

STATE OF VERMONT  
PUBLIC SERVICE BOARD

EEU-2013-01

2013-2014 Demand Resources Plan Proceeding )

Order entered: 8/1/2013

**ORDER RE SCHEDULE AND  
REQUEST FOR PROPOSED ELECTRIC BUDGET AND SAVINGS SCENARIOS**

**I. INTRODUCTION**

On June 10, 2013, the Public Service Board ("Board") initiated this Demand Resources Plan ("DRP") proceeding to devise a set of long-term assumptions pursuant to which each of the current Energy Efficiency Utilities ("EEUs") shall operate. These planning assumptions consist of: year-by-year demand-side electricity estimated savings for a twenty-year period; budgets for electric resource-acquisition and non-resource-acquisition activities by calendar year for a twenty-year period; year-by-year estimated savings for thermal energy and process fuels ("TEPF")<sup>1</sup> by calendar year for a ten-year period; and three-year performance goals for both electricity and TEPF activities.<sup>2</sup>

In this Order, we establish a schedule and designate a lead Board staff member<sup>3</sup> for this proceeding. We also provide guidance for workshop participants related to: (1) the filing by participants, on or before August 15, 2013, of proposed electric budget and savings "scenarios," including modeling input assumptions; and (2) the filing by participants, on or before October 15, 2013, of proposed TEPF modeling input assumptions.

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1. Public Act No. 89 (2013 Vt. Bien. Sess.) modified various statutory provisions related to the Energy Efficiency Utility program. One of the modifications was to change the term "heating and process fuels" to "thermal energy and process fuels" in 30 V.S.A. § 209. To be consistent with the new law, this Order uses the term thermal energy and process fuels throughout.

2. For more information about the content of a DRP, see Docket No. 7466, Order of 11/24/09, and the Process and Administration of an Energy Efficiency Utility Order of Appointment document (the "Process and Administration" document) that was approved in Docket No. 7466, Order of 12/20/10. The Process and Administration document can be found at: <http://psb.vermont.gov/docketsandprojects/eeu/7466/orders>.

3. The term "lead Board staff member" refers to the person we have authorized to conduct proceedings in this matter and coordinate the Board staff team that is assigned to this proceeding.

## **II. PROCEDURAL HISTORY**

On June 10, 2013, the Board issued an Order initiating this proceeding and inviting participants to file proposed schedules and agenda items for a workshop.

On June 14, 2013, the Department of Public Service ("DPS") filed, on behalf of itself, Vermont Energy Investment Corporation ("VEIC") and the City of Burlington Electric Department ("BED"), a proposed workshop agenda and a proposed timeline for this DRP proceeding.

On June 16, 2013, Board staff held a workshop at which participants discussed scheduling proposals in light of lessons learned from the last DRP proceeding that began September 9, 2010, and is still on-going (proceeding number EEU-2010-06).

On July 3, 2013, the DPS filed, on behalf of itself, VEIC operating as Efficiency Vermont,<sup>4</sup> and BED in its capacity as an EEU,<sup>5</sup> a proposed schedule and an illustrative timeline for this proceeding, along with a memorandum regarding assumptions for scenario modeling ("July 3 Filing").

No participant filed comments on the July 3 Filing.

## **III. DISCUSSION**

### **A. Schedule for this Proceeding**

A DRP proceeding is a complex effort, with many interrelated components. At the June 16 workshop, the participants discussed many insights acquired during the previous DRP proceeding as well as ideas for structuring and scheduling the instant proceeding that reflect the lessons learned, some of which would require modifications to the Process and Administration document.<sup>6</sup> Those proposed modifications (and other proposed changes unrelated to a DRP or the DRP proceeding) are now under consideration by the Board in proceeding number EEU-

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4. VEIC serves as Vermont's statewide EEU, known as Efficiency Vermont, under an Order of Appointment issued by the Board on 12/20/10 in Docket 7466.

5. 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.

6. The Process and Administration document sets forth the procedural and administrative framework for EEU Orders of Appointment. It is intended to be a "living document" that is modified over time when the Board approves changes to the EEU framework.

2013-05.<sup>7</sup> Nothing in this Order modifies the Process and Administration document. However, to the extent that the schedule we approve today differs from that which would be required by the Process and Administration document,<sup>8</sup> we determine that a waiver of those requirements is appropriate for this proceeding.

