

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 22-2954-PET

Petition of Vermont Department of Public Service to initiate an EEU Demand Resource Plan proceeding for the 2024-2026 performance period	Hearings via GoToMeeting June 27, 2023
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Order entered: 09/26/2023

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Margaret Cheney, Commissioner
J. Riley Allen, Commissioner

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ORDER APPROVING 2024-2026 DEMAND RESOURCE PLAN UPDATE
FOR BURLINGTON ELECTRIC DEPARTMENT

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I. INTRODUCTION

On August 18, 2022, the Vermont Public Utility Commission (“Commission”) opened this proceeding pursuant to 30 V.S.A. §§ 209(d) and (e) to determine the budgets, savings goals, and performance metrics for Vermont’s electricity, natural gas, and thermal-energy-and-process-fuels energy efficiency utilities (“EEUs”) for the 2024-2026 performance period. While this proceeding addresses all three of Vermont’s EEUs, this Order is limited to the Demand Resources Plan (“DRP”) proposed by the City of Burlington Electric Department (“BED”).¹

¹ The Commission has appointed the City of Burlington Electric Department (“BED”) to provide EEU services within its service territory and Vermont Energy Investment Corporation (“VEIC”) to provide EEU services in the rest of the state (known as “Efficiency Vermont”). The Commission has appointed Vermont Gas Systems, Inc. (“Vermont Gas”) to provide natural gas EEU services within its service territory. Orders addressing the DRPs filed by Efficiency Vermont and Vermont Gas will be separately issued.

A DRP is a set of year-by-year budgets, savings goals, and performance metrics for an energy efficiency utility program. This proceeding will result in a set of short- and long-term assumptions by which Vermont's energy efficiency programs will operate. The establishment of both short and long-term EEU budgets and savings goals through a DRP allows the EEUs, Vermont utilities, and other market participants to incorporate efficiency savings into their planning and allows these entities to estimate the impacts of savings that will occur as a result of energy efficiency efforts that are funded by the energy efficiency charge. Vermont law requires EEU budgets funded through an energy efficiency charge to be set at a level that would achieve "all reasonably available, cost-effective energy efficiency," and describes specific objectives for the Commission to consider when setting EEU budgets.

In this Order, we approve BED's DRP for the 2024-2026 performance period. The DRP includes resource-acquisition budgets, development and support service ("DSS") budgets, 10- and 20-year forecasts of expected savings, and three-year targets for quantifiable performance indicators ("QPIs") and minimum performance requirements. The DRP will enable BED to acquire all reasonably available, cost-effective energy efficiency that will provide benefits to Burlington ratepayers. In reaching its conclusions, the Commission recognizes that continued investment in cost-effective energy efficiency will result in total electric costs for Vermont ratepayers that are lower than they would otherwise be absent energy efficiency efforts. These efforts not only yield savings for customers who install electric efficiency measures, but also result in savings for all ratepayers through reduced need for power purchases by utilities and deferred need for distribution and transmission system upgrades. These savings through additional investments in energy efficiency will be obtained at a cost below the cost of traditional supply-side resources.

II. BACKGROUND AND RELEVANT PROCEDURAL HISTORY

Background

Vermont law directs the Commission to appoint energy efficiency utilities to develop and implement electric, natural gas, and thermal-energy-and-process-fuels (“TEPF”) energy efficiency and conservation programs. To fund the electric and natural gas programs, the Commission is authorized to establish a volumetric energy efficiency charge on electric and natural gas customer bills. By law, the budgets funded by the energy efficiency charge must be set at a level to achieve “all reasonably available, cost-effective energy efficiency” with consideration given to specific statutory objectives.² In addition, the Commission’s conclusions are guided by the objectives and criteria of 30 V.S.A. §§ 218c, 209(d), 209(f), 202(a), and other applicable sections of Vermont statutes and prior Commission orders.

The overall EEU program structure in Vermont is described in a document titled “Process and Administration of an Energy Efficiency Utility Order of Appointment” (the “Process and Administration Document”).³ To facilitate the Commission’s consideration of the statutory goals and criteria for Vermont’s energy efficiency programs, the Process and Administration Document describes the process to be followed in developing a DRP. The first step is for the Department of Public Service (“Department”) to assess the potential for demand-side resources (the “Potential Study”). Next, an energy efficiency utility must engage with stakeholders, including the Department, Vermont utilities, weatherization agencies, and regional planning commissions to solicit input to inform the development of its DRP proposal. Finally, an energy efficiency utility must file its comprehensive DRP proposal with the Commission.

The Commission has conducted this proceeding using contested-case procedures as defined under the Vermont Administrative Procedure Act.⁴ The parties have filed testimony and evidence, engaged in multiple rounds of discovery, participated in public workshops and an

² 30 V.S.A. § 209(d)(3)(B).

³ At the time the Commission initiated this proceeding, it had not yet approved the amended Process and Administration Document under consideration in Case No. 22-1647-PET and the process for this proceeding is dictated by the Process and Administration Document approved by the Commission in Case No. 18-2867-INV, Order of 11/26/19.

⁴ Under the Vermont Administrative Procedure Act, “contested case” means “a proceeding, including but not restricted to rate-making and licensing, in which the legal rights, duties, or privileges of a party are required by law to be determined by an agency after an opportunity for hearing.” 3 V.S.A. § 801(b)(2).

evidentiary hearing, responded to inquiries from the Commission, and filed legal briefs. Taken together, the parties' filings are intended to address the requirement of Vermont law that energy efficiency utility budgets funded by an energy efficiency charge be set at a level that will realize "all reasonably available, cost-effective energy efficiency" and the specific objectives the Commission must consider when setting energy efficiency utility budgets.

Relevant Procedural History

On July 27, 2022, the Department filed a petition requesting that the Commission commence this DRP proceeding, and on August 18, 2022, the Commission opened this proceeding.

In an October 13, 2022, Order, the Commission concluded that this proceeding would focus on the second three-year performance period of a six-year DRP approved in Case No. 19-3272-PET. Accordingly, this case covers the 2024-2026 performance period and the budget and expected savings forecasts extend 20 years for electricity and natural gas and ten years for TEPF.

On December 20, 2022, BED filed two DRP proposals – Plan A and Plan B. The Plan A proposal laid out traditional efficiency programs but did not include a description of BED's existing Act 151 programs. Plan B is an alternative proposal that includes descriptions of BED's existing Act 151 programs and the continuation of such programs. Public Act No. 44 extended the Act 151 legislation for the 2024-2026 performance period. Plan B also includes a request to support Burlington's district energy system ("DES") with new Regional Greenhouse Gas Initiative ("RGGI") and Forward Capacity Market ("FCM") revenues generated after January 1, 2024, and the use of surplus TEPF funds to further support thermal energy programs. With Plan B contingent on legislative action, the review and testimony during this proceeding was focused on Plan A only.

An evidentiary hearing was held on June 27, 2023. The testimony and exhibits of witnesses for the Department and BED were admitted into the record. The Department's witnesses are Brian Cotterill, Kelly Launder, Keith Levenson, Barry Murphy, and Philip Picotte. BED's witness is Christopher Burns.

