

STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2013-02

Request by Champlain Water District for Review of)
Energy Savings Account Limitation on Qualified)
Expenses)

Order entered: 6/6/2014

ORDER CLOSING PROCEEDING

I. INTRODUCTION

As required by 30 V.S.A. § 209(d)(3)(B),¹ the Public Service Board ("Board") has established an option for certain business customers to self-administer energy efficiency through the use of an Energy Savings Account ("ESA").² The ESA Program allows eligible customers to use a portion of the Energy Efficiency Charge ("EEC")³ such customers pay into the Electric Efficiency Fund to support energy efficiency projects at their facilities.

On May 31, 2013, the Champlain Water District ("Champlain"), a participant in the ESA Program, filed a letter asking the Board to reconsider one aspect of the ESA Program. Specifically, Champlain asked the Board to review the ESA Program's requirement that limits reimbursable project expenses to costs with an estimated payback of at least 18 months on the customer's investment.

As explained further below, in a separate Order issued today in proceeding number EEU-2014-02, we have approved certain modifications to the ESA Program. One of these modifications eliminates the 18-month minimum payback period for measures in retrofit projects for which an Energy Efficiency Utility ("EEU") offers a standard (or prescriptive) incentive. In

1. Public Act No. 89 (2013 Vt. Bien. Sess.) renumbered this statutory provision. Previously it was numbered § 209(d)(4).

2. The ESA Program is described in detail in Attachment A to a Board Order issued on January 28, 2011, entitled *Order Modifying the Option for Certain Business Customers to Self-Administer Energy Efficiency through the Use of an Energy Savings Account* ("ESA Program Description").

3. The EEC is a volumetric charge that is assessed on electric bills throughout Vermont. The funds collected via the EEC support cost-effective energy efficiency services delivered by Vermont's Energy Efficiency Utilities ("EEUs").

that same Order, we have determined that the 18-month minimum payback period should continue to apply to measures in retrofit projects for which an EEU does not offer a standard incentive.

Therefore, there are no longer any issues to be resolved in this proceeding, and we have determined that this matter should be closed.

II. PROCEDURAL HISTORY

On May 31, 2013, Champlain filed a letter asking the Board to review the ESA Program's requirement that limits reimbursable project expenses to costs with an estimated payback of at least 18 months on the customer's investment ("Champlain Letter").

On August 14, 2013, the Board issued an Order determining that it was in the public interest to defer Champlain's request to consider whether the ESA Program's minimum 18-month minimum payback period should be modified until we received the results of the evaluation of the ESA Program being conducted by the Vermont Department of Public Service ("DPS").⁴

On December 20, 2013, the DPS filed the results of its evaluation of the ESA Program.

On February 14, 2014, after discussions with some stakeholders, the DPS filed proposed changes to the design of the ESA Program.

On March 7, 2014, the Board opened proceeding number EEU-2014-02 to consider the DPS's proposed changes to the design of the ESA Program because the proposed changes addressed issues beyond those under consideration in the instant proceeding.⁵

On April 4, 2014, Board staff conducted a workshop in both the instant proceeding and proceeding number EEU-2014-02 to discuss the DPS's proposed changes. Attendees at the workshop included representatives of the DPS, the Vermont Energy Investment Corporation ("VEIC"),⁶ Champlain, and the City of Burlington Electric Department ("BED").⁷

4. See page 2 of the August 14, 2013, Order for the procedural history of this proceeding prior to the issuance of that Order.

5. EEU-2014-02, Order of 3/7/14 at 2.

6. On December 20, 2010, the Board issued an Order appointing VEIC to serve as an EEU. Docket 7466, Order of 12/20/10. Operating as Efficiency Vermont, VEIC provides efficiency services to Vermonters who use electricity, thermal-energy fuels and process fuels outside the service territory of the City of Burlington Electric Department

(continued...)

On May 2, 2014, the DPS filed comments in both the instant proceeding and in EEU-2014-02 on its proposed revisions to the ESA Program design; the DPS's comments included further proposed revisions to address issues raised at the workshop, and recommendations for next steps in this proceeding as well as in EEU-2014-02 (referred to herein as the "DPS Comments").⁸

No other participant filed comments.

