

1 S.202

2 Introduced by Senator Hartwell

3 Referred to Committee on Natural Resources and Energy

4 Date: January 7, 2014

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

~~subdivision (2)(A) of this subsection that are not transferred to the State PACE~~

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

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

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

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

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

§ 209. JURISDICTION; GENERAL SCOPE

** * **

(d) Energy efficiency.

** * **

(3) Energy efficiency charge; regulated fuels. In addition to its existing authority, the Board may establish by order or rule a volumetric charge to customers for the support of energy efficiency programs that meet the requirements of section 218c of this title. The charge shall be known as the energy efficiency charge, shall be shown separately on each customer's bill, and shall be paid to a fund administrator appointed by the Board and deposited into an Electric Efficiency Fund. When such a charge is shown, notice as to how to obtain information about energy efficiency programs approved under this section shall be provided in a manner directed by the Board. This notice shall include, at a minimum, a toll-free telephone number, and to the extent feasible shall be on the customer's bill and near the energy efficiency charge.

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

(B) The charge established by the Board pursuant to this subdivision (3) shall be in an amount determined by the Board by rule or order that is consistent with the principles of least cost integrated planning as defined in section 218c of this title. As circumstances and programs evolve, the amount of the charge shall be reviewed for unrealized energy efficiency potential and

shall be adjusted as necessary in order to realize all reasonably available, cost-effective energy efficiency savings. In setting the amount of the charge and its allocation, the Board shall determine an appropriate balance among the following objectives; provided, however, that particular emphasis shall be accorded to the first four of these objectives: reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the State's transmission and distribution infrastructure; minimizing the costs of electricity; reducing Vermont's total energy expenditures; providing efficiency and conservation as a part of a comprehensive resource supply strategy; providing the opportunity for all Vermonters to participate in efficiency and conservation programs; and the value of targeting efficiency and conservation efforts to locations, markets, or customers where they may provide the greatest value. The Board, by rule or order, shall establish a process by which a customer who pays an average annual energy efficiency charge under this subdivision (3) of at least \$5,000.00 may apply to the Board to self-administer energy efficiency through the use of an energy savings account which shall contain a percentage of the customer's energy efficiency charge payments as determined by the Board. The remaining portion of the charge shall be used for systemwide energy benefits. The Board in its rules or order shall establish criteria for approval of these applications.

(C) The Board may authorize the use of funds raised through an energy efficiency charge on electric ratepayers to reduce the use of fossil fuels for heating by supporting electric technologies that may increase electric consumption, such as air source heat pumps if, after investigation, it finds that deployment of the technology:

(i) will be beneficial to electric ratepayers;

(ii) will result in cost-effective energy savings to the end-user and to the State as a whole;

(iii) will result in a net reduction in greenhouse gas emissions on a life-cycle basis and will not have a detrimental impact on the environment through other means such as release of refrigerants or disposal;

(iv) will be part of a comprehensive energy efficiency and conservation program that meets the requirements of subsections (d)–(g) of this section and that makes support for the technology contingent on the energy performance of the building in which the technology is to be installed. The building's energy performance shall achieve or shall be improved to achieve an energy performance level that is approved by the Board and that is consistent with meeting or exceeding the goals of 10 V.S.A. § 581 (building efficiency);

(v) among the product models of the technology that are suitable for use in Vermont, will employ the product models that are the most efficient available;

(vi) will be promoted in conjunction with demand management strategies offered by the customer's distribution utility to address any increase in peak electric consumption that may be caused by the deployment;

(vii) will be coordinated between the energy efficiency and distribution utilities, consistent with subdivision (f)(5) of this section; and

(viii) will be supported by an appropriate allocation of funds among the funding sources described in this subsection (d) and subsection (e) of this section. In the case of measures used to increase the energy performance of a building in which the technology is to be installed, the Board shall assume installation of the technology in the building and then determine the allocation according to the proportion of the benefits provided to the regulated fuel and unregulated fuel sectors. In this subdivision (viii), "regulated fuel" and "unregulated fuel" shall have the same meaning as under subsection (e) of this section.

* * *

(e) Thermal energy and process fuel efficiency funding.

* * *

(3) In this subsection:

(A) "Efficiency services" includes the establishment of a statewide information clearinghouse under subsection (g) of this section.

(B) "Regulated fuels" means electricity and natural gas delivered by a regulated utility.

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

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Sec. 2. EFFECTIVE DATE

This act shall take effect on July 1, 2014.