

1 S.202

2 Introduced by Senator Hartwell

3 Referred to Committee on

4 Date:

5 Subject: Energy; public service; energy efficiency; thermal energy; energy  
6 efficiency charge

7 Statement of purpose of bill as introduced: This bill proposes that, for each  
8 year starting in 2015, any amounts raised through the energy efficiency charge  
9 in excess of the currently approved amount for 2014 of \$45.9 million be used  
10 for thermal energy efficiency.

11 An act relating to the energy efficiency charge

12 It is hereby enacted by the General Assembly of the State of Vermont:

13 Sec. 1. 30 V.S.A. § 209 is amended to read:

14 § 209. JURISDICTION; GENERAL SCOPE

15 \* \* \*

16 (d) Energy efficiency.

17 (1) Programs and measures. The Department of Public Service, any  
18 entity appointed by the Board under subdivision (2) of this subsection, all gas  
19 and electric utility companies, and the Board upon its own motion; are  
20 encouraged to propose, develop, solicit, and monitor energy efficiency and

1 conservation programs and measures, including appropriate combined heat and  
2 power systems that result in the conservation and efficient use of energy and  
3 meet the applicable air quality standards of the Agency of Natural Resources.  
4 Such programs and measures, and their implementation, may be approved by  
5 the Board if it determines they will be beneficial to the ratepayers of the  
6 companies after such notice and hearings as the Board may require by order or  
7 by rule. The Department of Public Service shall investigate the feasibility of  
8 enhancing and expanding the efficiency programs of gas utilities and shall  
9 make any appropriate proposals to the Board.

10 (2) Appointment of independent efficiency entities.

11 (A) Electricity and natural gas. In place of utility-specific programs  
12 developed pursuant to this section and section 218c of this title, the Board  
13 shall, after notice and opportunity for hearing, provide for the development,  
14 implementation, and monitoring of gas and electric energy efficiency and  
15 conservation programs and measures, including programs and measures  
16 delivered in multiple service territories, by one or more entities appointed by  
17 the Board for these purposes. The Board may include appropriate combined  
18 heat and power systems that result in the conservation and efficient use of  
19 energy and meet the applicable air quality standards of the Agency of Natural  
20 Resources. Except with regard to a transmission company, the Board may  
21 specify that the appointment of an energy efficiency utility to deliver services

1 within an electric utility's service territory satisfies that electric utility's  
2 corresponding obligations, in whole or in part, under section 218c of this title  
3 and under any prior orders of the Board.

4 (B) Thermal energy and process-fuel customers. The Board shall  
5 provide for the coordinated development, implementation, and monitoring of  
6 cost-effective efficiency and conservation programs to thermal energy and  
7 process-fuel customers on a whole buildings basis by one or more entities  
8 appointed by the Board for this purpose.

9 (i) In this section, "thermal energy" means the use of fuels to  
10 control the temperature of space within buildings and to heat water.

11 (ii) Periodically on a schedule directed by the Board, the  
12 appointed entity or entities shall propose to the Board a plan to implement this  
13 subdivision (d)(2)(B). The proposed plan shall comply with subsections  
14 (e)-(g) of this section and shall be subject to the Board's approval. The Board  
15 ~~shall~~ need not conduct the review of the proposed plan as a contested case  
16 under 3 V.S.A. chapter 25 but shall provide notice and an opportunity for  
17 written and oral comments to the public and affected parties and State  
18 agencies.

19 (3) Energy efficiency charge; regulated fuels. In addition to its existing  
20 authority, the Board may establish by ~~order or~~ rule a volumetric charge to  
21 customers for the support of energy efficiency programs that meet the

1 requirements of section 218c of this title. The charge shall be known as the  
2 energy efficiency charge, shall be shown separately on each customer's bill,  
3 and shall be paid to a fund administrator appointed by the Board and deposited  
4 into an Electric Efficiency Fund. When such a charge is shown, notice as to  
5 how to obtain information about energy efficiency programs approved under  
6 this section shall be provided in a manner directed by the Board. This notice  
7 shall include, at a minimum, a toll-free telephone number, and to the extent  
8 feasible shall be on the customer's bill and near the energy efficiency charge.

9 (A) Balances in the Electric Efficiency Fund shall be ratepayer funds,  
10 shall be used to support the activities authorized in this subdivision, and shall  
11 be carried forward and remain in the Fund at the end of each fiscal year. These  
12 monies shall not be available to meet the general obligations of the State.  
13 Interest earned shall remain in the Fund. The Board ~~will~~ annually will provide  
14 the General Assembly with a report detailing the revenues collected and the  
15 expenditures made for energy efficiency programs under this section.

16 (B) The charge established by the Board pursuant to this  
17 subdivision (3) shall be in an amount determined by the Board by rule ~~or order~~  
18 that is in accordance with the following:

19 (i) Commencing with calendar year 2015:

20 (I) Any amount raised from the energy efficiency charge on  
21 electric ratepayers in excess of \$45.9 million each year shall be used to deliver

1 thermal energy and process-fuel energy efficiency services pursuant to  
2 subdivision (b)(2)(B) and subsection (e) of this subsection.

