 performance period. VEIC

proposes that the \$100,000 budget set-aside for the PACE Program be allocated to the Efficiency Vermont TEPF budgets for resource-acquisition activities.

In June of 2016, VEIC and the Department proposed that \$200,000 of the TEPF funds be allocated to the Department’s Heat Savers Loan (“HSL”) Program for 2017.⁶ In the October 2016 Order, the Commission did not accept this proposal because the Department and VEIC were requesting that EEU funds be used by the Department, rather than by an appointed entity, to implement energy efficiency services, specifically financing services. The Commission further concluded that the Department and VEIC have not demonstrated why the proposal is consistent with the requirements under Section 209(d) and Section 209(e), including the requirements under Section 209(d)(2)(B) that the Commission provide for “the coordinated development, implementation, and monitoring of cost-effective efficiency and conservation programs” to TEPF customers by “one or more entities appointed by the Commission for this purpose.” However, the Commission set aside the requested \$200,000, before making a final determination, and requested that the Department and VEIC file supplemental information addressing how the proposal is consistent with the requirements under Section 209(d) and Section 209(e).

VEIC and the Department now propose that that the \$200,000 budget set-aside for the HSL Program be allocated to the Efficiency Vermont TEPF budgets for resource-acquisition activities.

In total, VEIC proposes an 8% decrease in the TEPF budgets for the 2015-2017 performance period that accounts for the decrease in RGGI revenues, the increase in FCM revenues, the adjustment for the PACE Program, and the adjustment for the HSL Program. VEIC proposes the following revised TEPF budgets for the 2015-2017 performance period: (1) \$18,442,925 for resource acquisition; (2) \$1,725,648 for DSS; and (3) \$907,585 for an operations fee and performance award.

⁶ The HSL Program was started in 2014, using funds from other sources that included grants from the Department of Energy and the Clean Energy Development Fund. The HSL Program provides low-interest loans used in the financing of weatherization projects. More than half the projects participated in Efficiency Vermont’s Home Performance with Energy Star program.

Discussion

Pursuant to 30 V.S.A. §§ 209(e)(1) and 255(d), revenues from the FCM and RGGI auctions are used to provide TEPF services to unregulated-fuels customers. Because the RGGI and FCM auction proceeds can vary significantly from auction to auction, any TEPF budget will necessarily involve significant uncertainty, and the further out in time that the budget is predicted, the greater the uncertainty. In addition, both RGGI and the FCM are administered by regional groups. Accordingly, policy changes that happen at the regional level, and over which Vermont has limited control, can affect the proceeds from these two sources. Given the uncertainty associated with FCM and RGGI revenues, the July 2014 Order established a process to revise TEPF budget estimates during the 2015-2017 performance period.

Based on changes in RGGI and FCM revenues for the 2015-2017 period, VEIC proposes an overall decrease to the TEPF budgets for Efficiency Vermont approved in the October 2016 Order. In addition, VEIC proposes to allocate the unused set-asides for the PACE Program and the HSL Program for resource-acquisition activities. We find VEIC's proposal to be reasonable. The proposal is consistent with the requirements of Section 209(e)(1) and Section 209(g)(2), and consistent with the July 2014, October 2014, and October 2016 Orders in this proceeding.

Accordingly, we approve revised TEPF budgets for Efficiency Vermont for the 2015-2017 performance period as set forth in the table below.

TEPF Budgets for Efficiency Vermont	
	2015-2017 Performance Period
Resource Acquisition	\$18,442,925
Development and Support Services	\$1,725,648
Operations Fee and Performance Award	\$907,585
Total	\$21,076,159

B. TEPF QPI Targets

For the 2015-2017 performance period for Efficiency Vermont, the Commission approved TEPF QPIs addressing annual incremental net MMBtu savings and residential single family comprehensiveness. The Commission also approved minimum performance requirements

addressing the minimum level of spending in the residential sector and the minimum level of spending on low-income customers.

Based upon the revised TEPF budget estimates, VEIC proposes a revised TEPF QPI target addressing incremental net MMBtu savings. VEIC proposes the existing 100% target level⁷ be reduced by 24,000 MMBtu, from 279,000 MMBtu to 255,000 MMBtu. The proposed decrease reflects the estimated 8% decrease in TEPF funds available for the 2015-2017 performance period. All other TEPF QPI targets are percentage-based and do not require adjustment.

Discussion

We conclude that the revised budget estimates for TEPF activities should result in a decrease to the QPI target addressing incremental net MMBtu savings. The adjustment to this QPI target is consistent with the methodology for adjusting TEPF QPI targets that we approved in the October 2014 Order.

Therefore, we approve the proposed updated TEPF QPI target for Efficiency Vermont that addresses incremental net MMBtu savings, including 100% target levels, super-stretch targets, corresponding incentive amounts attached to that target (reflecting weighting), scaling calculations, and the financial consequences for under-performance. Appendix A to this Order sets forth the revised TEPF QPI targets that we approve today, along with the additional TEPF QPI and minimum performance requirement targets approved in the October 2016 Order.

