

March 3, 2023

Via ePUC

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, 4th Floor
Montpelier, VT 05620-2071

**VPPSA Response to Commission
Procedural Order Requesting Information
Case No. 20-0203-INV**

Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities

On February 3, 2023 the Public Utility Commission (“Commission”) issued a procedural order requesting information¹ in Case No. 20-0203-INV related to establishing reduced electrical rates for low-income residential customers. Specifically, the Commission requests specific details on utility plans for the Vermont Department of Public Service (“Department”) Affordable Community Renewable Energy (“ACRE”) Program grants.

As noted in its previous filings within this docket, the Vermont Public Power Supply Authority (“VPPSA”) member utilities continue to prioritize affordability for all of their customers, in addition to supporting the State’s broad array of low-income assistance programs². VPPSA member utilities seek to foster collaboration with local, regional, and state-wide entities providing resources and support to their residential

¹ See Case No. 20-0203-INV [Commission Procedural Order Requesting Information](#) filed February 3, 2023.

² See Case No. 20-02023-INV: [VPPSA Response to PUC RFI](#) filed June 10, 2022 and [VPPSA Response to PUC Model](#), filed October 28, 2022

customers and welcomed the opportunity to submit its initial Field-to-Family Community Energy Program proposal in response to the Department's ACRE Program RFP. VPPSA further appreciates the Commission's interest in alternative programs and approaches to supporting income qualified customers and offers the following response to the Commission's request.

Field-to-Family Community Energy Program Concept

Although the grant agreement and final program implementation are not yet finalized, on December 14, 2022 the Department notified VPPSA of a \$1,522,800 grant award for its Field-to-Family Program proposal. The Field-to-Family Program intends to develop a subscription-based program that offers reduced-cost power to income qualified residential customers in a coordinated manner across all of its members' service territories. Program administration and memberships will be centralized through VPPSA and grant award funds will be used to pre-buy an "ownership share" of reduced-cost solar power for Program participants in execution of the power purchase agreement (PPA). This Program not only builds Tier II qualifying renewable solar energy in Vermont, but brings direct benefits to income qualifying participants without cost-shifting.

Enrollment Goals for the Field-to-Family Community Energy Program (ACRE Grant)

VPPSA envisions developing a program to enroll up-to 710 income-qualified customers across its members' service territories. Membership will be open and

available to any income qualified customers to maintain full subscription levels for the duration of the 10-year Program³. A centralized administration process will enable individual Field-to-Family Program benefits to flow between VPPSA member's service territories through a specific "notice provision" by utilities to VPPSA for customers who move or relocate. For customers who leave the VPPSA aggregate territory, the "ownership" share would be made available to another eligible customer as identified.

This aggregated program creates an added layer of complexity for membership management and we are currently exploring business processes and solutions to implement and administer the Program, though VPPSA has committed the resources to ensure its success.

Estimated Amount of Bill Assistance for Participating Customers

As described above, because this project and proposal are designed in aggregate of VPPSA's entire membership, bill assistance savings will depend on market conditions at the time a power purchase agreement is established, the individual member utility's existing tail block rate, and the qualifying participant's monthly electric usage. Participant benefits flow through to low-income customers as a reduced cost electricity purchase at a fixed price. Given the demographics within VPPSA's member territories, qualifying low-income customers are likely to skew

³ Initial Program membership subscriptions plan to be offered for 10-years, though the Program is designed in such a way that benefits could be extended throughout the life of the PPA.

toward utilities with higher tail block rates and the Program's "fixed" price block will help protect these customers from potential rising costs.

For illustrative purposes only, VPPSA has attempted to quantify estimated savings for a \$0.06 per kWh reduction from the tail block rate for 200 kWh out of 600 kWh total monthly usage under residential rates in effect as of January 1, 2022⁴. Using these assumptions, average ACRE block savings for eligible customers could be \$18.67/month or \$224.06/year. Across member utility territories, monthly ACRE block savings per customer could range from \$11.58 to \$26.79/month while annual ACRE block savings per customer could range from \$138.96/year - \$321.43/year. Final per kWh savings will be determined upon execution of the PPA.

Anticipated Program Duration

As noted above, the initial Program is designed to provide a 10-year membership subscription, though VPPSA intends to offer the Program's benefits for the life of the project, presumably 25-years through the PPA. VPPSA stresses that the Program is designed to meet the Department's RFP intent - to build and provide affordable access to renewable energy generation for low-income customers in Vermont, but also to promote growth and long-term access to local renewable energy.

⁴ Note the final per kWh reductions and estimated savings are provided for illustrative purposes only and are subject to change based on market conditions and other variables at the time of executing the power purchase agreement.

Program Outreach & Enrollment

Over the course of the project's site development, VPPSA will engage in a broad outreach and awareness campaign around the Field-to-Family Program and is already working to publicize the Program's funding through media outreach and community engagement. VPPSA intends to develop a targeted marketing campaign, inclusive of print, digital and social media outreach, local utility outreach, as well as to partner with Vermont's existing social support agencies, such as Community Action Partnership networks. The partnerships with members and external agencies will also support the development of income verification agreements. Specifically, VPPSA intends to enter into agreements with existing income verification partners, such as GreenSavingSmart⁵ a Financial & Energy Coaching entity funded through the State of Vermont and administered through the Department for Children and Families Office of Economic Opportunity.