On October 13, 2022, the Commission issued an order stating that "it is more consistent with the intent of a three-year update to focus on the second three-year performance period of a six-year DRP. In this case, that will cover the 2024-2026 performance period. For the purposes

of long-term modeling in this case, we adopt the Department’s recommendation that forecasts should extend 20 years for electricity and natural gas and ten years for thermal energy and process fuels.”⁵

III. BED’S DEMAND RESOURCES PLAN

In reviewing BED’s proposed DRP, the Commission is guided by the objectives and criteria of 30 V.S.A. §§ 218c, 209(d), 209(e), 202(a), and other applicable sections of Vermont statutes and prior Commission orders. Section 209(d)(3)(B) directs the Commission’s determination in setting an Energy Efficient Charge (“EEC”)-funded EEU budget:

The charge established by the Commission pursuant to this subdivision (3) shall be in an amount determined by the Commission by rule or order that is consistent with the principles of least-cost integrated planning as defined in section 218c of this title. As circumstances and programs evolve, the amount of the charge shall be reviewed for unrealized energy efficiency potential and shall be adjusted as necessary in order to realize all reasonably available, cost-effective energy efficiency savings. In setting the amount of the charge and its allocation, the Commission shall determine an appropriate balance among the following objectives; provided, however, that particular emphasis shall be accorded to the first four of these objectives: reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the State’s transmission and distribution infrastructure; minimizing the costs of electricity; reducing Vermont’s total energy demand, consumption, and expenditures; providing efficiency and conservation as a part of a comprehensive resource supply strategy; providing the opportunity for all Vermonters to participate in efficiency and conservation programs; and targeting efficiency and conservation efforts to locations, markets, or customers where they may provide the greatest value.⁶

In addition, Section 209(f) contains goals and criteria for the Commission to consider, including the impact on retail rates of efficiency programs.⁷ Further, the process for carrying out the budget review prescribed by statute is detailed in the Process and Administration Document.⁸

In the following sections, we address BED’s DRP, including the resource-acquisition budgets, development and support services (“DSS”) budgets, and performance goals and metrics. Our consideration reflects a careful balancing of the substantial net societal benefits of energy

⁵ *Petition of the Department of Public Service to open an EEU Demand Resource Plan proceeding for the 2024-2026 and 2027-2029 performance periods*, Case 22-2953-PET, Order of 10/13/22 at 5.

⁶ 30 V.S.A. § 209(d)(3)(B).

⁷ 30 V.S.A. § 209(f).

⁸ Process and Administration Document, Section II.3.

efficiency investments with the rate and bill impacts that the electric energy efficiency charge will have on BED's customers.

A. Budgets and Expected Savings Funded by the Energy Efficiency Charge
Electric Energy Savings Potential

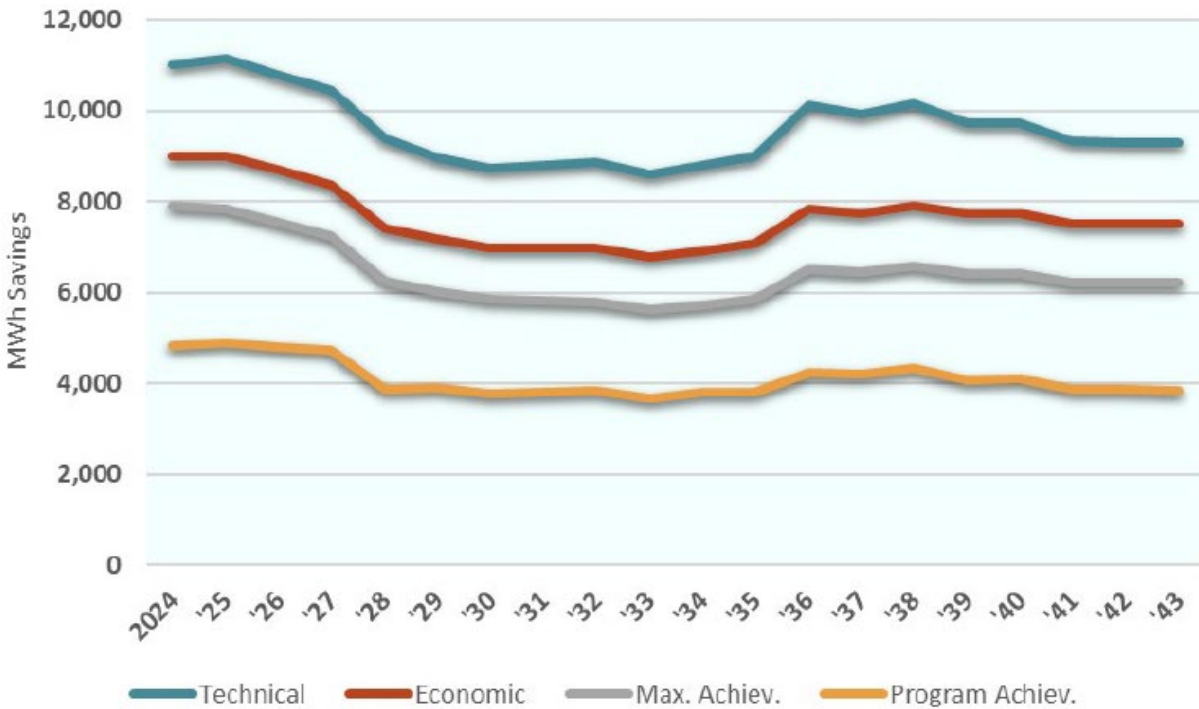
1. The Department provided an energy efficiency potential study as an objective third-party estimate of how much cost-effective energy efficiency potential is available in Vermont. The Department's potential study assesses four types of energy efficiency potential, including: technical potential, economic potential, and achievable potential. The last category includes two types of potential: maximum achievable potential and program achievable potential. Brian Cotterill, Department ("Cotterill") pf. (2/23/23) at 14.

2. Technical potential reflects the theoretical maximum amount of energy use that could be displaced by energy efficiency and disregards all non-engineering constraints, such as cost-effectiveness and the willingness of customers to adopt efficiency measures. Economic potential is a subset of technical potential that includes the amount of technical potential that is economically cost-effective and includes only the cost of the efficiency measures. Technical and economic potential are theoretical points of reference and are not intended to be implementable. Cotterill pf. (2/23/23) at 14.

3. Achievable potential considers real-world barriers to the adoption of efficiency measures. The maximum achievable potential scenario reflects the most aggressive programs that provide customers with incentive payments for the entire incremental cost of energy-efficient equipment. Although still cost-effective, the maximum achievable scenario would come at a high cost to ratepayers. The program achievable scenario reflects the efficiency potential of real-world policy considerations and incentive and non-incentive program costs that are calibrated to historic levels. Cotterill pf. (2/23/23) at 15.

4. Figures 1-4 and 5-1 of the potential study shows the potential incremental annual electric energy savings for the four scenarios for BED.

FIGURE 5-1 SUMMARY OF POTENTIAL (INCREMENTAL ANNUAL MWH)



Potential Study at 6 and 63.

5. Table 5-1 of the potential study provides the incremental annual electric energy savings in MWh for BED from 2024-2026 as well as the cumulative savings over 10- and 20-year periods by type of potential, as follows:

	2024	2025	2026	10-Year	20-Year
Technical	11,000	22,130	32,877	89,714	115,159
Economic	9,001	17,982	26,640	71,478	87,428
Max. Ach.	7,902	15,747	23,283	61,067	65,889
Prog. Ach.	4,850	9,759	14,548	39,561	36,972

Potential Study at 64.

