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April 9, 2021

Holly Anderson, PUC Clerk  
Vermont Public Utility Commission  
112 State Street  
Montpelier, VT 05620-2701

**Re: Case No. 20-2022-INV, Calculation of the Efficiency Vermont Energy Fixed Monthly Efficiency Charge (“EEC”) Rates for Year 2021**

Dear Ms. Anderson,

Pursuant to Public Utility Commission (the “Commission” or “PUC”) Rule 5.303(B)(2), Efficiency Vermont hereby submits for Commission approval the 2021 Fixed Monthly Energy Efficiency Charge (“EEC”) scheduled to go into effect on July 1, 2021 for customers located in its service area. Also included as Appendix A is an attachment that explains the calculation of the 2021 Fixed Monthly EEC.

Procedural History

- On August 8, 2019, the Commission issued a memo adopting changes to Commission Rule 5.300.
- On August 26, 2019, Amended Commission Rule 5.300 became effective requiring a Fixed Monthly EEC charge on July 1, 2021.<sup>1</sup>
- On July 28, 2020, the Commission opened an investigation in Case No. 20-2022-INV into the 2021 EEC rates.
- Between July 28 and July 31, 2020, the electric distribution utilities (“DUs”) where Efficiency Vermont provides customer services submitted electric load, sales, and revenue data.
- On September 4, 2020, Efficiency Vermont submitted its proposed 2021 EEC rates and supporting documentation.
- On September 23, 2020, Efficiency Vermont submitted a sensitivity analysis of the EEC calculation with varying assumptions regarding forecasted sales.
- On September 30, 2020, the Vermont Department of Public Service (the “Department”) submitted comments on Efficiency Vermont’s proposed EEC rates.

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<sup>1</sup> See PUC Rule 5.311(B).

- On November 5, 2020, the Commission issued its Order Approving Efficiency Vermont's Proposed Energy Efficiency Charge Rates for 2021.

### Rule 5.300 Requirements

By way of background, Commission Rule 5.300 stipulates that beginning July 1, 2021 a Fixed Monthly EEC shall be established for certain customers.<sup>2</sup> Specifically, PUC Rule 5.302(N) defines “Fixed Monthly EEC” to mean “a flat monthly Electric EEC for net-metered customers who do not have the equipment necessary to determine their gross electric consumption.” Id. As of this filing, a Fixed Monthly EEC has yet to be established for customers located in Efficiency Vermont’s service area and Efficiency Vermont maintains that good cause exists for the Commission to amend its Order of November 5, 2020 in Case No. 20-2022-INV to establish the 2021 Fixed Monthly EEC as proposed for implementation starting July 1, 2021.

In support of this request Efficiency Vermont notes that pursuant to Rule 5.303(A):

*The Energy Efficiency Charge shall be established at constant rates for 12 calendar months, beginning with bills rendered on or after February 1 of each year, with no proration, using the methodologies set out in Sections 5.305(E) through 5.305(G). **However, for good cause, the Commission may change by Order the Energy Efficiency Charge rates during any 12-calendar-month period, after providing an opportunity for public comment.*** (emphasis added)

Pursuant to Rule 5.303(C):

*The Electric EEC shall be applied in a volumetric manner to the gross electric consumption of each retail customer unless the application of the charge is expressly exempted by operation of law. For purposes of net-metering systems, as defined in 30 V.S.A. § 8002, gross electric consumption means the electricity a net-metering customer has consumed from the grid plus the electricity the customer consumed from the customer’s net-metering system. **If, as of the effective date of this rule, a net-metering customer does not have the equipment necessary for their distribution utility to determine their gross electric consumption, the customer shall pay a Fixed Monthly EEC, unless the customer chooses to install the equipment necessary for their distribution utility to determine their gross electric consumption, in which case the customer shall be charged the Electric EEC based upon the customer’s gross consumption. The Fixed Monthly EEC shall be determined by rate class and shall be based upon the average statewide monthly consumption and demand for the previous year for the rate class times the Electric EEC rate for the year the rate is being implemented.*** (emphasis added)

Rule 5.303(E) states:

*The Energy Efficiency Charge shall be shown on at **least a single line on bills** (emphasis added) sent by all distribution utilities to customers. Id.*

Rule 5.305 states:

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<sup>2</sup> See PUC Rule 5.311(B).

*The Electric EEC rates shall be calculated on a statewide basis, **except for the service territory of BED.** (emphasis added)*

Rule 5.311(B) states:

*Section 5.303(B)(2) and the use of the phrase “and gross consumption by” in Section 5.304(B) shall take effect on July 1, 2021. Id.*

This letter and supporting Appendix A explain the methodology Efficiency Vermont recommends be employed to determine the 2021 Fixed Monthly EEC, and requests approval for the proposed rate to go into effect on July 1, 2021.

### Calculation of Proposed Fixed Monthly EEC

In September 2020, when Efficiency Vermont filed its 2021 EEC Rate Calculation, it also filed a 2018-2020 budget and goals adjustment proposal. The outcome of the Commission’s decision on the 2018-2020 budget could have impacted the 2021 EEC rates. In addition, Efficiency Vermont was unclear about whose responsibility it was to calculate the average statewide monthly consumption and demand by rate class as prescribed in Commission Rule 5.303(C). In the Commission’s August 8, 2019 Memo adopting changes to rule 5.300, the PUC cites EIA data as a source for calculating the average consumption in Vermont.<sup>3</sup> However, upon reviewing the EIA data, it became apparent to Efficiency Vermont that there was not enough information to meet the requirement for the establishment of a Fixed Monthly EEC by rate class. These factors contributed to the omission of fixed monthly fees in the initial 2021 Efficiency Vermont EEC rates.