C. Electric QPI Targets

For the 2015-2017 performance period for Efficiency Vermont, the Commission approved electric QPIs addressing annual MWh savings, TRB,⁸ summer and winter peak savings, business comprehensiveness, and market transformation.

⁷ Each QPI is divided into three target levels: minimum, 100%, and super-stretch. Each QPI has a possible performance award that starts by achieving the minimum target level and continues to scale upward as the 100% and super-stretch targets are achieved. All the target levels are contained in Appendix A to this Order.

⁸ The QPI to address TRB is intended to encourage EEU's to design and implement efficiency initiatives that will maximize the lifetime electric, fossil-fuel, and water benefits.

In the October 2014 Order, the Commission approved mechanisms to allow for future adjustments of QPI targets during the 2015-2017 performance period. One mechanism allows the Department and VEIC to adjust the QPI targets for TRB (QPI 2) due to changes in Commission-approved avoided-cost values. Avoided-cost values are used for screening energy efficiency investments and are used to determine TRB targets. Avoided-cost values are typically determined biennially, and thus are often updated during an EEU performance period. In the October 2014 Order, the Commission allowed the Department and VEIC to adjust TRB QPI targets due to updates in avoided-cost values without further Commission proceedings.

VEIC provides notice that the TRB QPI targets are revised to reflect recent updates to the avoided-cost values.⁹ VEIC made the adjustments using the methodology identified in the October 2014 Order. The TRB adjustments result in a 100% target level of \$335,509,000, an approximately 2.8% decrease from the previously approved value.

Discussion

We accept the revised QPI targets for TRB for the 2015-2017 performance period. These revised targets reflect recent updates to avoided-cost values used in the determination of these targets. The adjustment to these QPI targets is consistent with the methodology for adjusting TRB targets that we approved in the October 2014 Order.

Therefore, the electric QPI targets for Efficiency Vermont that address TRB are revised, including 100% target levels, super-stretch targets, corresponding incentive amounts attached to that target (reflecting weighting), scaling calculations, and the financial consequences for under-performance. Appendix A to this Order sets forth the revised electric QPI targets, along with the additional electric QPI and minimum performance requirement targets approved in the October 2016 Order.

⁹ *Order Re: Avoided Cost, Externality Adjustments, and Other Screening Components for the 2017-2018 Time Period*, EEU-2015-04, Order of 10/20/17.

V. ORDER

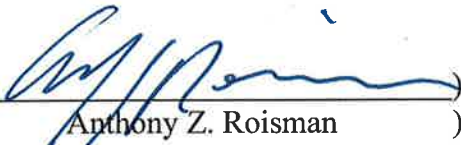
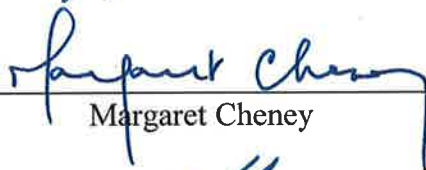

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Utility Commission of the State of Vermont that:

1. The thermal-energy-and-process fuels (“TEPF”) estimated budgets for Efficiency Vermont for the 2015-2017 performance period shall be: (1) \$18,442,925 for resource acquisition; (2) \$1,725,648 for development and support services; and (3) \$907,585 for an operations fee and performance award.

2. The electric-efficiency quantifiable performance indicators (“QPIs”) for Efficiency Vermont for the 2015-2017 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 contained in Appendix A to this Order.

3. The TEPF QPIs for Efficiency Vermont for the 2015-2017 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 contained in Appendix A to this Order.

Dated at Montpelier, Vermont, this 27th day of October, 2017.

 _____ Anthony Z. Roisman)	PUBLIC UTILITY
)	
 _____ Margaret Cheney)	COMMISSION
)	
 _____ Sarah Hofmann)	OF VERMONT

OFFICE OF THE CLERK

Filed: October 27, 2017

Attest: 
Clerk of the Commission

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

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within thirty days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within ten days of the date of this decision and Order.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-1: Efficiency Vermont 2015-2017 Electric-Efficiency Quantifiable Performance Indicators (QPIs)