Electric Resource-Acquisition Budgets

6. For the 2024-2026 performance period, BED proposes the following electric resource-acquisition budgets funded by the energy efficiency charge.

BED Proposed Resource-Acquisition Budgets				
	2024	2025	2026	3-Year Total
Commercial	\$1,738,870	\$1,766,170	\$1,807,274	\$5,312,314
Residential	\$698,032	\$658,529	\$622,219	\$1,978,780
Income Eligible	\$47,198	\$98,401	\$152,327	\$297,926
Total	\$2,484,100	\$2,523,100	\$2,581,820	\$7,589,020

Exh. BED-1 (revised) at 6.

7. For the 2024-2026 performance period, BED's proposed residential-sector budgets are categorized as follows:

	2024	2025	2026	3-Year Total
Efficient Products	\$139,606	\$131,706	\$124,444	\$395,756
Residential New Construction	\$104,704	\$98,779	\$93,333	\$296,817
Residential Existing Homes	\$453,721	\$428,044	\$404,442	\$1,286,207
Income Qualified	\$47,198	\$98,401	\$152,327	\$297,926
Total Residential	\$745,229	\$756,930	\$774,546	\$2,276,706

Exh. BED-1 (revised) at 12.

8. For the 2024-2026 performance period, BED's proposed commercial-sector budgets are categorized as follows:

	2024	2025	2026	3-Year Total
Business Existing Facilities	\$ 1,130,266	\$ 1,148,011	\$ 1,174,728	\$3,453,004
Business New Construction	\$608,605	\$618,160	\$632,546	\$1,859,310
Total Commercial	\$1,738,871	\$1,766,171	\$1,807,274	\$5,312,314

Exh. BED-1 (revised) at 12.

9. BED proposes the following resource-acquisition budgets funded by the energy efficiency charge for the remaining 2027-2043 period (along with finding 6, this provides 20 years of resource-acquisition budgets).

Year	Budgets	Year	Budgets
2027	\$2,478,671	2036	\$3,131,786
2028	\$2,516,277	2037	\$3,194,422
2029	\$2,565,550	2038	\$3,258,310
2030	\$2,780,936	2039	\$3,323,476
2031	\$2,836,555	2040	\$3,389,946
2032	\$2,893,286	2041	\$3,457,745
2033	\$2,951,152	2042	\$3,526,899
2034	\$3,010,175	2043	\$3,597,437
2035	\$3,070,378		

Exh. BED-1 (revised), Appendix A at 39.

10. BED's electric resource-acquisition budgets are approximately 2% below the budgets projected in the program achievable scenario of the potential study for the 2024-2026 performance period. BED's proposed budgets achieve similar savings at a lower cost than the program achievable scenario in the potential study. The potential study budgets were developed using the projected energy efficiency potential, historic incentive values, and program administrative costs modified to maintain the minimum residential spending level required under the residential equity minimum performance requirement. Keith Levenson, Department ("Levenson") pf. (3/23/23) at 6-8; Potential Study at 10, 65, 71.

11. BED's proposed budgets do not include activities related to Public Act No. 44, which extends, for the 2024-2026 performance period, the Act 151 legislation authorizing BED to spend electric resource-acquisition budgets in support of programs, measures, and services that reduce greenhouse gas emissions in the thermal energy and transportation sectors. Burns pf. (3/13/23) at 3; exh. BED-1 (revised) at 4.

12. BED proposes resource-acquisition budgets of \$7,589,020 for the 2024-2026 performance period. The budgets fall between the maximum achievable and program achievable

resource-acquisition budgets modeled in the potential study. The resource-acquisition budgets are closer to the maximum achievable resource-acquisition budgets. These budget amounts meet the requirements of Section 209(d)(3)(B) to acquire all reasonably available cost-effective efficiency. Burns pf. (3/13/23) at 8; Levenson pf. at 5-6; Potential Study at 71 and Appendix D.

Electric Resource-Acquisition Programs

13. BED's proposed budgets include six resource-acquisition programs: retail efficient products, residential new construction, residential existing homes, residential existing buildings for income-eligible homeowners and renters, business new construction, and business existing facilities. Exh. BED-1 (revised) at 11.

14. BED introduced three new initiatives within these program areas, including: removal of 4-foot linear fluorescent lighting in businesses, refrigeration management and leak detection, and hybrid homes that are partially heated by heat pumps and partially heated by fossil fuel. Exh. BED-1 (revised) at 11.

15. BED is taking additional steps to provide meaningful technical and financial assistance to customers, especially those who may not have participated in energy efficiency previously. BED's aim is to better serve historically disadvantaged and Black, Indigenous, and People of Color ("BIPOC") communities. Exh. BED-1 (revised) at 13.

16. The business new construction program assists commercial and industrial builders and developers to incorporate the most energy efficient products and systems possible when building or renovating. This program is designed to help customers exceed Vermont's Commercial Energy Code. Exh. BED-1 (revised) at 20.

17. The retail efficient products program is designed to address market-driven and replace-on-burnout opportunities by reducing the initial cost of Energy Star qualified lighting products, appliances, and consumer electronics. Exh. BED-1 (revised) at 22.

18. The residential existing homes program targets both market-driven and discretionary, early replacement/retrofit opportunities to reduce energy consumption in single-family homes, multi-family buildings, and condominiums. The program serves as a point of contact for customers seeking advice about electric vehicles, electric vehicle charging equipment, and other transportation-related measures, and heat pumps. Exh. BED-1 (revised) at 23.

19. The residential new construction program provides technical and financial assistance to homeowners, home builders, developers, and architects to design new homes, or take on major renovations, that meet or exceed Vermont's residential building energy code standard. This program is available to single-family homes, multi-family homes, and low-income multi-family buildings. Exh. BED-1 (revised) at 24.

20. The residential existing buildings for income-eligible homeowners and renters program seeks to reduce energy consumption and bills for income-qualified customers through technical assistance, incentives, and educational outreach. BED partners with the Champlain Valley Weatherization Service to deliver most of the services in this program. BED also works with Burlington Housing Authority, Champlain Housing Trust, and Cathedral Square Corporation in this program. Exh. BED-1 (revised) at 25.

21. An important aspect of BED's income-eligible program is that it emphasizes a holistic, whole-building approach to energy efficiency, including addressing persistent health and comfort issues. Resources and assistance may be sought after as the City's rental weatherization ordinance is in effect. BED and Vermont Gas Systems, Inc. ("Vermont Gas") will provide an action-oriented energy audit, along with air sealing and insulation incentives. Exh. BED-1 (revised) at 26.

22. The business existing facilities program pursues market-driven and discretionary retrofit energy efficiency opportunities. Market-driven opportunities include naturally occurring equipment replacements on burnout. Discretionary retrofits include custom projects focused on functioning but inefficient equipment and building systems. Custom projects take a holistic approach to identify electric and thermal savings. Exh. BED-1 (revised) at 18.