Efficiency Vermont has subsequently reviewed the data provided by the DUs during the summer of 2020 to evaluate if the data would provide the factors needed to calculate the needed Fixed Monthly EECs. Based on that review, it appears that nearly all of the necessary data to determine the needed Fixed Monthly EECs was provided, and with some informal follow-up with utilities over the last few weeks, Efficiency Vermont believes it now has all the data needed to calculate these rates. In the recent exchanges with the DUs, it was also discovered that customers with demand charges are already being assessed the EEC on the demand portion of their bills because net metered systems do not offset demand when self-generation does not satisfy the need. As a result, Efficiency Vermont is proposing that the Fixed Monthly EEC be established for and applied to energy (kWh) only for all rate classes and that the capacity rate to continue to be applied consistent with DU practice.

The methodology to calculate the statewide monthly fixed fee is as follows:

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<sup>3</sup> Footnote 3 of the Commission’s Memo states:

*For reference, the average residential customer in Efficiency Vermont’s service territory currently pays an energy efficiency charge of approximately \$7.38 per month or \$88.56 per year. According to the most recent data from the federal U.S. Energy Information Administration, the average Vermont residential customer uses 538 kWh of electricity per month, which equates to an electric bill of \$95.02. See [https://www.eia.gov/electricity/sales\\_revenue\\_price/](https://www.eia.gov/electricity/sales_revenue_price/), Table T5.a, Residential average monthly bill by Census Division, and State. Commercial and industrial customers generally pay much more because they use larger amounts of electricity. For the 2019 EEC rates see: Determination of 2019 Energy Efficiency Charge Rates, Case No. 18-2907-INV, Order of 11/06/2018.*

- 1)  $(\text{Annual Sum of kWh by Customer Class})^4 \div (12 \text{ Months}) = \text{(Average Monthly kWh by Customer Class)}$
- 2)  $(\text{Average Monthly kWh by Customer Class}) \div (\text{Sum of Customers by Class}) = \text{(Average Monthly kWh per Customer by Class)}$
- 3)  $(\text{Average Monthly kWh per Customer by Class}) \times (\text{2021 EEC Rate by Class}) = \text{(Average Fixed Monthly Fee by Class)}$

Attachment A includes the reported consumption and customer counts by class for each distribution utility. The file also contains the calculation of the Fixed Monthly EEC by class. Table 1 provides the Fixed Monthly EECs by rate class and Appendix A outlines the modified 2021 EEC rate schedule to include Fixed Monthly EEC rates.

Table 1. Energy Efficiency Charge 2021 Fixed Monthly Fees by Customer Class

Customer Rate Class	Fixed Monthly Fee
<u>Customers without Demand Charges</u>	
• Residential	\$6.68
• Commercial	\$6.13
• Industrial	\$713.86
<u>Customers with Demand Charges</u>	
• Commercial	\$77.74
• Industrial	\$1,854,23

### Conclusion & Schedule

For the reasons and facts presented above, Efficiency Vermont maintains that it has presented the Commission good cause to employ Rule 5.303(A) and to modify the 2021 EEC rates for the purpose of adding the necessary Fixed Monthly Fee to the rate schedule approved on November 5, 2020. Henceforth from this filing, the fixed-charge net-metering rates will be included in Efficiency Vermont’s annual EEC calculation. Efficiency Vermont has shared an advance copy of this submission and attachments with the Department of Public Service.

To this end, and considering the opportunity for stakeholders to comment, Efficiency Vermont proposes the following schedule for the review and approval of the proposed Fixed Monthly EEC:

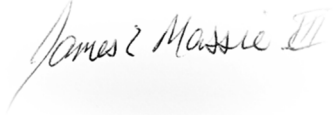
- **April 9, 2021** - Efficiency Vermont files its calculation of 2021 Fixed Monthly Fee EEC rate in Case No. 20-2022-INV.
- **April 22, 2021** - Comments due from stakeholders.
- **May 7, 2021** - Commission issues Final Order on 2021 Fixed Monthly EEC rates in Case No. 20-2022-INV.

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<sup>4</sup> Commission Rule 5.303(C) states that the rates shall be determined based upon average statewide consumption, but Rule 5.305 clarifies that for Efficiency Vermont, these values should exclude customers in the Burlington Electric Department’s service territory.

Efficiency Vermont requests that the Commission take such actions as necessary to approve this request. Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "James E. Massie III". The signature is written in black ink and is positioned above the typed name.

James E. Massie III  
Budget and Reporting Director

## Appendix A – 2021 EEC Rates

The 2021 electric EEC rates shall be as follows for customers of all utilities except for Burlington Electric Department:

### Rates for Customers Without Demand Charges

Residential \$0.01188/kWh

Commercial \$0.01024/kWh

Industrial \$0.00757/kWh

### Rates for Customers with Demand Charges

Commercial demand customers      \$0.00662/kWh plus  
\$1.13825/kW

Industrial demand customers      \$0.00521/kWh plus  
\$1.21316/kW

### Rates for Unmetered Street and Security Light Customers

\$0.01024/kWh times the nominal wattage of the light times 360 hours per month

### Monthly Fixed Fees for Net-Metered Customers without Gross Consumption Meters

Residential      \$ 6.68 per month

Commercial without demand      \$ 6.13 per month

Commercial with demand      \$ 77.74 per month

Industrial without demand      \$ 713.86 per month

Industrial with demand      \$1,854.24 per month