

1 Sec. 1. 30 V.S.A. § 201 is amended to read:

2 § 201. DEFINITIONS

3 ~~(a) As used in this chapter, the word “company” or “companies”:~~

4 (1) “Company” or “companies” means and includes individuals,
5 partnerships, associations, corporations and municipalities, owning or
6 conducting any public service business or property used in connection
7 therewith and covered by the provisions of this chapter. The term “company”
8 or “companies” also includes electric cooperatives organized and operating
9 under chapter 81 of this title, the Vermont public power supply authority to the
10 extent not inconsistent with chapter 84 of this title, and the Vermont
11 Hydro-electric Power Authority to the extent not inconsistent with chapter 90
12 of this title. In the context of actions requiring prior approval under section
13 107 of this title, the term “company” shall also mean any individual,
14 partnership, association, corporation, group, syndicate, operating division, joint
15 stock company, trust, other entity, or municipality which would be defined as a
16 company pursuant to this section if such approval were to be granted.

17 ~~(b) As used in this chapter, “energy”~~ (2) “Energy” means not only the
18 traditional scientific characteristic of “ability to do work” but also the
19 substances or processes used to produce heat, light, or motion, including ~~but~~
20 ~~not being limited to:~~ petroleum or other liquid fuels; natural or synthetic fuel

1 gas; solid carbonaceous fuels; solar radiation; geothermal sources; nuclear
2 sources; biomass; organic waste products; wind; or flowing water.

3 (3) “Least cost integrated planning” means meeting the public’s need
4 for energy services, after safety concerns are addressed, at the lowest present
5 value life cycle cost, including environmental and economic costs.

6 (4) “Load management” means management practices directed at
7 reducing the maximum demand on an electric or natural gas delivery system
8 and modifying the coincident peak demand of one or more classes of service to
9 meet the system’s capability for a given period.

10 Sec. 2. 30 V.S.A. § 209 is amended to read:

11 § 209. JURISDICTION; GENERAL SCOPE

12 * * *

13 (d) Energy efficiency.

14 (1) Programs and measures. The Department of Public Service, any
15 entity appointed by the Board under subdivision (2) of this subsection, all gas
16 and electric utility companies, and the Board upon its own motion, are
17 encouraged to propose, develop, solicit, and monitor energy efficiency, ~~and~~
18 conservation, and load management programs and measures, including
19 appropriate combined heat and power systems that result in the conservation
20 and efficient use of energy and meet the applicable air quality standards of the
21 Agency of Natural Resources. Such programs and measures, and their

1 implementation, may be approved by the Board if it determines they will be
2 beneficial to the ratepayers of the companies after such notice and hearings as
3 the Board may require by order or by rule. The Department of Public Service
4 shall investigate the feasibility of enhancing and expanding the efficiency
5 programs of gas utilities and shall make any appropriate proposals to the
6 Board.

7 (2) Appointment of independent efficiency entities.

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

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

6 (i) In this section, “thermal energy” means the use of fuels to
7 control the temperature of space within buildings and to heat water.

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

16 (3) Energy efficiency charge; regulated fuels. In addition to its existing
17 authority, the Board may establish by order or rule a volumetric charge to
18 customers for the support of energy efficiency, conservation, and load
19 management programs that meet the requirements of section 218c of this title.
20 The charge shall be known as the energy efficiency charge, shall be shown
21 separately on each customer’s bill, and shall be paid to a fund administrator

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

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8 (B) The charge established by the Board pursuant to this subdivision
9 (3) shall be in an amount determined by the Board by rule or order that is
10 consistent with the principles of least cost integrated planning as ~~defined~~ stated
11 in section 218c of this title.

12 (i) As circumstances and programs evolve, the amount of the
13 charge shall be reviewed for unrealized energy efficiency, conservation, and
14 load management potential and shall be adjusted as necessary in order to
15 realize all reasonably available, cost-effective energy efficiency, conservation,
16 and load management savings and benefits.

17 (ii) In setting the amount of the charge and its allocation, the
18 Board shall determine an appropriate balance among the following objectives;
19 provided, however, that particular emphasis shall be accorded to the first four
20 of these objectives: ~~reducing the size of future power purchases~~ overall energy
21 consumption; reducing the generation of greenhouse gases; limiting the need to

1 upgrade the State’s transmission and distribution infrastructure; minimizing the
2 costs of ~~electricity~~ energy; providing efficiency ~~and~~, conservation, and load
3 management as a part of a comprehensive resource supply strategy; providing
4 the opportunity for all Vermonters to participate in efficiency and conservation
5 programs; and the value of targeting efficiency ~~and~~, conservation, and load
6 management efforts to locations, markets, or customers where they may
7 provide the greatest value.

8 (iii) Within a program that meets the requirements of this
9 subdivision (B), the charge may support switching an end user of thermal
10 energy from an unregulated fuel to electrical energy. However, the charge
11 may not otherwise be used to support fuel-switching.

12 (iv) The Board, by rule or order, shall establish a process by which
13 a customer who pays an average annual energy efficiency charge under this
14 subdivision (3) of at least \$5,000.00 may apply to the Board to self-administer
15 energy efficiency through the use of an energy savings account which shall
16 contain a percentage of the customer’s energy efficiency charge payments as
17 determined by the Board. The remaining portion of the charge shall be used
18 for systemwide energy benefits. The Board in its rules or order shall establish
19 criteria for approval of these applications.