QPI#	Title	Quantifiable Performance Indicator	Target	Period	Incentive Weight	Form of Verification	Incentive Amount (100%)
1	Electricity Savings	Annual incremental net MWh savings	321,800 MWh (See Note 1)	2015-2017 cumulative	28%	Annual Verification Process	\$956,394
2	Total Resource Benefits	Present worth of lifetime electric, fossil, and water benefits	\$335,509,000 (See Note 2)	2015-2017 cumulative	30%	Annual Verification Process	\$1,024,708
3	Summer Peak Demand Savings	Cumulative net summer peak demand savings	41,300 kW (See Note 3)	2015-2017 cumulative	17%	Annual Verification Process	\$580,668
4	Winter Peak Demand Savings	Cumulative net winter peak demand savings	53,700 kW (See Note 4)	2015-2017 cumulative	14%	Annual Verification Process	\$478,197
5	Business Comprehensiveness	Savings as a % of baseline year usage for Companies who complete Business Existing Facilities efficiency projects	11.0% of Usage (See Note 5)	2015-2017 cumulative	5%	Annual Verification Process	\$170,785
6	Market Transformation Residential	Residential new construction project completions with substantial energy savings in 2015-2017 as % of total residential new construction permits in 2014-2016	42% of Vermont 1-4 unit building permits (See Note 6)	2015-2017 cumulative	3%	Annual Verification Process	\$102,471
7	Market Transformation Business	Number of energy efficiency measure supply chain partners linked to at least 3 (completed) projects	500 Partners (See Note 7)	2015-2017 cumulative	3%	Annual Verification Process	\$102,471
TOTAL					100%		\$3,415,693

Notes

- Note 1 The award is scaled as follows. Below 241,400 MWh (90% of the modeled result), VEIC earns no incentive. At 241,400 MWh VEIC earns 60% of the total incentive. The award shall be scaled linearly between 60% and 100% of the incentive amount for performance between 241,400 and 321,800 MWh. For performance greater than 321,800 MWh, VEIC can earn a set amount per MWh as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 2 The award is scaled as follows. Below \$257,454,000 of TRB (90% of the modeled result), VEIC earns no incentive. At \$257,454,000 of TRB VEIC earns 60% of the total incentive. The award shall be scaled linearly between 60% and 100% of the incentive amount for performance between \$257,454,000 and \$335,509,000 of TRB. For performance greater than \$335,509,000 of TRB, VEIC can earn a set amount per \$1 of TRB as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 3 The award is scaled as follows. Below 31,000 kW (90% of the modeled result), VEIC earns no incentive. At 31,000 kW VEIC earns 60% of the total incentive. The award shall be scaled linearly between 60% and 100% of the incentive amount for performance between 31,000 and 41,300 kW. For performance greater than 41,300 kW, VEIC can earn a set amount per kW as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 4 The award is scaled as follows. Below 40,300 kW (90% of the modeled results), VEIC earns no incentive. At 40,300 kW VEIC earns 60% of the total incentive. The award shall be scaled linearly between 60% and 100% of the incentive amount for performance between 40,300 and 53,700 kW. For performance greater than 53,700 kW, VEIC can earn a set amount per kW as provided for in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 5 The award is scaled as follows. Below 8.8% (80% of the 100% Target Level), VEIC earns no incentive. At 8.8% VEIC earns 60% of the total incentive. The award shall be scaled linearly between 8.8% and 11.0%. For performance greater than 11.0% VEIC can earn a set amount per 0.1% as provided for in Table A-3, with a cap for this award as also provided in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 6 The award is scaled as follows. Below 36% (85% of the 100% Target Level), VEIC earns no incentive. At 36% market share VEIC earns 60% of the total incentive. The award shall be scaled linearly between 36% and 42% market share. For performance greater than 42% market share VEIC can earn a set amount per 1% as provided for in Table A-3, with a cap for this award as also provided in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.
- Note 7 The award is scaled as follows. Below 400 instances (80% of the 100% Target Level), VEIC earns no incentive. At 400 instances VEIC earns 60% of the total incentive. The award shall be scaled linearly between 60% and 100% of the incentive amount for performance between 400 and 500 instances. For performance greater than 500 instances, VEIC can earn a set amount per instance as provided for in Table A-3, with a cap for this award as also provided in Table A-3. However, VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-2: Efficiency Vermont 2015-2017 Electric-Efficiency QPIs

Threshold and Scaling Up to 100% Target Level

QPI #1: ELECTRICITY SAVINGS (MWh)

	Minimum	100% Target Level	Increase Rate
Achievement	241,400	321,800	\$4.76
% of model	90%	120%	Per MWh between 241,400 and 321,800
% of award	60%	100%	
Award amount	\$573,836	\$956,394	

QPI #2: TOTAL RESOURCE BENEFITS

	Minimum	100% Target Level	Increase Rate
Achievement	\$257,454,000	\$335,509,000	\$0.0052512
% of model	90%	120%	Per TRB Dollar between \$257,454,000 and \$335,509,000
% of award	60%	100%	
Award amount	\$614,825	\$1,024,708	

QPI #3: SUMMER PEAK DEMAND SAVINGS (kW)

	Minimum	100% Target Level	Increase Rate
Achievement	31,000	41,300	\$22.55
% of model	90%	120%	Per kW between 31,000 and 41,300
% of award	60%	100%	
Award amount	\$348,401	\$580,668	

QPI #4: WINTER PEAK DEMAND SAVINGS (kW)

	Minimum	100% Target Level	Increase Rate
Achievement	40,300	53,700	\$14.27
% of model	90%	120%	Per kW between 40,300 and 53,700
% of award	60%	100%	
Award amount	\$286,918	\$478,197	