23. To further achieve proposed DRP savings targets, BED will leverage Burlington's participation in the 2030 District effort, which are private-public partnerships in designated urban areas across North America committed to reducing energy use, water use, and transportation emissions. Exh. BED-1 (revised) at 19.

Electric Resource-Acquisition Savings

24. BED's proposed electric resource-acquisition budgets and programs are expected to result in the following annual MWh and summer peak MW savings over the 2024-2026 performance period.

BED Electric Savings				
	2024	2025	2026	Total
MWh	4,560	4,502	4,513	13,575
MW	0.69	0.68	0.68	2.05

Exh. BED-1 (revised) at 6, 11.

25. Over the next 20 years, BED projects the following annual MWh savings and summer peak MW savings:

Year	MWh	Summer MW
2024	4,559	0.69
2025	4,502	0.68
2026	4,511	0.68
2027	4,520	0.68
2028	4,460	0.63
2029	4,459	0.62
2030	3,790	0.53
2031	3,821	0.53
2032	3,857	0.54
2033	3,699	0.52
2034	3,847	0.55
2035	3,847	0.54
2036	4,269	0.59
2037	4,217	0.58
2038	4,367	0.61
2039	4,084	0.56
2040	4,123	0.57
2041	3,897	0.53

2042	3,886	0.53
2043	3,864	0.53

Exh. BED-1 (revised), Appendix A at 42-43.

Electric Development and Support Services Budgets

26. Development and support services activities are not directly related to the acquisition of energy savings but are necessary to ensure that the resource-acquisition portfolio is well managed and forward thinking. Exh. BED-1 (revised) at 27.

27. BED's development and support services budgets encompass education and training and engagement, applied research and development, planning and reporting, evaluation, administration and regulatory affairs, and information technology. Exh. BED-1 (revised) at 27.

28. Education and Training. BED works throughout the year on increasing customer awareness about energy efficiency and how to take specific actions to lower energy use. BED provides education to builders and contractors, real estate professionals, K-12 students and teachers, colleges and universities, and the public. The budget category partially funds BED's new program and equity analyst position that will provide valuable assistance to the EEU team while working across all areas. Exh. BED-1 (revised) at 27-28.

29. Applied Research and Development. BED collaborates with Efficiency Vermont, Vermont Gas, and other entities on applied research and development activities designed to create cost-effective solutions to meeting BED's long-term resource-acquisition goals. This work includes field-testing new implementation strategies such as digital engagement and social networking, technology demonstrations, and research of emerging technologies and innovative efficiency implementation strategies. Exh. BED-1 (revised) at 28.

30. Planning and Reporting. This category covers the regulatory costs associated with BED's EEU activities, including regular reporting and the submission of an annual plan, engagement with the Vermont System Planning Committee, and participation in the Forward Capacity Market. Exh. BED-1 (revised) at 28.

31. Evaluation. BED conducts evaluation, measurement, and verification to confirm program savings and determine how to implement improvements. BED coordinates much of this work with the Department and Efficiency Vermont. Exh. BED-1 (revised) at 29.

32. Administration and Regulatory Affairs. This category captures BED’s participation in discussions about energy efficiency and EEU-related issues with regulators, the media, the public, and other stakeholders. This category also covers BED’s general administration costs for the overall management of EEU programs not specific to the individual programs and includes general staff meetings, coordination of program implementation across all program functions, coordination with other EEUs, and managing and monitoring of overall performance and spending. Exh. BED-1 (revised) at 29.

33. Information Technology. These activities consist of continuing support of, and improvement to, the database system used to collect and process project data and program information critical to tracking, reporting, and planning functions. Exh. BED-1 (revised) at 29-30.

34. BED provides budget assumptions and narratives to support its allocation of costs among both electric and TEPF development and support services budget categories. Exh. BED-1 (revised) at 27-30, 35-36, 40, 46.

35. For the 2024-2026 performance period, BED proposes electric development and support services budgets that total \$546,000. Exh. BED-1 (revised) at 27.

36. BED proposes the following electric development and support services budgets for the 2024-2026 performance period:

BED Electric Development and Support Services Budgets by Category			
	2024	2025	2026
Education and Training	\$36,100	\$36,800	\$37,600
Applied Research and Development	\$6,700	\$6,900	\$7,100
Planning and Reporting	\$46,730	\$47,700	\$48,700
Evaluation	\$19,000	\$19,300	\$19,700
Administration and Regulatory Affairs	\$52,470	\$54,000	\$55,300
Information Technology	\$17,000	\$17,300	\$17,300
Total	\$178,000	\$182,000	\$186,000

Exh. BED-1 (revised) at 27.

37. BED provides its proposed electric development and support services budgets, with programmatic categories, for the 20-year planning cycle (2024-2043). Exh. BED-1 (revised) at 39.

Rate and Bill Impacts

38. The potential study includes a rate and bill impact calculator that is applicable to each EEU. The calculator is intended to compare the rate and bill impacts of different budget proposals. Cotterill pf. (2/23/23) at 15.

39. Rate and bill impact forecasts are imprecise. However, they are useful tools that indicate the direction and relative magnitude of ratepayer impacts by customer class. Phillip Picotte, Department (“Picotte”) pf. (3/23/23) at 4.

40. The bill impact calculator assesses residential and commercial impacts. The tool assesses the rate and bill impacts on different customer classes as well as participants and non-participants in energy efficiency programs. Typically, participants realize benefits from lower consumption and lower bills. Exh. BED-1 (revised) at 37.

41. BED’s proposal would have average 20-year rate and bill impacts as indicated in the table below.

Estimated Rate and Bill Impacts		
	Rates	Average Bill Impacts
Residential	4.5%	-2.4%
Commercial	0.0%	-10.3%

Picotte pf. (3/23/23) at 6.

42. The expected savings and proposed budgets appropriately balance the need to acquire all cost-effective electric efficiency savings against the need to minimize consumers’ rate and bill impacts. Burns pf. (3/13/23) at 8.

43. Compared to the 2021-2023 performance period, the cost of savings of BED’s proposal has increased 12% and is a 5% decrease in the cost of savings compared to the scenario modeled in the potential study. Levenson pf. (3/23/23) at 4.

44. BED’s cost of savings for its proposed 2024-2026 performance period compared to the 2021-2023 period is in the table below:

BED Cost of Savings (\$/MWh Savings)		
	2021-2023	2024-2026
Residential	\$736.55	\$933.84
Commercial	\$426.79	\$477.00
Average	\$476.90	\$559.04

Picotte pf. (3/23/23) at 6; Levenson pf. (3/23/23) at 13.

45. Efficiency Vermont estimated the cost of energy saved by energy efficiency programs in New England. According to Efficiency Vermont, the planned average cost of energy saved in New England in 2023 is 1,051 \$/MWh. The cost of energy saved in BED's proposed 2024-2026 DRP is comparable to other New England programs as shown below:

New England Energy Efficiency Programs	\$/MWh
Connecticut – Eversource and United Illuminated	1,171
Maine – Efficiency Maine	310
Massachusetts – Utility Program Administrators	1,930
New Hampshire – State and utility programs	781
Rhode Island – National Grid	1,062
Average	1,051

Pilliod pf. (12/9/22) at 39-41.