The schedule and illustrative timeline for this proceeding that was proposed in the July 3 Filing includes five sequential phases. The first four of these phases involve proceedings before the Board and specify filing deadlines, approximate dates for workshops, and target dates for Board orders. The last phase involves various activities by EEU's related to preparing to implement Triennial Plans that reflect the decisions made by the Board in the first four phases of this proceeding. The July 3 Filing also highlights the opportunities for stakeholder input that are proposed to occur in each phase of the proceeding.

After reviewing the proposed schedule and, in the absence of any comments opposing it, we determine that this schedule is generally reasonable. However, we do make the following modifications: (1) the addition of an opportunity for participants to file comments on proposed electric scenarios, including modeling assumptions, and proposed QPI frameworks after the workshop at which those proposals will be discussed; (2) the removal of the target date of December 31, 2013, for establishing future filing deadlines because we establish those deadlines in today's Order; and (3) the addition of filing deadlines, a workshop, and a target date for a Board order on proposed TEPF modeling assumptions. Accordingly, we hereby establish the following schedule for the remainder of this proceeding:<sup>9</sup>

### Phase 2 – Define DRP Electric Scenarios

August 15    Deadline for DPS, EEU's and other stakeholders to file: (1) proposed electric three- and twenty-year scenario modeling recommendations, including value-weighted descriptions of the scenarios and

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7. Information about EEU-2013-05 is available at <http://psb.vermont.gov/docketsandprojects/eeu/panda>.

8. For example, Section II.1.C(d) of the Process and Administration document provides that the DRP proceeding "[t]o the extent possible, shall be timed to conclude at least seven (7) months before the effective date of the DRP." However, the proposed schedule contained in the July 3 Filing contemplates a final order in this proceeding six months before the effective date of the DRP.

9. Under the July 3 Filing's proposed schedule, Phase 1 concludes with the issuance of this Order. Therefore, the schedule we adopt today begins with Phase 2.

numerical values for available modeling input assumptions;<sup>10</sup> and (2) recommendations on the framework for electric and TEPF quantifiable performance indicators ("QPIs").

- Aug. 27,  
1:00 p.m. Board staff to conduct workshop on proposed scenarios, including modeling input assumptions, and QPI framework recommendations.
- Sept. 10 Deadline for DPS, EEUs and other stakeholders to file comments on proposed scenarios, including modeling input assumptions, and QPI framework recommendations.
- Sept. 30 Target date for Board Order establishing: (1) electric scenarios to be modeled, including modeling input assumptions; and (2) electric and TEPF QPI framework.

### Phase 3 – Budgets

- Oct. 15 Deadline for DPS, EEUs and other stakeholders to file descriptions of proposed policy assumptions and numerical values for available modeling input assumptions to be used when modeling TEPF savings.<sup>11</sup>
- Week of  
Oct. 28 Board staff to conduct workshop on TEPF modeling input assumptions.
- Nov. 12 Deadline for DPS, EEUs and other stakeholders to file comments on TEPF modeling input assumptions.
- Dec. 6 Target date for Board Order establishing TEPF modeling input assumptions.
- Dec. 6 Deadline for filing electric three- and twenty-year scenario modeling results.<sup>12</sup>
- Dec. 19,  
9:30 a.m. Board to conduct workshop on electric scenario modeling results.

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10. This aspect of the August 15 filing is discussed in more detail in Section IIIC, below.

11. This filing is discussed further in Section IIID, below.

12. The proposed schedule calls for EEUs and other stakeholders to file the scenario modeling results. We note that the current Process and Administration document provides that the DPS shall file proposed budgets and savings goals, and EEUs and other interested parties may also propose budgets and savings goals. We do not rule herein on which parties have permissive as opposed to mandatory filing requirements regarding scenario modeling results; that issue will be considered in EEU-2013-05. We do, however, determine that any participant wishing to file scenario modeling results should do so by December 6, 2013.