QPI #5: BUSINESS COMPREHENSIVENESS

	Minimum	100% Target Level	Increase Rate
Achievement	8.8%	11.0%	\$3,105
% of target	80%	100%	Per 0.1% between 8.8% and 11.0%
% of award	60%	100%	
Award amount	\$102,471	\$170,785	

QPI #6: MARKET TRANSFORMATION RESIDENTIAL

	Minimum	100% Target Level	Increase Rate
Achievement	36%	42%	\$6,831
% of target	85%	100%	Per 1% between 36% and 42%
% of award	60%	100%	
Award amount	\$61,482	\$102,471	

QPI #7: MARKET TRANSFORMATION BUSINESS

	Minimum	100% Target Level	Increase Rate
Achievement	400	500	\$409.88
% of target	80%	100%	Per Instance between 400 and 500
% of award	60%	100%	
Award amount	\$61,482	\$102,471	

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-3 Efficiency Vermont 2015-2017 Electric-Efficiency QPIs

Scaling Above 100% Target Level

Performance Indicator	100% Target Level	Increase Rate	Units	Cap \$
QPI #1: ELECTRICITY SAVINGS (MWh)	321,800	\$8.7011	per MWh above 100% Target Level	N/A
QPI #2: TOTAL RESOURCE BENEFITS	\$335,509,000	\$0.0089	per \$ above 100% Target Level	N/A
QPI #3: SUMMER PEAK DEMAND SAVINGS (kW)	41,300	\$41.1622	per kW above 100% Target Level	N/A
QPI #4: WINTER PEAK DEMAND SAVINGS (kW)	53,700	\$26.0708	per kW above 100% Target Level	N/A
QPI #5: BUSINESS COMPREHENSIVENESS	11.0%	\$4,545.4545	per 0.1% above 100% Target Level	\$196,000
QPI #6: MARKET TRANSFORMATION RESIDENTIAL	42%	\$7,142.8571	per % above 100% Target Level	\$117,000
QPI #7: MARKET TRANSFORMATION BUSINESS	500	\$600.0000	per unit above 100% Target Level	\$117,000

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-4: Efficiency Vermont 2015-2017 Electric-Efficiency QPIs - Minimum Performance Requirements

QPI#	Title	Minimum Requirement	Policy Goal Advanced	Form of Verification	Performance Incentive Award Reduction %	Financial Impact
8	Minimum Electric Benefits	Total electric benefits divided by total costs is greater than 1.2	Equity for all Vermont electric customers as a group by ensuring that the overall electric benefits are greater than the costs incurred to implement and evaluate the EEU and the EEC	Tracking System	Eliminates 100% of performance incentive award	\$3,915,693
9	Threshold (or minimum acceptable) Level of Participation by Residential Customers	Total residential sector spending is greater than \$32,500,000	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	Accounting System	Reduces total performance incentive award at 100% Target Level by 18%	\$614,825
10	Threshold (or minimum acceptable) Level of Participation by Low-Income Households	Total low-income services spending is greater than \$10,500,000	Equity for low-income customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income households	Accounting System	Reduces total performance incentive award at 100% Target Level by 18%	\$614,825
11	Threshold (or minimum acceptable) Level of Participation by Small Business Customers	Total non-residential premises with annual electric use of 40,000 kWh/yr or less that acquire kWh savings is greater than 2,000	Equity for small business customers by ensuring that a minimum level of overall efficiency efforts, as reflected in participation, will be dedicated to small business accounts	Tracking System	Reduces total performance incentive award at 100% Target Level by 18%	\$614,825
12	Geographic Equity	TRB for each geographic area is greater than values shown on Table A-5	Geographic equity for all Vermont electric customers by ensuring that energy efficiency benefits are geographically distributed on an equitable basis	Tracking System	Reduces total performance incentive award at 100% Target Level by 6%	\$204,942
13	Program Implementation Efficiency - Key Process Improvements	Meet all pre-determined milestones on schedule	To clearly identify, document, and measure key business processes associated with Efficiency Vermont's delivery of services under the Order of Appointment	Tracking Report	Reduces total performance incentive award at 100% Target Level by 2%	\$68,314
14	Service Quality	Achieve 92 or more metric points in the Service Quality and Reliability Plan over the course of the Performance Period	To establish Quality Performance Standards and associated reporting requirements for energy efficiency services provided by Efficiency Vermont	Quarterly, Annual and Performance Period Reports	Reduces total performance incentive award by \$1,630 per point lost (beyond 16) with a potential total reduction at 100% Target Level by 4.4%	\$150,000
15	Resource Acquisition Performance Period Spending	Total spending for a three-year performance period (including applicable operations fees) is less than \$136,181,694	To minimize total spending variances above Board approved 2015-2017 budgets	2017 Savings Claim Summary	Reduces total performance incentive award at 100% Target Level by 2.0% and increases at 0.5%	Penalty begins at \$20,000 and increases per Table A-13