Section 209(d)(3)(B) Criteria

46. BED's DRP proposal is designed to help Vermont achieve its goal of realizing all reasonably available, cost-effective energy efficiency savings while balancing the other goals and policies established for the administration of the statewide EEU. Exh. BED-1 (revised) at 37; Burns pf. (3/13/23) at 8.

47. BED's proposal will minimize the costs of electricity by avoiding wholesale energy and capacity costs and avoiding transmission and distribution costs. The proposed budgets and associated savings are cost-effective and provide societal benefits. BED's proposed programs and services are expected to reduce average residential and commercial customer bills by 2.4% and 10.3%, respectively, over 20 years. Picotte pf. (3/23/23) at 6.

48. BED's proposal will reduce Vermont's total energy demand, consumption, and expenditures. The proposed DRP is expected to result in approximately 13,575 MWh savings, 2.05 MW of peak summer savings, 2.06 MW of peak winter savings, and \$16,290,000 of total resource benefits during the 2024-2026 performance period and 188,400 of lifetime MWh savings. Exh. BED-1 (revised) at 6, 47.

49. BED's typical electric efficiency measures remain in service for 10 or more years, making the levelized cost of saved energy between \$0.055 and \$0.09 per kWh, which is expected to be less than the wholesale cost of energy over most of the years in the future. Thus, BED's budget proposal will reduce the size and cost of future power purchases. Exh. BED-1 (revised) at 11.

50. BED's proposal will provide the opportunity for all customers to participate in efficiency and conservation programs. The budget proposal includes a new equity initiative and minimum performance requirements ensuring equity of EEU services across all incomes and customer classes. Exh. BED-1 (revised) at 14-17, 49.

51. Section 581 of Title 10 Vermont Statutes Annotated contains goals aimed at improving the energy fitness of Vermont's housing stock, reducing residential annual fuel needs and fuel bills, reducing fossil-fuel consumption across all building types, and increasing weatherization services to low-income Vermonters. BED's proposed budgets are based on a portfolio of efficiency programs that will contribute to progress in meeting the Section 581 goals. Exh. BED-1 (revised) at 18, 23-25.

Discussion

Electric Resource-Acquisition Budgets

Based on our review of BED's budget assumptions and narratives, we find the proposed resource-acquisition budget assumptions and funding levels to be reasonable. The Department finds that BED's DRP proposal is reasonable and achievable while providing value to ratepayers without a drastic increase in the energy efficiency charge.⁹ These budgets ensure that ratepayers will have an opportunity to participate in and benefit from a comprehensive set of cost-effective energy efficiency programs and initiatives and build on the energy efficiency expertise and

⁹ Department Brief at 13.

capabilities that have developed or may develop in Vermont. The proposed budgets consider innovative approaches to delivering energy efficiency. BED proposed a reasonably stable multiyear budget that promotes program stability and delivers energy services and resources.

We approve BED's total three-year budgets for resource-acquisition programs during the 2024-2026 performance period of \$7,589,020. Further, we approve the annual resource-acquisition budgets by category as set forth in the tables above.

In addition, we conclude that BED's proposed resource-acquisition budgets are consistent with applicable statutory considerations pursuant to Sections 209(d)(3)(B) and 209(f) and will ensure that BED will continue to be able to offer programs and services that can acquire all reasonably available, cost-effective savings while minimizing the potential for adverse rate and bill impacts. Further, we conclude that the approved resource-acquisition budgets will reduce the size of future power purchases, will reduce the need for transmission and distribution investments, and will minimize the costs of electricity.

BED provided a cost of savings but did not provide a jurisdictional comparison as required by Section II.E.3(d) of the Process and Administration document. Our determination in this proceeding relied on a comparison supplied by an Efficiency Vermont witness. We expect BED to provide this information in its DRP proposal for the 2027-2029 performance period.

We recognize that our approval of the resource-acquisition budgets may require future updates to reflect Act 44. Act 44 extends, for the 2024-2026 performance period, the programs under Act 151 that allow the reallocation of spending in the previously approved resource-acquisition budgets to implement transportation and heating sector programs. Within 30 days of today's Order, BED, working with Department, is directed to file a status update and procedural recommendations, as appropriate, addressing any budget revisions that may result from Act 44.

Electric Development and Support Services Budgets

The Process and Administration document and the EEU Orders of Appointment provide that the DRP process must include consideration of appropriate development and support services budgets. Specifically, the Process and Administration document requires the EEUs to propose electric development and support services budgets for three- and 20-year periods.

The Department and BED agree on the proposed development and support services budgets. However, the Department states that it plans to conduct a review of the applied

research and development and information technology categories in BED's proposed budgets to ensure the line items included in these categories warrant being categorized as development and support services, rather than resource-acquisition costs.¹⁰ The Department will determine whether the items directly support resource-acquisition programs or activities and, therefore, energy savings.¹¹ As proposed, we find the development and support services budget assumptions and funding levels to be reasonable.

The proposed development and support services activities represent valuable aspects of service delivery and development even though the activities may not directly result in energy efficiency savings. The proposed development and support services budgets reflect the level of funding needed to support the resource-acquisition activities and budgets approved for the 2024-2026 performance period. For the remainder of the 20-year planning period BED assumes that the development and support services budget will increase modestly each year. This is a reasonable assumption to be used for planning purposes. Accordingly, we approve both the development and support services budget categories and the spending amounts within each category. Finally, the Commission directs BED to work with the Department in its review of the information technology categories within its development and support services budget. This review would inform what information technology costs, if any, are appropriate to categorize as resource-acquisition rather than development and support services.¹²

We adopt the Department's proposal to review the information systems category of BED's development and support services budgets. As recommended by the Department, we direct that the review of the information systems category include a status update due by February 14, 2024, and final recommendations due by June 14, 2024.

20-Year Budgets and Expected Savings

As required by the Process and Administration Document, BED's DRP includes proposed resource-acquisition budgets and expected efficiency savings over a 20-year horizon for activities funded by the energy efficiency charge. The 20-year budgets and expected savings will serve as a planning tool to assess the effect of future efficiency programs and measures. In

¹⁰ Launder (3/23/23) pf. at 2; Department Brief at 15. Cotterill (6/2/23) pf. sur. at 10.

¹¹ Launder (3/23/23) pf. at 2.

¹² Launder (3/23/23) pf. at 2; Department Brief at 15.

particular, the expected savings inform other Vermont utilities' planning efforts with respect to power purchases and transmission and distribution system investments.

We approve the budgets for the 2027-2043 period proposed by BED. Together with the budgets for the 2024-2026 performance period, this approval results in budgets for a 20-year period. The proposed budgets are based on DRP resource-acquisition modeling, are consistent with applicable statutory considerations under Section 209, and represent reasonably available, cost-effective efficiency savings.

We also approve the 20-year forecast of expected savings provided by BED. The modeled expected savings demonstrate that the resource-acquisition budgets will result in long-term benefits to Vermont ratepayers.

