

STATE OF VERMONT  
PUBLIC SERVICE BOARD

EEU-2012-01

Proposed Modifications to C&I            )  
Customer Credit Program                )

Order Entered: 8/24/2012

**ORDER RE PROPOSED MODIFICATIONS TO C&I CUSTOMER CREDIT PROGRAM  
AND PARTICIPATION OF OMYA, INC.**

Introduction

On September 30, 1999, the Public Service Board ("Board"), as part of its Order related to the establishment of the Energy Efficiency Utility ("EEU") in Docket 5980, approved the C&I Customer Credit Program for commercial and industrial customers that met certain eligibility standards.<sup>1</sup> This program allows these customers to use most of their EEU Fund payments to implement energy-savings measures of their own as a substitute for participation in the system-wide programs of the EEU.<sup>2</sup>

On February 27, 2012, Omya, Inc. ("Omya"), made a filing with the Board indicating that it intends to participate in the C&I Customer Credit Program for calendar year 2012. In its filing, Omya also stated that Omya and the Department had negotiated revised eligibility standards for

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1. Docket 5980, *Investigation into Department of Public Service's Proposed Energy Efficiency Plan* (9/30/99) at 28, 29, 75, A-112-A-117. The C&I Customer Credit Program was proposed in Docket 5980 as part of a bilateral agreement between International Business Machines Corporation ("IBM") and the Vermont Department of Public Service ("Department").

2. On August 14, 2007, the Board issued an Order approving certain amendments to the C&I Customer Credit Program. *Order re Petition of IBM to Amend EEU Customer Credit Program* (8/14/07). *See also, Clarifying Order re Petition of IBM to Amend EEU Customer Credit Program* (10/11/07). Under these amendments to the C&I Customer Credit Program, the sole customer enrolled in the program was allowed to access up to 90% of the funds it paid into the EEU Fund for energy efficiency expenditures approved by the EEU. The Board also earlier approved some procedural changes to the program pursuant to a memorandum from the Board dated January 27, 2004.

the program to replace a previous requirement that was no longer applicable.<sup>3</sup>

In this Order, the Board approves proposed revisions to the Customer Credit Program and Omya's participation in the program. In addition, the Board approves Omya's request to "reach back" with respect to the available funds for its participation in the Customer Credit Program.

### Background

On February 27, 2012, Omya made a filing with the Board indicating that it intends to participate in the C&I Customer Credit Program for calendar year 2012.

On April 13, 2012, the Board issued an "Order Opening Proceeding to Consider Proposed Modifications to C&I Customer Credit Program and Participation of OMYA, Inc. and Notice of Workshop."

On April 24, 2012, Board staff conducted a workshop to explore issues related to Omya's request.

On May 14, 2012, Omya filed responses to questions asked by Board staff at the April 24 workshop and a Motion for Protective Order related to the responses.

On May 14, 2012, the Department filed a revised Customer Credit Program design document.

On June 8, 2012, Omya filed proposed revisions to the Department's May 14 Customer Credit Program design document. Omya represents that the revisions were agreed to by the Department and Vermont Energy Investment Corporation ("VEIC").<sup>4</sup> In addition, Omya requests that its participation in the program be allowed to "reach back" to utilize funds deposited since

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3. The C&I Customer Credit Program requires that an eligible customer become a partner in the Climate Wise program that was formerly sponsored by the U.S. Department of Energy and Environmental Protection Agency. The Climate Wise program has been terminated, so it is no longer possible for Omya to meet this requirement. In its Order in Docket 7660 approving the sale of the assets of the Vermont Marble Power Division of Omya, Inc., to Central Vermont Public Service Corporation, the Board concluded, with respect to Omya's possible participation in the C&I Customer Credit Program following the asset sale, that suitable alternatives to participation in the Climate Wise program could be developed. Order of 6/10/11 at 67.

4. VEIC serves as Vermont's statewide EEU, known as Efficiency Vermont, under an Order of Appointment issued by the Board on December 20, 2010.