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

**Table A-5: Efficiency Vermont 2015-2017 Electric-Efficiency QPIs
Minimum TRB per Geographic Area for Minimum Performance Requirement**

Geographic Area	Required TRB per Geographic Area for MPR #12	% by County
Addison	\$9,569,786	5.6%
Bennington	\$11,755,268	6.9%
Caledonia	\$7,381,188	4.3%
Chittenden	\$34,376,179	20.1%
Essex/Orleans	\$8,700,557	5.1%
Franklin	\$14,422,521	8.4%
Grand Isle/Lamoille	\$9,155,602	5.4%
Orange	\$5,985,825	3.5%
Rutland	\$19,819,855	11.6%
Washington	\$16,412,881	9.6%
Windham	\$16,951,229	9.9%
Windsor	\$16,433,720	9.6%
Total	\$170,965,000	100.0%

Note: All geographic names above refer to Vermont Counties.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-6: Efficiency Vermont 2015-2017 Electric-Efficiency Super-Stretch Targets and Cap

Calculation of QPI Payments Between Minimum Threshold and 100% Target					
<u>QPI#</u>		<u>Minimum</u>	<u>Incentive \$ 100% Target</u>	<u>Increase Rate To Be Spread</u>	<u>Per Unit</u>
1	MWh	241,400	321,800	\$382,558	\$4.7582
2	Total Resource Benefit	\$257,454,000	\$335,509,000	\$409,883	\$0.0053
3	Summer kW	31,000	41,300	\$232,267	\$22.5502
4	Winter kW	40,300	53,700	\$191,279	\$14.2745
5	Business Comprehensiveness	8.8%	11.0%	\$68,314	\$3,105.1755
6	Market Transformation-Residential	36%	42%	\$40,988	\$6,831.3861
7	Market Transformation-Business	400	500	\$40,988	\$409.8832

Calculation of Superstretch QPI Payments if Targets Exceeded									
Total Possible Incentive to be Earned =		\$3,915,693							
Super Stretch Incentive =		\$500,000							
Percent Increase for Superstretch =		5%							
<u>QPI#</u>		<u>100% Target</u>	<u>Super Stretch Target</u>	<u>Super Stretch Weighting, Based on Weighting in Table A-1</u>	<u>Award Available for Super Stretch Payments</u>	<u>Super Stretch Payment Rate per Unit Achieved above 100%</u>	<u>Super Stretch Cap % (% of Total Award)</u>	<u>Super Stretch \$ Cap¹</u>	
1	MWh	321,800	337,890	28%	\$140,000	\$8.70	No Cap	No Cap	
2	Total Resource Benefit	\$335,509,000	\$352,284,450	30%	\$150,000	\$0.00894	No Cap	No Cap	
3	Summer kW	41,300	43,365	17%	\$85,000	\$41.16	No Cap	No Cap	
4	Winter kW	53,700	56,385	14%	\$70,000	\$26.07	No Cap	No Cap	
5	Business Comprehensiveness	11.0%	11.6%	5%	\$25,000	\$4,545.45	5%	\$196,000	
6	Market Transformation-Residential	42%	44%	3%	\$15,000	\$7,142.86	3%	\$117,000	
7	Market Transformation-Business	500	525	3%	\$15,000	\$600.00	3%	\$117,000	
				100%	\$500,000				

¹ VEIC's total performance incentive for Electric EEU Funds performance indicators may not exceed \$3,915,693.

Table A-7: Efficiency Vermont 2015-2017 Thermal-Energy-and-Process-Fuel (TEPF) QPIs

QPI #	Title	Performance Indicator	Target	Period	Incentive Weight	Form of Verification	Incentive Amount (100%)
1	Thermal & Mechanical Energy Efficiency Savings	Annual incremental net MMBTU savings	255,000	2015-2017 cumulative	75%	Annual Verification Process	\$355,350
2	Residential Single Family Comprehensiveness (Note 4)	a. Average air leakage reduction per project (Note 1)	34%	2015-2017 cumulative	25%	Annual Verification Process	\$118,450
		b. Percent of projects with square feet of insulation added at least 50% of the home's finished square feet of floor area (Note 2)	44%	2015-2017 cumulative		Annual Verification Process	
		c. Percent of households (premises) with both shell measures and heating system measures installed, within contiguous calendar years. (Note 3)	16%	2015-2017 cumulative		Annual Verification Process	
			TOTALS		100%		\$473,800

Notes

- 1 Projects are defined as a work project completed by a Home Performance with ENERGY STAR (HPwES) contractor in a single family (1-4 units). All single family homes in which Thermal Energy and Process Fuel-funded incentives are provided through HPwES will be included in the average, regardless of whether or not air infiltration reduction is achieved.
- 2 The total shall include all insulation that is installed in the home, including attic and ceiling insulation, wall insulation, floor insulation, foundation insulation, etc.
- 3 Significant heating system measures will include system replacements, distribution improvements such as duct sealing or installing improved or right-sized ductwork, burner replacements, etc. with a cost of at least \$200 per reported job. Neither setback thermostats nor clean and tunes shall count as significant heating system measures for this Performance Indicator. Shell measures include any measures that reduce conductive losses through the building shell (typically insulation measures) as well as air infiltration reductions. Example of qualifying contiguous calendar years: a household implementing shell measures in 2014 and a heating system measure in 2015, or vice versa.
- 4 Measures reducing electrical and / or unregulated fuel energy consumption will qualify for meeting residential single family comprehensiveness.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