Stakeholder Engagement

The Process and Administration document requires stakeholder engagement during DRP development, including: (1) "An EEU shall engage with stakeholders to solicit input that will inform its development of a DRP proposal"; (2) "Once it has developed a draft DRP proposal, an EEU shall solicit input from stakeholders on its draft prior to filing its DRP proposal with the Commission"; and (3) "An EEU shall seek input from the Department, Vermont utilities, weatherization agencies, and regional planning commissions." The Department requests that BED fulfill this requirement of the Process and Administration document by submitting its outreach plan at least ten months before filing its next DRP proposal for the 2027-2029 performance period.¹³

BED does not appear to have a formalized stakeholder engagement plan as part of the DRP process, though BED performed outreach and public education at various formal and informal meetings where it actively sought customer feedback on its programs.¹⁴ In response to feedback from the Department, BED filed its preliminary stakeholder outreach plan for review and approval for the 2027-2029 performance period and strives to improve upon its

¹³ Launder pf. (3/23/23) at 3.

¹⁴ Burns pf. sur. (5/4/23) at 2-3; Launder pf. (3/23/23) at 3.

documentation and reporting procedures prior to filing the next DRP.¹⁵ The Department supports BED’s preliminary Stakeholder Engagement Plan proposed for the 2027-2029 DRP.¹⁶

This is the second consecutive DRP proceeding where BED appears to have not fulfilled the stakeholder engagement requirements of the Process and Administration document. We strongly encourage BED to prioritize its stakeholder engagement plan and to document its efforts before filing its next DRP.

B. Budgets and Expected Savings for TEPF Programs

52. TEPF services are designed to increase the thermal energy and process fuel efficiency of homes and business heating with unregulated fuels, like wood, oil, propane, and kerosene. In BED’s service territory, the scope of these services is limited because more than 95% of BED’s customers are served by Vermont Gas, which also implements thermal EEU programs. Exh. BED-1 (revised) at 31-32.

53. New TEPF funding is contingent upon future net revenues generated from Regional Greenhouse Gas Initiative (“RGGI”) and the Forward Capacity Market. Exh. BED-1 (revised) at 31; Murphy pf. (2/23/23) at 10-12; exh. DPS-BM-3.

54. The Department estimates net TEPF revenues available to BED of \$505,646 in 2024, \$499,155 in 2025, and \$488,496 in 2026. Exh. DPS-BM-3.

TEPF Budgets

55. BED proposes to scale back the level of traditional TEPF funding in Burlington’s non-natural-gas sector. These budgets are better aligned to what is believed to be an appropriate level of remaining potential energy savings. BED is not planning to continue supporting the proposed District Energy System (“DES”) with TEPF funds in 2024 or beyond. Exh. BED-1 (revised) at 31.

56. BED proposes to invest approximately \$438,000 in TEPF resource-acquisition programs over the 2024-2026 performance period as follows:

BED TEPF- Resource-Acquisition Budgets			
	2024	2025	2026

¹⁵ Burns pf. sur. (5/4/23) at 2-3; Burns/BED Surr Exhibit 1.

¹⁶ Department Brief at 12.

TEPF – Traditional Programs	\$58,000	\$51,000	\$47,000
Advanced Manufactured Homes – ZEM VERMOD Homes	\$94,000	\$94,000	\$94,000
Total TEPF Budget	\$152,000	\$145,000	\$141,000

Exh. BED-1 (revised) at 32.

57. BED’s proposed TEPF evaluation and other program costs for 2024-2026 consist of:

	2024	2025	2026	3-Year Total
DPS Evaluation	\$203,386	\$209,990	\$219,660	\$633,036
TEPF Clearinghouse	-	\$1,987	-	\$1,987
Total EM&V Budget	\$203,386	\$211,990	\$219,660	\$635,036

Burns pf. sur. (5/4/23) at 4; Burns/BED Surr Exhibit 1; Murphy pf. (4/21/23) at 2; exh. DPS-BM-3.

58. A majority of the Department’s evaluation budget for TEPF—about 96%—is needed to provide evaluation services to verify the electric savings claim to facilitate BED’s continued participation in the Forward Capacity Market. These evaluations are designed to ensure BED has met its capacity commitments bid into the Forward Capacity Market auctions and is not subject to any penalties for not meeting its capacity obligations. Murphy pf. (4/21/23) at 2; exhs. DPS-BM-1 and DPS-BM-5.

59. BED’s proposed 10-year TEPF budgets and savings goals are as follows:

BED TEPF 10 yr. forecast budget (RA & DSS Only)					
	Traditional RA	ZEM	TEPF DSS	Total TEPF Budget	MMBtu Savings Goals
2024	\$ 58,000	\$ 94,000	\$ 7,900	\$ 159,900	330
2025	\$ 51,000	\$ 94,000	\$ 8,000	\$ 153,000	310
2026	\$ 47,000	\$ 94,000	\$ 8,100	\$ 149,100	299
2027	\$ 46,000	\$ 94,000	\$ 8,200	\$ 148,200	295
2028	\$ 44,000	\$ 94,000	\$ 8,300	\$ 146,300	290
2029	\$ 43,000	\$ 94,000	\$ 8,400	\$ 145,400	286
2030	\$ 43,000	\$ 94,000	\$ 8,500	\$ 145,500	286
2031	\$ 43,000	\$ 94,000	\$ 8,600	\$ 145,600	286

2032	\$ 43,000	\$ 94,000	\$ 8,700	\$ 145,700	286
2033	\$ 43,000	\$ 94,000	\$ 8,800	\$ 145,800	286
TOTAL	\$ 461,000	\$ 940,000	\$ 83,500	\$ 1,484,500	2,954

Exh. BED-1 (revised) at 45.

TEPF Programs

60. BED's proposed TEPF program is comprised of traditional weatherization services and two advanced manufactured homes each year. Exh. BED-1 (revised) at 32.

61. Traditional weatherization programs focus on providing non-Vermont Gas residential homeowners and businesses with energy audits to identify cost-effective weatherization opportunities and to provide incentives to help pay for eligible work. Exh. BED-1 (revised) at 32.

62. BED estimates that within its service territory there are approximately 350 single-family homes and 10-15 small businesses in the TEPF market. Exh. BED-1 (revised) at 31.

63. The potential for energy efficiency savings in the condominium market is also limited (about 150 units). About 35% of these units are rentals, and the rental property owner, who does not typically pay the energy bill, is unmotivated to participate. Exh. BED-1 (revised) at 33.

64. BED's TEPF weatherization program benefits now mimic Vermont Gas's incentive levels to avoid confusion among contractors and customers. For rental property, BED offers a 50% incentive for eligible weatherization improvements up to a maximum benefit of \$7,500; single-family homeowners may receive a 50% incentive on weatherization improvements up to \$3,500; and for income-qualifying homes, BED offers a 75% incentive not to exceed \$5,000. Exh. BED-1 (revised) at 33.

65. Advanced manufactured homes. Since 2017, BED has promoted ultra-efficient zero energy modular ("ZEM") homes by VERMOD. To date, three homes have been installed in the North Avenue Cooperative in Burlington. VERMOD homes demonstrate that owners can save money in the long run and shield themselves from the volatility of fossil-fuel prices. Exh. BED-1 (revised) at 32-34.

66. BED’s DRP proposal includes providing incentives for two VERMOD homes annually within this performance period, for a total of six VERMOD homes. BED proposes to have the option to lift the annual cap of two homes so long as the total three-year TEPF budget does not exceed the approved budget caps. Exh. BED-1 (revised) at 34.

