

STATE OF VERMONT
PUBLIC SERVICE BOARD

EEU-2013-01

2013-2014 Demand Resources Plan Proceeding)

Order entered: 4/8/2014

**ORDER DETERMINING ELECTRIC QUANTITATIVE PERFORMANCE
INDICATOR FRAMEWORK**

I. INTRODUCTION

On June 10, 2013, the Vermont Public Service Board ("Board") issued an Order that determined the framework that workshop participants should use to develop proposed electric quantifiable performance indicators ("QPIs"). In this Order, we determine that the framework to develop proposed electric QPIs shall additionally include: (1) a QPI to address business comprehensiveness; and (2) a milestone indicator to address the feasibility of developing a QPI for average monthly coincident peak.

II. PROCEDURAL HISTORY

On June 10, 2013, the Board issued an Order that initiated a workshop process to develop the second statewide long-term Demand Resources Plan ("DRP"). The workshop process will lead to, among other items, a Board decision regarding statewide short- and long-term electric-and-thermal-energy-and-process-fuel budgets and QPIs.

In a September 30, 2013, Order¹, the Board determined that the electric QPIs shall address the following elements: (1) annual incremental MWh savings; (2) total resource benefits; (3) cumulative summer peak demand savings; (4) cumulative winter peak demand savings; (5) long-term market transformation; (6) equity for all electric ratepayers; (7) equity for residential ratepayers; (8) equity for low-income customers; (9) commercial customer size equity;

1. EEU-2013-01, Order of September 30, 2013 ("September 30th Order").

(10) geographic equity; (11) administrative efficiency; (12) service quality; and (13) performance period spending. In addition, the Board directed participants to continue to examine the need for a QPI addressing business comprehensiveness, and to further explore the concept of a QPI addressing average monthly coincident peak.

On December 6, 2013, the Vermont Department of Public Service ("Department") filed recommendations with regard to QPIs addressing average monthly coincident peak and business comprehensiveness. The Department represented that the City of Burlington Electric Department ("BED"), Vermont Energy Investment Corporation ("VEIC"), and Vermont Electric Power Company, Inc. ("VELCO") supported its recommendations concerning a QPI addressing average monthly coincident peak.

On December 6, 2013, BED filed comments with regard to determining a QPI target that addresses average monthly coincident peak. No additional comments were received.

III. PARTICIPANTS' RECOMMENDATIONS

The Department recommends that the categories of electric QPIs include a business comprehensiveness-of-savings indicator to ensure that energy efficiency initiatives are designed and implemented to acquire comprehensive savings. The Department indicates that it is reviewing a proposal from VEIC to establish a revised methodology for measuring the business comprehensiveness QPI that uses improvements made to VEIC's project database over the past year. The Department states that it will continue to work with VEIC and BED on acceptable methodologies and weighting for the business comprehensiveness QPI.

The Department supports the inclusion of a QPI addressing monthly coincident peak because it may have a significant potential to deliver benefits to ratepayers in the form of reduced monthly regional electric transmission charges (the Regional Network Service or "RNS" charges). The Department asserts that actively managing RNS charges by reducing monthly coincident peak has the potential to mitigate expected RNS charge increases and keep customer electricity rates lower. After discussions with VEIC, BED, and VELCO, the Department contends that a considerable amount of additional work and analysis will need to be performed in

order to implement a QPI addressing monthly coincident peak and it is not possible to complete this work in time to implement a QPI for the 2015-2017 performance period.

The Department recommends that the 2015-2017 performance period include a milestone indicator that will initiate a process to assess the feasibility of a QPI addressing monthly coincident peak. The Department notes that a milestone indicator would be similar to the QPI approved by the Board in the 2012-2014 performance period to address administrative efficiency. The Department represents that BED, VEIC, and VELCO support this approach.

BED notes that some of the near-term increases in RNS charges are unavoidable and that the primary benefit of investing in energy efficiency measures would be avoiding future transmission expenditures which are not embodied in the current and near-term forecasted RNS charges. BED identifies some of the additional analysis that would be needed to develop a QPI addressing monthly coincident peak, including: (1) information on relative activities in other states and how energy efficiency savings are impacting RNS charges; and (2) developing hourly load shapes for various energy efficiency measures for comparison to Vermont peak hours.

IV. DISCUSSION AND CONCLUSIONS

In the September 30th Order, we requested that participants further examine the need for a business comprehensiveness QPI, especially given the concerns that managing and tracking an increased number of QPIs could result in increased administrative and financial burdens for the efficiency provider. We accept the recommendation concerning the inclusion of a QPI to address business comprehensiveness. A QPI addressing business comprehensiveness will ensure that energy efficiency initiatives are designed and implemented to acquire an increased depth of savings. Therefore, we determine that the framework for electric QPIs shall include business comprehensiveness.

We accept the recommendations concerning the inclusion of a milestone indicator to initiate a process to assess the feasibility of a QPI addressing monthly coincident peak. We recognize that a QPI to lower monthly coincident peak may have tangible benefits to ratepayers, but may be difficult to implement for the 2015-2017 performance period. Therefore, we

determine that the framework for electric QPIs shall include a milestone indicator to assess the feasibility of a QPI addressing monthly coincident peak.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board of the State of Vermont that the framework to develop proposed electric quantifiable performance indicators ("QPI") shall include: (1) business comprehensiveness; and (2) a milestone indicator to address the feasibility of developing a QPI for average monthly coincident peak.

Dated at Montpelier, Vermont, this 8th day of April, 2014.

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

OFFICE OF THE CLERK

FILED: April 8, 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.