**Table A-8: Efficiency Vermont 2015-2017 TEPF QPIs
Threshold and Scaling Up to 100% Target Level**

QPI #1: Thermal and mechanical energy efficiency savings (MMBtu)

	Minimum	100% Target Level	Increase Rate
Achievement	191,250	255,000	\$2.230
% of target	75%	100%	Per MMBTU between 209,250 and 279,000
% of award	60%	100%	
Award amount	\$213,210	\$355,350	

QPI # 2: Comprehensiveness - average percentage achieved of all metrics [Note 1]

	Minimum	100% Target Level	Increase Rate
Achievement	70%	100%	\$1,579.333
% of target	70%	100%	Per average percentage point increase between 70% and 100%
% of award	60%	100%	
Award amount	\$71,070	\$118,450	

Notes

1

The average percentage will be calculated using a maximum of 120% for any criterion (a,b,c) even if the actual performance is greater than 120% for any criterion.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

**Table A-9: Efficiency Vermont 2015-2017 TEPF QPIs
Scaling Above 100% Target Level**

QPI #1: Thermal and Mechanical Energy Efficiency Savings (MMBtu)

<i>100% Target Level</i>	<i>Increase Rate</i>
255,000	\$4.165
	<i>per MMBtu above 100% Target Level</i>

QPI # 2: Comprehensiveness - Average Percentage Achieved of All Metrics

<i>100% Target Level</i>	<i>Increase Rate</i>
100%	\$3,540.00
	<i>per % above 100% Target Level</i>

**Table A-10: Efficiency Vermont 2015-2017 TEPF QPIs
Minimum Performance Requirements**

QPI#	Title	Minimum Requirement*	Policy Goal Advanced	Form of Verification	Performance Incentive Award Reduction %	Financial Impact
3	Threshold (or minimum acceptable) Level of Participation by Residential Customers	Total residential sector spending is greater than 62.5% of the total Thermal Energy and Process Fuel Fund expenditures	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	Annual Verification Process	Reduces total performance incentive award at 100% Target Level by 10%	\$47,000
4	Threshold (or minimum acceptable) Level of Participation by Low Income Customers	Total low-income spending is greater than 17% of the total Thermal Energy and Process Fuel Fund expenditures	Equity for low-income customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income customers	Annual Verification Process	Reduces total performance incentive award at 100% Target Level by 10%	\$47,000
5	Performance Period Spending	Total spending for a three-year performance period (including applicable operations fees) is less than \$18,997,058	To minimize total spending variances above Board approved 2015-2017 budgets.	2017 Savings Claim Summary	Reduces total performance incentive award at 100% Target Level by 2.0% and increases at 0.5%	Penalty begins at \$2,300 and increases per Table A-14

Table A-11: Efficiency Vermont 2015-2017 TEPF QPI Super-Stretch Targets and Cap TEPF Calculation of QPI Payments Threshold and Target

Available TEPF RA Funds: \$18,774,898

Calculation of QPI Payments up to 100% Targets					
QPI#	Minimum	100% Target	Incentive \$ To Be Spread	Increase Rate	Per Unit
1	191,250	255,000	\$142,140		\$2.230
2	70%	100%	\$47,380		\$1,579.333

QPI Descriptions and Targets

PI#	Name	Target
1	MMBtu	255,000
2.a.	Air Leakage	34%
2.b.	Insulation	44%
2.c.	Shell & Heating	16%

Calculation of Superstretch QPI Payments if Targets Exceeded						
Total Possible Incentive to be Earned =		\$544,600				
100% Target Incentive (87%) =		\$473,800				
Super Stretch Incentive (13%) =		\$70,800				
Percent Increase for Super Stretch =		5%				
QPI#	100% Target	"Super Stretch" Target	"Super Stretch" Weighting	Incentive Dollars	Increase Rate	Super Stretch \$ Cap
1	255,000	267,750	75.0%	\$53,100	\$4.165	No Cap
2	100%	105%	25.0%	\$17,700	\$3,540.000	No Cap
			100.00%	\$70,800		

MPR and Target

MPR#	Name	Minimum
3	Residential Spending	\$11,734,000
4	Low Income Spending	\$3,191,733

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-12: Efficiency Vermont 2015-2017 Performance Period Spending Thresholds and Penalties

The following table establishes spending threshold and financial penalty structure based on approved Electric Efficiency and TEPF budgets for the 2015-2017 performance period.