TEPF Resource-Acquisition Savings

67. BED anticipates TEPF savings (MMBtu) from its programs in 2024-2026 as follows:

BED TEPF Program Savings (MMBtu)				
	2024	2025	2026	3-Year Total
Residential	140	122	112	374
Commercial	15	13	12	40
VERMOD	175	175	175	525
Total	330	310	299	939

Exh. BED-1 (revised) at 33.

TEPF Development and Support Services Budgets

68. For the 2024-2026 performance period, BED proposed a total TEPF-funded development and support services budget of \$24,000. Exh. BED-1 (revised) at 31.

69. BED’s proposed TEPF development and support services budgets for the 2024-2026 performance period are as follows:

BED TEPF- Development and Support Services Budgets by Category			
	2024	2025	2026
Education, Training & Engagement	\$2,300	\$2,300	\$2,300
Applied Research and Development	\$300	\$300	\$300
Planning and Reporting	\$1,700	\$1,700	\$1,700
Evaluation	\$400	\$400	\$400
Administration and Regulatory Affairs	\$2,450	\$2,500	\$2,600
Information Technology	\$750	\$800	\$800
Total	\$7,900	\$8,000	\$8,100

Exh. BED-1 (revised) at 35.

Discussion

Pursuant to 30 V.S.A. § 209(e)(1), TEPF funds derived from the Forward Capacity Market and RGGI must be used to provide efficiency services to unregulated-fuel customers. BED has allocated its TEPF resource-acquisition budget to two main programs—Traditional TEPF and VERMOD—and provided support activities with its TEPF development and support services budget. BED and the Department agree on BED’s proposed resource-acquisition and development and support services budgets for TEPF activities for the 2024-2026 performance period.

One member of the public filed comments expressing that BED’s EEU funds should not support the Burlington Electric district heat proposal.¹⁷ We note that BED does not intend to support the District Energy System with TEPF funds in 2024 and beyond, and nothing in this Order authorizes BED to do so.¹⁸

TEPF Resource-Acquisition Budgets

Because of the limited number of cost-effective TEPF opportunities in its service territory due to its overlap with Vermont Gas, BED’s revenue generated from the Forward Capacity Market and RGGI auctions has typically exceeded BED’s expenditures on TEPF efficiency

¹⁷ Public Comment of Pike Porter filed on 4/12/23.

¹⁸ Exh. BED-1 (revised) at 4, 31.

measures. BED's budget proposal represents a reduction, nearly halved, from previous proposals.¹⁹ The Department contends that BED's TEPF budget is over-funded due to past performance and limitations and challenges in Burlington and overlapping service territories with Vermont Gas.²⁰ It appears that BED's proposed total TEPF budgets—including resource-acquisition, development and support services, and evaluation—do not account for all the expected net FCM and RGGI revenues available to BED. The Department forecasts \$505,646, \$499,155, and \$488,496 in revenue available to BED in 2024, 2025, and 2026, respectively.²¹ The Department projects a substantial TEPF surplus for the 2024-2026 performance period and would like to see those funds spent within the 2024-2026 performance period for appropriate TEPF end uses.²²

Having considered the challenges confronting BED in this sector, we approve BED's TEPF resource-acquisition budget proposal for the 2024-2026 performance period. We agree with the Department that it would be preferable to use any available TEPF funds that exceed BED's proposal within the triennium. Accordingly, we direct BED to consult with the Department and other stakeholders as appropriate and provide a proposal addressing how the unspent TEPF funds would be used.

TEPF Development and Support Services Budgets

We approve BED's proposed TEPF development and support services budget levels. The budget categories and the spending amounts within each category appear to be reasonable. The proposed development and support services activities represent valuable aspects of service delivery and development even though the activities may not directly result in energy efficiency savings. The proposed development and support services budgets reflect the level of funding needed to support the resource-acquisition activities and budgets approved for the 2024-2026 performance period.

¹⁹ *DPS Petition re EEU DRP Proceeding for 2021-2023*, Case 19-3272-PET, Order of 8/26/21 at 23-24.

²⁰ Levenson pf. (3/23/23) at 16.

²¹ Exh. DPS-BM-3.

²² Department Brief at 14.

10-Year TEPF Budgets and Expected Savings

BED proposed 10-year TEPF savings goals and budgets, including proposed resource-acquisition and development and support services activities, broken out by year. The Department provided testimony that BED's TEPF plan is realistic given the limited TEPF program activities in the Burlington market.²³ We conclude that the 10-year estimates are reasonable and appropriate for planning purposes.

C. Quantifiable Performance Indicators and Minimum Performance Requirements

70. BED and the Department agree to measure performance through quantifiable performance indicators ("QPIs") and minimum performance requirements ("MPRs"). The electric QPI targets are based on the expected savings forecasted in the program achievable scenario plus an additional 5%. MPRs represent minimum performance obligations to ensure that State policy objectives are attained. Burns pf. sur. (5/4/23) at 2; Levenson pf. (3/23/23) at 8.

²³ Levenson pf. (3/23/23) at 16.

71. BED's proposed electric QPIs, including the 5% stretch goal, are as follows:

QPI#	Title	Indicator	2024 - 2026 Target	Policy Goal Advanced	Weighting (%)
1	Total Resource Benefits	Present worth of lifetime electric, fossil, and water benefits	\$17,104,000	Encourage EEU's to design and implement efficiency initiatives that will maximize the lifetime electric, fossil fuel, and water benefits	25
2	Electricity Savings	Annual incremental net MWh expected savings	14,254	Annual incremental MWh savings indicator intended to encourage EEU's to design and implement efficiency initiatives that will maximize annual incremental electrical energy savings	30
3	Summer Peak Demand Savings (MW)	Cumulative net summer peak demand expected savings	2.15	Cumulative summer peak demand savings indicator is intended to encourage EEU's to design and implement efficiency initiatives that will maximize the capacity reduction coincident with summer demand.	17
4	Winter Peak Demand Savings (MW)	Cumulative net winter peak demand expected savings	2.16	Cumulative winter peak demand savings indicator is intended to encourage EEU's to design and implement efficiency initiatives that will maximize the capacity reduction coincident with winter demand.	14
5	Weighted Lifetime MWh Savings	Cumulative Lifetime MWh Savings	197,820	Encourage BED to design and implement efficiency initiatives that will maximize lifetime electric benefits.	9

6	Administrative Efficiency	5% administrative cost reduction	\$45,679	Encourage increased administrative efficiency	5
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Exh. BED-1 (revised) at 47; Burns/BED Surr Exhibit 1; Levenson pf. (3/23/23) at 10.

72. BED proposes the following TEPF QPIs:

QPI#	Title	Indicator	2024 - 2026 Target	Policy Goal Advanced	Weight
1	Thermal & Mechanical Energy Efficiency Savings (Residential and Commercial)	Incremental net MMBTU savings (3 yr. total)	940	Encourage EEU's to design and implement efficiency initiatives that will maximize unregulated thermal energy savings	60%
2	Residential single-family comprehensiveness	1) Average air leakage reduction per project 2) Percent of projects with both shell and heating system measures installed	1) 30% reduction per project 2) 16% of premises	Intended to ensure that energy efficiency initiatives are designed and implemented to acquire comprehensive savings.	40%

Exh. BED-1 (revised) at 51.