September 1, 2011. Omya represents that the Department agrees with this request and that VEIC does not oppose the request.

### Discussion and Conclusion

The Customer Credit Program was specifically designed to address the needs of large commercial and industrial electric customers that wanted greater control over energy efficiency expenditures at their facilities. Although the Customer Credit Program has not had any participants since 2009, the Board has never closed the program. Accordingly, eligible electric customers that meet the requirements of the Customer Credit Program, such as Omya, may participate in the program.

The Department and Omya negotiated revisions to the Customer Credit Program to address the following issues.

First, the edits reflect structural modifications in the Customer Credit Program previously adopted by the Board but not formally adopted in a Board-approved program design document. These include: (a) the change from an 18-month payback for retrofit projects to 12 months; (b) the change in the definition of "Available Funds" from 70% to 90% of customer Energy Efficiency Charge payments (net of taxes); and (c) the addition of the "net pay option" for program participants.<sup>5</sup>

Second, an eligibility requirement of the Customer Credit Program had been participation in the Climate Wise Program sponsored by the U.S. Department of Energy and the U.S. Environmental Protection Agency. The Climate Wise Program no longer exists, and therefore a new eligibility requirement — a demonstration of a commitment to implement cost-effective energy efficiency measures at the customer's facilities — was included in the Customer Credit Program.

Finally, the proposed changes include both substantive and non-substantive edits to clarify several portions of the program design document.

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5. The "net pay option" modifies the management of Energy Efficiency Charge payments. Participants in the Customer Credit Program may apply to participate in the net pay program option after one year of participation in the Customer Credit Program and a demonstration that the customer has successfully completed energy conservation projects and energy efficiency improvements. *See*, Program Design Document at 4.

The most significant of the proposed edits reflect the changes made to the Customer Credit Program that were previously approved by the Board, most notably changes resulting from the August 14, 2007, *Order Re Petition of IBM to Amend EEU Customer Credit Program*, which modified the percentage of available fund and the payback term. We conclude that the modifications to the Design Document are appropriate and approve the modifications, as reflected in the attached C&I Customer Credit Program Design Document.

Omya and the Department have demonstrated that Omya is eligible to participate in the Customer Credit Program and we approve Omya's request to participate in the program. However, we note that the Customer Credit Program provides eligible customers significant benefits with respect to the management of energy efficiency programs at the customers' facilities. These benefits surpass those of the Energy Savings Account Program, which was created by statutory directive in 2009 and is analogous to the Customer Credit Program.<sup>6</sup> If, after three years of participation in the program, Omya has not demonstrated sufficient success in the Customer Credit Program, demonstrated by successful implementation of energy efficiency measures and programs, the Board will consider whether it is appropriate to allow Omya's continued participation in the Customer Credit Program.

With respect to Omya's request to "reach back" in terms of available funds, we conclude that such a request is reasonable in light of its request to participate in the Customer Credit Program and the fact that it had first expressed an intent to participate in the Customer Credit Program in filings made in 2010 and 2011.

### Conclusion

For the reasons stated above, the revised Customer Credit Program Design Document submitted on June 8, 2012, and attached hereto, is approved; Omya's participation in the

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6. The primary differences between the Customer Credit Program and the Energy Savings Account Program are: (1) 90% of Energy Efficiency Charge payments made by Customer Credit Program participants are eligible to be used at the participants' facilities, while 70% of Energy Efficiency Charge payments made by Energy Savings Account Program participants are eligible to be used at the participants' facilities; (2) the Customer Credit Program allows a participant to use EEU funds for projects that have a 12-month payback while the Energy Savings Account Program allows the use of EEU funds for projects that have an 18-month payback; and (3) the Energy Savings Account Program does not provide a "net pay option" for participants.

Customer Credit Program is approved; and Omya's request to utilize Energy Efficiency Charge funds paid by Omya since September 1, 2011, is approved.

**SO ORDERED.**

Dated at Montpelier, Vermont, this 24th day of August 2012.

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

OFFICE OF THE CLERK

FILED: August 24, 2012

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)*