As it relates to enrollment, VPPSA is currently in the discovery phase with various technology and cloud-based software solution providers to explore the most efficient and effective way to manage customer enrollment and administration. We are confident a workable solution can be established to support an easy-to-use customer experience.

⁵ See <https://www.greensavingsmart.org>

Additional Questions: Inflation Reduction Act

With passage of the Inflation Reduction Act, VPPSA notes that public power entities became eligible for Direct Pay Tax Incentives from the U.S. Treasury and part of the bill includes tax breaks for consumers. The traditional PPA approach requires developers to engage finance partners providing project capital, and those finance partners often bring an addition tax equity partner to absorb the tax incentive value. Each party absorbs a portion of the tax value meaning the tax incentives available to VPPSA, member utilities and through VPPSA to customers is reduced. Depending upon forthcoming U.S. Treasury guidance regarding the Direct Pay provisions implementation VPPSA intends to explore alternative project approaches where it becomes the project finance partner and directly seeks federal tax incentives. This approach may allow all of the federal tax benefits to flow directly to the project resulting in reduced cost and greater benefit to customers. VPPSA is also engaging with regional and national public power associations to monitor IRA program guidance as it is issued to maximize customer access to IRA programs.

Other Programs to Support Low-Income Customers

In addition to the ACRE grant, VPPSA is continuously pursuing funding and support opportunities to mitigate costs directly for customers and member utilities. By seeking and securing external funding mechanisms, utility costs are reduced and therefore limit direct impacts to rate pressures. To highlight these efforts, we have

included brief descriptions of some of the current and future funding opportunities and programs below.

Advanced Metering Infrastructure (AMI) Grant

VPPSA is currently negotiating a \$5,000,000 grant award with the Department of Public Service to install Advanced Metering Infrastructure (AMI) for all 11 of its member utilities.

Business Energy Repayment Assistance Program (BERAP)

In FY2022 VPPSA's proposal was approved through Senator Sanders' Congressionally Directed Spending recommendation, to develop a low- to no-interest loan repayment program for commercial and industrial customers to complete energy and electrification projects. Negotiations continue with the U.S. Department of Energy to launch the Business Energy Repayment Assistance Program (BERAP), which is anticipated to launch sometime in FY2023.

RES Tier III Income-Based Bonus Incentives & Tailored Communities

VPPSA provides a number of incentive bonus offers as part of our RES Tier III Incentive Program. These include income eligible incentive bonuses for the purchase of an electric or plug-in hybrid vehicle, for several measures administered through VPPSA's partnership with Efficiency Vermont ("EVT") including added incentive bonuses through Tailored Community Efforts as part of the 2021-2023 VEIC-VPPSA Memorandum of Understanding established under Case No. 19-3272-PET⁶.

⁶ See Exhibit EVT-DW-2 *VEIC-VPPSA Partnership MOU* filed April 17, 2020 in Case No. 19-3272-PET.

VLITE Grant Funding

VLITE grant for income qualified customers for in-home electric service upgrades and enhanced heat pump incentives for low-and-moderate income households under the following pilots:

Residential PowerShift Program Pilot: Make-Ready Support

VLITE funding is designated to provide an average of \$3,000 per household for in-home electrification make-ready work, primarily for in-home service panel upgrades. This will be available to customers with household income below 80% area median income (AMI).

WRAP Pilot: Heat Pump Incentive for Customers of WRAP-Participating

VPPSA Members and Make-Ready Support for WRAP Pilot Participants

VLITE funding will be used to provide an \$800 heat pump incentive to participating WRAP customers with household income up to 120% AMI. VLITE funds are also dedicated to fund in-home electric upgrades at an average cost of \$3,000 per household. Customers receiving funding for make-ready support must be participating in the WRAP pilot.

Act 151 Low-Income Fuel Switching Pilot: Make-Ready Support

The Act 151 Low-Income Fuel-Switching Pilot provides free ductless heat pumps to utility customers who previously received WAP Weatherization services and heat primarily with fossil fuel. VLITE funds are designated for customers who need in-home electrical service upgrades to accommodate a new heat pump.

In conclusion, we are encouraged and look forward to finalizing VPPSA's grant agreement with the Department to launch the Field-to-Family Community Energy Program and concurrently seek to develop and offer other programs and services to benefit income qualifying member utility customers across the state.

We appreciate the Commission's consideration and interest in alternate programs that support customers outside of direct cross-subsidization through rates. If you have any questions or seek further clarification, please don't hesitate to contact me.

Respectfully,

/s/

Sarah E. Braese, Assistant General Manager
Vermont Public Power Supply Authority
P.O. Box 126, 5195 Waterbury-Stowe Rd.
Waterbury Center, VT 05677
(802) 882-8509
sbraese@vppsa.com