73. BED proposes electric minimum performance standards for 2024-2026 as follows:

MPR #	Title	Performance	2024-2026 Target	Policy Goal Advanced
1	Minimum Electric Benefits (equity for all electric rate payers)	Total electric benefits divided by total costs	Benefit-cost ratio of equal to or 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 EEC
2	Equity for residential rate payers	A minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers	A minimum of 85% of residential sector share of total RA spending to be in the residential sector. This amounts to \$1,803,450 over the three-year period, assuming proposed budgets are approved	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers
3	Equity for low-income customers	A minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to low-income customers	A minimum of 85% (\$271,450) of low-income sector share of total RA spending to be on the low-income services over the three-year period	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
4	Equity for small business customers	Number of total non-residential premises with annual electric use of 40,000 kWh/yr. or less participating in energy efficiency programs	205	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

Exh. BED-1 (revised) at 49-50; Levenson pf. (3/23/23) at 11.

74. The Department proposes changes to BED’s MPRs #2 and #3 related to the equity spending targets. The Department calculated the MPRs by multiplying the proposed residential sector budget (\$2,276,706) and the income-eligible budgets (\$297,926) by 85% to arrive at the proposed minimum spending levels. MPRs #2 and #3 were determined to be \$1,935,200 and \$253,237, respectively. Levenson pf. (3/23/23) at 10-11.

75. BED proposes the following TEPF minimum performance standard for 2024-2026:

Title	Performance	Target	Policy Goal Advanced
Equity for residential rate payers	A minimum level of overall efficiency, as reflected in “traditional” TEPF program spending, will be dedicated to residential customers (or 95% of total budget)	\$148,600	Equity for residential customers by ensuring that a minimum level of overall efficiency efforts, as reflected in spending, will be dedicated to residential customers

Exh. BED-1 (revised) at 52.

Discussion

BED does not have a monetary performance award associated with meeting its QPI targets. BED’s proposed QPI targets are based on the expected savings from the potential study with a 5% adder. The QPI targets are a reasonable level of savings that can be expected over the 2024-2026 performance period. The proposed electric and TEPF QPI targets, weighting factors, and MPRs are intended to push BED to innovate while responsibly using ratepayer resources to encourage adoption of efficient technologies. The Department agrees with BED’s targets for electric sector QPIs #1 – 6 and the TEPF QPIs and MPRs.²⁴

We approve the proposed QPIs and MPRs with the corrected values recommended by the Department for MPRs #2 and #3. The proposed QPIs will help ensure that BED achieves all reasonably available, cost-effective energy efficiency savings. We find that the proposed MPRs

²⁴ Department Brief at 14.

with our approved adjustments are generally consistent with past DRP determinations and will ensure that efficiency activities are equitably provided to all customers.

IV. BUDGETS FOR OTHER EEU EXPENSES

76. In addition to budgets for its programs, BED’s DRP proposal includes budgets to cover fiscal agent costs, the annual EEU audit, triennial independent audit, and EEU evaluation costs for the 2024-2026 performance period, paid for with EEC revenues, as follows:

	2024	2025	2026	3-Year Total
Fiscal Agent	\$4,000	\$4,500	\$5,000	\$13,500
Annual EEU Audit	\$1,400	\$1,500	\$1,600	\$4,500
Triennial Independent Audit	\$1,500	\$1,600	\$1,700	\$4,800
Department Evaluation	\$80,671	\$132,114	\$143,503	\$356,288

Exh. BED-1 (revised) at 6 and 41; Barry Murphy, Department (“Murphy”) pf. at 6; Levenson pf. (3/23/23) at 12-13; Burns pf. sur. (5/4/23) at 4; Burns/BED Surr Exhibit 1.

77. The Department proposes to use its billback authority for maintenance of the TEPF Clearinghouse. The TEPF Clearinghouse budgets reflect BED’s share of costs to support the statewide information clearinghouse that was established to provide access and coordination across all TEPF services offered in Vermont. The Department estimates that it will bill BED \$1,987 in 2025 for this cost during the 2024-2026 performance period. Murphy pf. at 11; exh. DPS-BM-3.

Discussion

As part of our review of BED’s DRP proposal, we approve the proposed budgets addressing the fiscal agent costs, the annual EEU Fund audit, triennial independent audit, EEU advertising fees, and the TEPF Clearinghouse. The proposed budgets represent a reasonable estimate of the costs associated with these EEU activities.

Our approval of the EEU evaluation budgets used by the Department for its evaluation activities is addressed in a separate Order in this proceeding. The EEU evaluation budget values are presented in this Order for reference and completeness.

V. CONCLUSION

In this Order we approve BED's DRP update for the 2024-2026 performance period, including the electric and TEPF resource-acquisition and development and support services budgets, as well as budgets for other regulatory expenses. In addition, we conclude that the 20-year and 10-year forecasts of expected budgets and savings for the electric and TEPF sectors are reasonable for planning purposes. As described above, the proposed budgets will result in long-term benefits to Vermont ratepayers, and will enable BED to acquire all reasonably available, cost-effective energy efficiency. The performance targets are intended to push BED to innovate while responsibly using ratepayer resources to encourage adoption of efficient technologies.

Finally, we recognize that an additional phase to this proceeding may be conducted to address Act 44, which allows programs to reduce greenhouse gas emissions in the thermal energy and transportation sectors.

VI. ORDER

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

1. The electric and thermal-energy-and-process-fuels resource-acquisition budgets for the City of Burlington Electric Department (“BED”) for the 2024-2026 performance period are those approved in this Order.
2. The electric and thermal-energy-and-process-fuels development and support services budgets, including budget categories, for BED for the 2024-2026 performance period are those approved in this Order.
3. The 10-year thermal-energy-and-process-fuels planning budgets and 20-year electric planning budgets for BED are those approved in this Order.
4. The 20-year forecast of electric savings and 10-year forecast of thermal savings for BED are those approved in this Order.
5. The electric and thermal-energy-and-process-fuels qualifiable performance indicators and minimum performance requirements for BED for the 2024-2026 performance period, including 100% targets and weighting factors, are those approved in this Order.
6. We direct BED to consult with the Department and other stakeholders, as appropriate, on how it will address forecasted unspent TEPF funds and to file a proposal within 60 days of this order.
7. Within 30 days of today’s Order, BED, working with Department, is directed to file in the compliance portion of this case a status update and procedural recommendations, as appropriate, addressing any budget revisions that may result from Act 44.
8. We adopt the Department’s proposal to review the information technology category in the development and support services budgets of each energy efficiency utility. The deadline for a status report on the review of the information systems category is February 14, 2024, and the deadline for final recommendations is June 14, 2024. All filings pursuant to this paragraph must be made in the compliance portion of this case.
9. Within 30 days of this Order, BED is directed to file final budgets and expected savings that reflect decisions the Commission has made in this Order. All filings pursuant to this paragraph must be made in the compliance portion of this case.

10. Section V.9 of the Process and Administration of an Energy Efficiency Utility Order of Appointment requires BED to file a triennial plan for the 2024-2026 performance period by November 1, 2023. To the extent that a waiver or extension of the November 1 filing date is required, the parties should make a joint filing on this topic by October 20, 2023.

PUC Case No. 22-2954-PET - SERVICE LIST

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