On May 23, 2014, VEIC filed reply comments in both the instant proceeding and in EEU-2014-02 (referred to herein as the "VEIC Reply Comments").

No other participant filed reply comments.

III. DISCUSSION

At the time Champlain filed its letter of May 31, 2013, ESA Program participants could use funds collected through EEC payments for "Qualified Expenses" associated with energy efficiency projects provided that total Qualified Expenses in any period did not exceed the amount of "Available Funds". The terms "Qualified Expenses" and "Available Funds" were defined in the ESA Program Description. In that document, Qualified Expenses are defined as relating to either market-driven projects or retrofit projects. Qualified Expenses for retrofit projects are limited to "an amount equal to the contribution to total project costs that would result in an estimated 18-month simple payback on the customer's project investment."⁹

Champlain's May 31, 2013, filing was triggered by a determination by Efficiency Vermont that one of its energy efficiency projects did not meet the eligibility requirements for reimbursement because the project's payback period was only 0.3 years.¹⁰ However, Champlain noted that the minimum 18-month payback period did not apply to ratepayers who are not ESA

6. (...continued)
("BED").

7. BED serves as an EEU in its service territory, under an Order of Appointment issued by the Board on 4/19/11 in Docket 7466.

8. In a separate Order issued today in proceeding number EEU-2014-02, we have addressed all aspects of the DPS's recommendations except for those relating to next steps in the instant proceeding.

9. 2011 ESA Program Description at 2.

10. Champlain letter at 1.

Program participants. Instead, Efficiency Vermont had a standard rebate form for this type of energy savings project, which is what Champlain submitted to Efficiency Vermont for the project.

In a separate Order we have issued today in EEU-2014-02, we have approved modifications to the ESA Program. Included in these modifications was the creation of a new category of "prescriptive" projects which are defined as "electric projects or measures where a prescriptive rebate offer is available from the Energy Efficiency Utility to non-ESA customers."¹¹ For such projects, reimbursable project expenses would be the amount of the EEU prescriptive rebate available to non-ESA Program customers. In addition, if the project is a stand-alone retrofit project, the 18-month payback requirement otherwise applicable to retrofit projects would not apply to those measures with prescriptive incentives.¹²

The DPS suggests that these changes to the ESA Program design address the concerns raised by Champlain in this proceeding. Accordingly, the DPS recommends that this proceeding be closed. No other participant filed comments on this recommendation.

We concur that the question of equity raised by Champlain in this proceeding effectively has been resolved by the addition in EEU-2014-02 of a new category of "prescriptive" projects to which the 18-month payback requirement does not apply. Now both ESA Program participants and non-ESA Program participants are eligible for the same prescriptive incentives when these incentives are offered by an EEU.

Finally, we previously stated that, to the extent that Champlain's May 31, 2013, filing in this proceeding should be interpreted as asking the Board to modify the 18-month minimum payback period for other measures installed by ESA Program participants (measures for which an EEU does not offer a prescriptive incentive), we would consider this issue in the context of the comprehensive evaluation of the ESA Program design.¹³ We have done so in proceeding

11. EEU-2014-02, Order of 6/6/14 at Attachment A at 3.

12. EEU-2014-02, Order of 6/6/14 at Attachment A at 3.

13. Order of 8/14/13 at 8.

number EEU-2014-02, and have ultimately decided not to change the 18-month payback requirement for non-prescriptive measures in retrofit projects at this time.¹⁴

Thus, there are no longer any outstanding issues to be resolved in this proceeding. The DPS has recommended that this proceeding be closed, and no participant has objected. Accordingly, because our Order issued today in proceeding number EEU-2014-02 resolves the issues raised by Champlain in the instant proceeding, we hereby close this proceeding.

SO ORDERED.

Dated at Montpelier, Vermont, this 6th day of June, 2014.

s/ James Volz)	
)	PUBLIC SERVICE
)	
s/ John D. Burke)	BOARD
)	
)	OF VERMONT
s/ Margaret Cheney)	

OFFICE OF THE CLERK

FILED: June 6, 2014

ATTEST: s/ Susan M. Hudson
Clerk of the Board

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

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

14. EEU-2014-02, Order of 6/6/14 at 8.