2014

- Jan. 10 Deadline for DPS to file estimated TEPF budgets for resource acquisition and non-resource acquisition activities.<sup>13</sup>
- Feb. 14 Deadline for DPS, EEU's and other stakeholders to file budget and savings recommendations, including: (1) electric resource acquisition budgets and savings; (2) TEPF resource acquisition budgets and savings; (3) non-resource acquisition budgets (split between electric and TEPF) and descriptions; (4) EEU compensation (QPI award and operations fees) rates and budgets; (5) DPS evaluation plan and budget; (6) EEU Fiscal Agent and EEU Fund audit budgets; and (7) impact of budget recommendations on electric consumers' rates and bills.
- Feb. 25, Board to conduct workshop on resource acquisition elements.  
1:30 p.m.
- Week of Board staff to conduct workshop on non-resource acquisition  
Mar. 3 elements, evaluation and compensation.
- March 28 Target date for Board Order establishing: (1) electric resource acquisition budgets and savings; (2) TEPF resource acquisition budgets and savings; (3) non-resource acquisition budgets (split between electric and TEPF) and descriptions; EEU compensation (QPI award and operations fees) rates and budgets; DPS evaluation plan and budget; EEU Fiscal Agent and EEU Fund audit budgets.

Phase 4 - QPIs and "Omnibus Order"<sup>14</sup>

- May 9 Deadline for DPS, EEU's and other stakeholders to file: (1) updated electric and TEPF savings estimates; (2) proposed QPI targets; and (3) proposed QPI incentive scaling and weighting.
- Week of Board staff to conduct workshop on May 9 filings.  
May 19
- June 6 Deadline for DPS, EEU's and other stakeholders to file proposed Omnibus Order.

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13. As discussed further in Section IIID, below, the statutory framework for funding TEPF efficiency programs is different from that for funding electric efficiency programs; the Board does not have discretion regarding the budgets for TEPF programs. Therefore, there is no need for the Board to have a range of budget options for those programs.

14. The "Omnibus Order" will be one document that includes all substantive orders issued in this proceeding. It, along with the Triennial Plans to be developed by the EEU's, is intended to address a lesson learned from the previous DRP proceeding – namely, that a DRP proceeding should result in a document that contains all the elements of a DRP.

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| June 13 | Deadline for DPS, EEU's and other stakeholders to file comments on proposed Omnibus Order. |
| June 30 | Target date for Board Order establishing QPI targets and Omnibus Order.                    |

#### Phase 5 – EEU Ramp-Up

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| July 1 to<br>Sept. 30 | EEUs to conduct public and stakeholder engagement process. |
| Nov. 1 <sup>15</sup>  | Deadline for EEUs to file Final Triennial Plans.           |

### **B. Role of Board Staff in This Proceeding**

A DRP proceeding requires significant Board resources and aspects of it are quite technical. Therefore, consistent with past practice and as indicated in the above schedule, we expect most workshops in this proceeding to be conducted by Board staff. We designate Thomas Knauer, Utilities Analyst, as the lead staff in this proceeding. Pursuant to Board Rule 2.215(C), we assign this matter to him for further proceedings, to include selecting workshop dates and modifying the schedule we approve in this Order as may be appropriate over time.

### **C. Proposed Electric Budget and Savings Scenarios**

Section 209(d)(3)(B) of Title 30 requires that the budget for electric efficiency acquisition be "adjusted as necessary in order to realize all reasonably available cost-effective energy efficiency savings." Sections 209(d)(3)(B) and (f)(14) also include various factors that we must balance when setting the budget for electric efficiency acquisition.

To assist us with this determination, in this proceeding we will review the results of modeling specific electric three- and twenty-year budget and savings scenarios that will be performed by workshop participants.<sup>16</sup> All workshop participants are invited to propose

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15. We note that November 1, 2014, is a Saturday. Therefore, the filings will be due November 3, 2014.

16. To help workshop participants understand what is meant by a budget and savings scenario, we note that in the previous DRP proceeding, we selected both budget-based and savings-based scenarios to be modeled. That is, we selected scenarios that presumed specific budget levels and sought to determine the electricity savings that could be achieved at those budget levels, as well as scenarios that presumed certain quantities of electricity savings and sought

(continued...)

scenarios to be modeled; all such proposals must be filed with the Board by August 15, 2013.<sup>17</sup> We intend to select a limited number of scenarios (no more than five) from among those proposed that will vary the pace at which all reasonably available cost-effective electric efficiency savings will be acquired, thereby providing us with useful information regarding the various factors the statute requires us to consider when setting electric efficiency budgets.