Spending Category	2017 Budget and Applicable Operations Fee	Threshold Value	2015-2017 Budget and Applicable Operations Fee	2015-2017 Spending Threshold	Minimum Penalty if Spending Threshold is Exceeded	Spending Increment for Assessing Penalty
Electric Efficiency Resource Acquisition	\$47,603,368	\$1,428,101	\$134,753,593	\$136,181,694	\$20,000	\$50,000
TEPF Resource Acquisition	\$7,405,326	\$222,160	\$18,774,898	\$18,997,057	\$2,300	\$50,000
Development and Support Services (DSS)	\$4,981,406	\$149,442	\$14,639,247	\$14,788,689	\$2,000	\$39,000
Threshold Rate	3%					
Initial Penalty Rate	2%					
Penalty Increase Rate	0.5%					

	EEC Resource Acquisition 2017	TEPF Resource Acquisition 2017	EEC and TEPF DSS 2017	EEC Resource Acquisition 2015- 2017	TEPF Resource Acquisition 2015- 2017	EEC and TEPF DSS 2015- 2017
Budget	\$45,555,423	\$7,274,387	\$4,893,326	\$127,366,850	\$18,442,925	\$14,380,400
Resource Acquisition R&D	\$1,206,235			\$5,004,067		
Operations Fee	<u>\$841,710</u>	<u>\$130,939</u>	<u>\$88,080</u>	<u>\$2,382,677</u>	<u>\$331,973</u>	<u>\$258,847</u>
Total	\$47,603,368	\$7,405,326	\$4,981,406	\$134,753,593	\$18,774,898	\$14,639,247

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-13: 2015-2017 Spending Penalties For Electric-Efficiency Resource Acquisition Budget

Electric Efficiency Penalties							
Spending Above Threshold	Increments	Penalty Rate	Low	High	Cumulative Low	Penalty	Cumulative High
\$1	\$50,000	2.0%	\$0	\$1,000	\$20,000		\$21,000
\$50,001	\$100,000	2.5%	\$1,250	\$2,500	\$21,250		\$23,500
\$100,001	\$150,000	3.0%	\$3,000	\$4,500	\$24,250		\$28,000
\$150,001	\$200,000	3.5%	\$5,250	\$7,000	\$29,500		\$35,000
\$200,001	\$250,000	4.0%	\$8,000	\$10,000	\$37,500		\$45,000
\$250,001	\$300,000	4.5%	\$11,250	\$13,500	\$48,750		\$58,500
\$300,001	\$350,000	5.0%	\$15,000	\$17,500	\$63,750		\$76,000
\$350,001	\$400,000	5.5%	\$19,250	\$22,000	\$83,000		\$98,000
\$400,001	\$450,000	6.0%	\$24,000	\$27,000	\$107,000		\$125,000
\$450,001	\$500,000	6.5%	\$29,250	\$32,500	\$136,250		\$157,500
\$500,001	\$550,000	7.0%	\$35,000	\$38,500	\$171,250		\$196,000
\$550,001	\$600,000	7.5%	\$41,250	\$45,000	\$212,501		\$241,000
\$600,001	\$650,000	8.0%	\$48,000	\$52,000	\$260,501		\$293,000
\$650,001	\$700,000	8.5%	\$55,250	\$59,500	\$315,751		\$352,500
\$700,001	\$750,000	9.0%	\$63,000	\$67,500	\$378,751		\$420,000
\$750,001	\$800,000	9.5%	\$71,250	\$76,000	\$450,001		\$496,000
\$800,001	\$850,000	10.0%	\$80,000	\$85,000	\$530,001		\$581,000
\$850,001	\$900,000	10.5%	\$89,250	\$94,500	\$619,251		\$675,500
\$900,001	\$950,000	11.0%	\$99,000	\$104,500	\$718,251		\$780,000
\$950,001	\$1,000,000	11.5%	\$109,250	\$115,000	\$827,501		\$895,000
\$1,000,001	\$1,050,000	12.0%	\$120,000	\$126,000	\$947,501		\$1,021,000
\$1,050,001	\$1,100,000	12.5%	\$131,250	\$137,500	\$1,078,752		\$1,158,500
	<i>rate increase</i>	<i>0.5%</i>					

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed \$50,000 over budget. Minimum penalty for spending above \$50,000 is \$20,000.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-14: 2015-2017 Spending Penalties For TEPF Resource Acquisition Budget