3 (II) The \$45.9 million annual amount set forth in this  
4 subdivision (i) may be adjusted for inflation since January 1, 2014 using the  
5 Consumer Price Index for all urban consumers, designated as “CPI-U,” in the  
6 northeast region, as published by the U.S. Department of Labor, Bureau of  
7 Labor Statistics.

8 (ii) An energy efficiency charge shall be consistent with the  
9 principles of least cost integrated planning as defined in section 218c of this  
10 title. ~~As and, as~~ circumstances and programs evolve, the amount of the charge  
11 shall be reviewed for unrealized energy efficiency potential and shall be  
12 adjusted as necessary in order to realize all reasonably available, cost-effective  
13 energy efficiency savings; provided, however, that proceeds from the energy  
14 efficiency charge to electric ratepayers in excess of the amount specified in  
15 subdivision (3)(B)(i) of this subsection (d) shall be used as stated in that  
16 subdivision. In setting the amount of the charge and its allocation, the Board  
17 also shall determine an appropriate balance among the following objectives;  
18 ~~provided, however, that, with~~ particular emphasis shall be accorded to the first  
19 four of these objectives: reducing the size of future power purchases; reducing  
20 the generation of greenhouse gases; limiting the need to upgrade the State’s  
21 transmission and distribution infrastructure; minimizing the costs of electricity;

1 providing efficiency and conservation as a part of a comprehensive resource  
2 supply strategy; providing the opportunity for all Vermonters to participate in  
3 efficiency and conservation programs; and the value of targeting efficiency and  
4 conservation efforts to locations, markets, or customers where they may  
5 provide the greatest value.

6 (iii) The Board, by rule ~~or order~~, shall establish a process by  
7 which a customer who pays an average annual energy efficiency charge under  
8 subdivision (3) of this subsection (d) of at least \$5,000.00 may apply to the  
9 Board to self-administer energy efficiency through the use of an energy  
10 savings account which shall contain a percentage of the customer's energy  
11 efficiency charge payments as determined by the Board. The remaining  
12 portion of the charge shall be used for systemwide energy benefits. The Board  
13 in its rules ~~or order~~ shall establish criteria for approval of these applications.

14 \* \* \*

15 (e) Thermal energy and process fuel efficiency funding.

16 (1) Each of the following shall be used to deliver thermal energy and  
17 process fuel energy efficiency services in accordance with this section for  
18 unregulated fuels to Vermont consumers of such fuels.

19 (A) Net revenues above costs associated with payments from the  
20 New England Independent System Operator (ISO-NE) for capacity savings  
21 resulting from the activities of the energy efficiency utility designated under

1 subdivision (2)(A) of this subsection that are not transferred to the State PACE  
2 Reserve Fund under 24 V.S.A. § 3270(c). These revenues shall be deposited  
3 into the Electric Efficiency Fund established by this section. In delivering  
4 services with respect to heating systems using the revenues subject to this  
5 subdivision (A), the entity shall give priority to incentives for the installation  
6 of high efficiency biomass heating systems and shall have a goal of offering an  
7 incentive that is equal to 25 percent of the installed cost of such a system. In  
8 this subdivision (A), “biomass” means organic nonfossil material constituting a  
9 source of renewable energy within the meaning of subdivision 8002(17) of this  
10 title. Provision of an incentive under this subdivision (A) for a biomass  
11 heating system shall not be contingent on the making of other energy  
12 efficiency improvements at the property on which the system will be installed.

13 (B) Net revenues above costs from the sale of carbon credits under  
14 the cap and trade program established under section 255 of this title, which  
15 shall be deposited into the Electric Efficiency Fund established by this section.

16 (C) Proceeds from the energy efficiency charge to electric ratepayers  
17 in excess of the amount specified in subdivision (d)(3)(B)(i) of this section.

18 (D) Any other monies that are appropriated to or deposited in the  
19 Electric Efficiency Fund for the delivery of thermal energy and process fuel  
20 energy efficiency services.

1 (2) If a program combines regulated fuel efficiency services with  
2 unregulated fuel efficiency services supported by funds under this section, the  
3 Board shall allocate the costs of the program among the funding sources for the  
4 regulated and unregulated fuel sectors in proportion to the benefits provided to  
5 each sector.

6 (3) In this subsection:

7 (A) “Efficiency services” includes the establishment of a statewide  
8 information clearinghouse under subsection (g) of this section.

9 (B) “Regulated fuels” means electricity and natural gas delivered by  
10 a regulated utility.

11 (C) “Unregulated fuels” means fuels used by thermal energy and  
12 process fuel customers other than electricity and natural gas delivered by a  
13 regulated utility.

14 (f) Goals and criteria; all energy efficiency programs. With respect to all  
15 energy efficiency programs approved under this section, the Board shall:

16 \* \* \*

17 (7) Provide a reasonably stable multiyear budget and planning cycle in  
18 order to promote program improvement, program stability, enhanced access to  
19 capital and personnel, improved integration of program designs with the  
20 budgets of regulated companies ~~providing~~ supplying energy services, and  
21 maturation of programs and delivery resources; provided, however, that



1 moneys raised from electric ratepayers to support the efficiency budget shall  
2 comply with subdivision (d)(3)(B)(i) of this section;

3 \* \* \*

4 Sec. 2. EFFECTIVE DATE

5 This act shall take effect on July 1, 2014.