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Act 151 Testimony
SNRE Committee, March 16, 2023

Summary DPS Position:

The Department could be supportive of a 3-year extension of Act 151 if **guardrails were maintained**, and use of electric ratepayer funds were justified through **concrete proposals.**

- Limited 3-year duration, within flat EEU budget (plus inflation)

As written (version 1.3), this bill represents a significant **expansion** of **Act 151** and has implications for more than **$10M/year of** ratepayer funds.

DPS recommendations:

- Make it *permissive* for the PUC to approve these expenditures if deemed appropriate use of electric ratepayer funds.
    - Change "shall" to "may" on line 4 of page 2.
    - All budget decisions involve **tradeoffs. These should be discussed.**
        - Spending money on one thing means you can't spend it on something else.
        - Provide a forum for EEU proposals to be presented in detail and tradeoffs to be evaluated.
        - Should not be a given that whatever regulated EEUs propose is approved.
- Act 151 Activities should be included in RA budget. *Understand there may be changes to this language.*
    - The Department **does not support** increasing the Energy Efficiency Charge on electric ratepayers to fund these activities.
    - This is not a good time to be raising the cost of electricity.
        - Undermines electrification, which is the cornerstone of our climate policy.
    - Reject the language changes on lines 5 and 6 of page 2.
- Be explicit about changes to TEPF statute.
    - Clarify which programs and measures can be funded with TEPF revenue on lines 15-18 of p. 5, strike including measures or programs permissible under Act 151.

What is Act 151, should it be extended?

- Act 151 in 2020 was a consensus proposal of BED, EVT, the Department, GMP, VEC, and VPPSA; allow time to reach consensus.
    - Allowed **electric ratepayer funds** to be spent on GHG reductions in **Trans and Thermal** because we lack comprehensive policy in those sectors.
    - Discussion in 2020 focused on **filling gaps** within transportation electrification that DUs were not funding: *Dealer outreach and education, statewide marketing.*
- Some activities from 3 years ago may warrant continuation while others may not.
- The energy landscape is substantially different than it was 3 years ago.

- Clean Cars 2 Requirements on Manufacturers – phases out sale of light duty ICE vehicles by 2035.
  - Auto industry is investing hundreds of billions in design and manufacture of EVs
    - EVs are becoming mainstream. Superbowl ads.
  - **DPS does not support having ratepayer funds supplant Car Manufacturers investments in this area.**
- In addition to market and regulatory changes, Influx of unprecedented **federal funding**
  - VTrans receiving $21.2 M in federal funds through the National Electric Vehicle Infrastructure program FY2022-2026.
    - $2 million in ARPA/SFR funds appropriated last year for fast charging
    - $2 million grant agreement with DEV for broad education and support
  - DPS Allocated $150,000 SEP funds for dealer support through DEV
- SNRE should hear from VTRANS and ANR on Transportation efforts
- May be a need for limited, targeted investment in EVSE infrastructure for small dealers. (Not $2M/year.)
- **PUC should evaluate specific activities and budgets proposed under this act.**

Significant TEPF changes

- **Breadth** of This language is concerning: introduces **significant** changes to the statute governing the use of Thermal Energy and Process Fuel (TEPF) funds.
- Unclear what activities are intended to be funded.
  - The majority of TEPF funds are currently used to fund weatherization programs.
  - VGS offers thermal efficiency services in BED territory.
- **Current language lacks guardrails**
  - Limit duration to set number of years.
  - Limit amount of $$ that can be spent.
  - Limit this provision to BED.
- **These are all Tier 3 activities that could be pursued without this legislative language.**

TEPF Revenue	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Burlington Electric	$ 544,735	$ 504,646	$ 498,155	$ 487,496	$ 492,101	$ 496,821
Efficiency Vermont	$ 8,783,818	$ 7,716,093	$ 7,962,254	$ 7,887,878	$ 7,317,780	$ 7,330,740
TOTAL	$ 9,328,553	$ 8,220,739	$ 8,460,409	$ 8,375,374	$ 7,809,881	$ 7,827,561

Recommendations:

- Clarify what is being authorized with regard to Act 151 activities and TEPF funds.
- Implement guardrails that ensure the **best** use of electric ratepayer money.
- Hear testimony from Distribution Utilities, VTRANS, Agency of Natural Resources so decisions can be informed.

DPS does not oppose an **extension** of Act 151 provided there are appropriate safeguards and demonstrated need.

Budget increase of $2M per year

- This allows EVT and BED to collect an **additional** $2M/year.
    - Act 151 was about *redeploying* a portion of the EEUs' budgets to GHG reduction activities; this bill *expands* those budgets with very little process.
- Circumvents the **Demand Resources Plan** process to set Efficiency Utility budgets every 3-years.
    - Transparent, open, deliberative, process to set EEU budgets.
    - EVT conducted extensive outreach to stakeholders regarding budgets and services for 2024-2026.
    - In December EVT filed a proposal for a 3-year flat budget (increasing by inflation) which it represented was supported by stakeholders.
        - The expected increase in the EEC rate for 2024 is 1.4%
        - If an additional $2 million in EEC funds were collected, the rate increase would be 5.8%
- BED efficiency budget = $2-3M/year.