Modeling the selected scenarios will require the use of various assumptions. As shown in the July 3 Filing, these assumptions can be divided into two groups: policy assumptions and modeling inputs. Policy assumptions include items such as sector equity requirements for the low-income, small business, residential, and commercial and industrial sectors. Modeling inputs include items such as: base appliance and equipment energy efficiency levels; impacts of changes in codes and standards on reduced efficiency potential; avoided costs; Self-Managed Energy Efficiency Program participant load; measure decay; free rider/spillover rates; behavioral measures; and AMI-enabled measures.<sup>18</sup> Workshop participants are invited to address how potentially conflicting policy assumptions should be weighed against each other, propose numerical values for any of the policy assumptions and modeling inputs, as well as to identify additional assumptions or inputs they believe are important for modeling the scenarios. Any such filings regarding modeling assumptions or inputs are also due by August 15, 2013; the filings should state the basis for any proposed numerical values and explain the significance of any additional identified assumptions or inputs for the modeling effort.

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16. (...continued)  
to determine the budget levels necessary to achieve those savings. *See*, EEU-2010-06, Order of 10/21/10, *generally*, and Order of 8/1/11 at 19-21.

17. As discussed in footnote 12, above, we do not determine in this Order whether to require the DPS or the EEU's to model selected scenarios. However, either the DPS or the EEU's will be required to model the scenarios selected by the Board, regardless of which participant(s) proposed them. Any workshop participant not required to model the selected scenarios may model them and file the results in this proceeding, if it so chooses.

18. "AMI" means "Advanced Metering Infrastructure" and includes the associated hardware, software, and two-way communications systems that collect time-differentiated energy usage from "smart meters." AMI technologies collect, process, and record the information, and make the information available to customers and utilities.

#### **D. Modeling of TEPF Savings**

Pursuant to 30 V.S.A. § 209(e)(1), EEU's are required to use certain net revenues from their participation in the ISO-NE Forward Capacity Market ("FCM") and net revenues from Vermont's participation in the Regional Greenhouse Gas Initiative ("RGGI") "to deliver thermal energy and process fuel energy efficiency services in accordance with this section for unregulated fuels to Vermont consumers of such fuels." Thus, unlike for electric energy efficiency, the Board does not set the budgets for TEPF efficiency, rather the budgets are estimated based on the expected revenues from Vermont's participation in the FCM and RGGI.

However, estimated TEPF budgets are only one input into the models that will produce modeled TEPF savings, which in turn will help the Board determine appropriate TEPF QPIs. Like with the modeling of electric scenarios, there are both policy assumptions and modeling inputs that will affect the modeling results. That said, the assumptions and modeling inputs may well be different for TEPF efficiency programs than for electric efficiency programs. For this reason, we are providing an opportunity for workshop participants to identify policy assumptions and modeling inputs that will be required when modeling TEPF savings, address how potentially conflicting policy assumptions should be weighed against each other, and propose numerical values for any of the policy assumptions and modeling inputs; any such filings will be due by October 15, 2013. We also direct Board staff to conduct a workshop to discuss those filings, and to provide an opportunity for workshop participants to file comments after that workshop. These steps will lead to a Board order establishing TEPF modeling input assumptions.

We recognize that we did not address TEPF policy and modeling input assumptions in this manner during the last DRP proceeding. In light of Act 89's focus on TEPF efficiency services and their role in helping meet the State's building efficiency goals established in 10 V.S.A. § 581, we determine that it is appropriate to review the TEPF policy and modeling input assumptions in this proceeding.

#### **IV. CONCLUSION**

In this Order, we establish a schedule for this proceeding and designate a lead Board staff member for this proceeding. We also provide guidance for workshop participants related to:



(1) the filing by participants, on or before August 15, 2013, of proposed electric budget and savings scenarios, including modeling input assumptions; and (2) the filing by participants, on or before October 15, 2013, of proposed TEPF modeling input assumptions.

**V. ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The schedule for this proceeding shall be as stated in this Order.
2. Thomas Knauer, Utilities Analyst, shall be the lead Board staff for this proceeding with authority pursuant to Board Rule 2.215(C) to select workshop dates and make other modifications to the schedule established in this Order as may be appropriate over time.

Dated at Montpelier, Vermont, this 1st day of August, 2013.

<u>s/ JamesVolz</u>	)	
	)	
	)	PUBLIC SERVICE
	)	
<u>s/ David C. Coen</u>	)	
	)	BOARD
	)	
	)	OF VERMONT
<u>s/ John D. Burke</u>	)	

OFFICE OF THE CLERK

FILED: August 1, 2013

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.*