TEPF Penalties						
Spending Above Threshold	Increments	Penalty Rate	Penalty			
			Low	High	Cumulative Low	Cumulative High
\$1	\$50,000	2.0%	\$0	\$1,000	\$2,300	\$3,300
\$50,001	\$100,000	2.5%	\$1,250	\$2,500	\$3,550	\$5,800
\$100,001	\$150,000	3.0%	\$3,000	\$4,500	\$6,550	\$10,300
\$150,001	\$200,000	3.5%	\$5,250	\$7,000	\$11,800	\$17,300
\$200,001	\$250,000	4.0%	\$8,000	\$10,000	\$19,800	\$27,300
\$250,001	\$300,000	4.5%	\$11,250	\$13,500	\$31,050	\$40,800
\$300,001	\$350,000	5.0%	\$15,000	\$17,500	\$46,050	\$58,300
\$350,001	\$400,000	5.5%	\$19,250	\$22,000	\$65,300	\$80,300
\$400,001	\$450,000	6.0%	\$24,000	\$27,000	\$89,300	\$107,300
\$450,001	\$500,000	6.5%	\$29,250	\$32,500	\$118,550	\$139,800
\$500,001	\$550,000	7.0%	\$35,000	\$38,500	\$153,550	\$178,300
\$550,001	\$600,000	7.5%	\$41,250	\$45,000	\$194,801	\$223,300
\$600,001	\$650,000	8.0%	\$48,000	\$52,000	\$242,801	\$275,300
\$650,001	\$700,000	8.5%	\$55,250	\$59,500	\$298,051	\$334,800
\$700,001	\$750,000	9.0%	\$63,000	\$67,500	\$361,051	\$402,300
\$750,001	\$800,000	9.5%	\$71,250	\$76,000	\$432,301	\$478,300
\$800,001	\$850,000	10.0%	\$80,000	\$85,000	\$512,301	\$563,300
\$850,001	\$900,000	10.5%	\$89,250	\$94,500	\$601,551	\$657,800
\$900,001	\$950,000	11.0%	\$99,000	\$104,500	\$700,551	\$762,300
\$950,001	\$1,000,000	11.5%	\$109,250	\$115,000	\$809,801	\$877,300
\$1,000,001	\$1,050,000	12.0%	\$120,000	\$126,000	\$929,801	\$1,003,300
\$1,050,001	\$1,100,000	12.5%	\$131,250	\$137,500	\$1,061,052	\$1,140,800

rate increase 0.5%

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed \$50,000 over budget. Minimum penalty for spending above \$50,000 is \$2,300.

(October 2017 - Replaces Appendix A to October 10, 2016, Order)

Table A-15: 2015-2017 Spending Penalties For Development and Support Services Budget

NRA Penalties							
Spending Above Threshold	Increments	Penalty Rate	Penalty				
			Low	High	Cumulative Low	Cumulative High	
\$1	\$39,000	2.0%	\$0	\$780	\$2,000	\$2,780	
\$39,001	\$78,000	2.5%	\$975	\$1,950	\$2,975	\$4,730	
\$78,001	\$117,000	3.0%	\$2,340	\$3,510	\$5,315	\$8,240	
\$117,001	\$156,000	3.5%	\$4,095	\$5,460	\$9,410	\$13,700	
\$156,001	\$195,000	4.0%	\$6,240	\$7,800	\$15,650	\$21,500	
\$195,001	\$234,000	4.5%	\$8,775	\$10,530	\$24,425	\$32,030	
\$234,001	\$273,000	5.0%	\$11,700	\$13,650	\$36,125	\$45,680	
\$273,001	\$312,000	5.5%	\$15,015	\$17,160	\$51,140	\$62,840	
\$312,001	\$351,000	6.0%	\$18,720	\$21,060	\$69,860	\$83,900	
\$351,001	\$390,000	6.5%	\$22,815	\$25,350	\$92,675	\$109,250	
\$390,001	\$429,000	7.0%	\$27,300	\$30,030	\$119,975	\$139,280	
\$429,001	\$468,000	7.5%	\$32,175	\$35,100	\$152,151	\$174,380	
\$468,001	\$507,000	8.0%	\$37,440	\$40,560	\$189,591	\$214,940	
\$507,001	\$546,000	8.5%	\$43,095	\$46,410	\$232,686	\$261,350	
\$546,001	\$585,000	9.0%	\$49,140	\$52,650	\$281,826	\$314,000	
\$585,001	\$624,000	9.5%	\$55,575	\$59,280	\$337,401	\$373,280	
\$624,001	\$663,000	10.0%	\$62,400	\$66,300	\$399,801	\$439,580	
\$663,001	\$702,000	10.5%	\$69,615	\$73,710	\$469,416	\$513,290	
\$702,001	\$741,000	11.0%	\$77,220	\$81,510	\$546,636	\$594,800	
\$741,001	\$780,000	11.5%	\$85,215	\$89,700	\$631,851	\$684,500	
\$780,001	\$819,000	12.0%	\$93,600	\$98,280	\$725,451	\$782,780	
\$819,001	\$858,000	12.5%	\$102,375	\$107,250	\$827,827	\$890,030	
	<i>rate increase</i>	<i>0.5%</i>					

Any spending above this level would be the sole responsibility of the program administrator. At this point, the penalty equals spending.

No penalties if spending does not exceed threshold. Minimum penalty for spending above threshold is \$2,000.

Any penalty would be allocated to the funders (EEC and TEPF) based upon the EEC/TEPF RA budget ratio established at the start of the performance period. For 2015-2017, that ratio is 88% EEC and 12% TEPF.