20 (4) Contract or order of appointment. Appointment of an entity under
21 subdivision (2) of this subsection may be by contract or by an order of

1 appointment. An appointment, whether by order of appointment or by
2 contract, may only be issued after notice and opportunity for hearing. An order
3 of appointment shall be for a limited duration not to exceed 12 years, although
4 an entity may be reappointed by order or contract. An order of appointment
5 may include any conditions and requirements that the Board ~~deems~~ considers
6 appropriate to promote the public good and that are consistent with section
7 202a of this title and the requirements of this section. For good cause, after
8 notice and opportunity for hearing, the Board may amend or revoke an order of
9 appointment.

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

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

18 (3) In this ~~subsection~~ section:

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

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

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

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

8 (1) Ensure that all retail consumers, regardless of retail electricity, gas,
9 or heating or process fuel provider, will have an opportunity to participate in
10 and benefit from a comprehensive set of cost-effective energy efficiency,
11 conservation, and load management programs and initiatives designed to
12 overcome barriers to participation;

13 (2) Require that continued or improved efficiencies be made in the
14 production, delivery, and use of energy efficiency services, including the use
15 of compensation mechanisms for any energy efficiency entity appointed under
16 subdivision (d)(2) of this section that are based upon verified savings in energy
17 usage and demand, and other performance targets specified by the Board. The
18 linkage between compensation and verified savings in energy usage and
19 demand (and other performance targets) shall be reviewed and adjusted not
20 less than triennially by the Board;

1 (3) Build on the energy efficiency expertise and capabilities that have
2 developed or may develop in the State;

3 (4) Ensure that, in coordination with distribution utilities, appointed
4 energy efficiency utilities promote demand-side program initiatives and market
5 strategies that support the adoption by retail customers of cost-effective energy
6 measures that reduce energy costs and greenhouse gas emissions on a
7 life-cycle basis.

8 (5) Promote demand-side program initiatives and market strategies that
9 reduce peak electric and natural gas demand while supporting cost-effective
10 use of existing utility system infrastructure.

11 (6) Coordinate the provision of energy efficiency, conservation, and
12 load management with customer decision-making on on-site generation
13 options.

14 (7) Promote program initiatives and market strategies that address the
15 needs of persons or businesses facing the most significant barriers to
16 participation, including those who do not own their place of residence;

17 ~~(5)~~(8) Promote and ensure coordinated program delivery, including
18 coordination with ~~low income~~ low-income weatherization programs, entities
19 that fund and support affordable housing, regional and local efficiency entities
20 within the State, other efficiency programs, and utility programs;

1 ~~(6)~~(9) Consider innovative approaches to delivering energy efficiency,
2 including strategies to encourage third party financing and customer
3 contributions to the cost of efficiency measures;

4 ~~(7)~~(10) Provide a reasonably stable multiyear budget and planning cycle
5 in order to promote program improvement, program stability, enhanced access
6 to capital and personnel, improved integration of program designs with the
7 budgets of regulated companies providing energy services, and maturation of
8 programs and delivery resources;

9 ~~(8)~~(11) Approve programs, measures, and delivery mechanisms that
10 reasonably reflect current and projected market conditions, technological
11 options, and environmental benefits;

12 ~~(9)~~(12) Provide for delivery of these programs as rapidly as possible,
13 taking into consideration the need for these services, and cost-effective
14 delivery mechanisms;

15 ~~(10)~~(13) Provide for the independent evaluation of programs delivered
16 under subsection (d) of this section;

17 ~~(11)~~(14) Require that any entity appointed by the Board under
18 subsection (d) of this section deliver Board-approved programs in an effective,
19 efficient, timely, and competent manner and meet standards that are consistent
20 with those in section 218c of this title, the Board’s orders in Public Service

1 Board docket 5270, and any relevant Board orders in subsequent energy
2 efficiency proceedings;

3 ~~(12)~~(15) Require verification, on or before January 1, 2003, and every
4 three years thereafter, by an independent auditor of the reported energy and
5 capacity savings and cost-effectiveness of programs delivered by any entity
6 appointed by the Board to deliver energy efficiency programs under
7 subdivision (d)(2) of this section;

8 ~~(13)~~(16) Ensure that any energy efficiency program approved by the
9 Board shall be reasonable and cost-effective;

10 ~~(14)~~(17) Consider the impact on retail electric rates and bills of
11 programs delivered under subsection (d) of this section and the impact on fuel
12 prices and bills;

13 ~~(15)~~(18) Ensure that the energy efficiency, conservation, and load
14 management programs implemented under this section are consistent with
15 section 202a of this title and are designed to make continuous and proportional
16 progress toward attaining the overall State building efficiency goals established
17 by 10 V.S.A. § 581, by promoting all forms of energy end-use efficiency,
18 conservation, and load management and comprehensive sustainable building
19 design.

1 (g) Thermal energy and process fuel efficiency programs; additional
2 criteria. With respect to energy efficiency programs delivered under this
3 section to thermal energy and process fuel customers, the Board shall:

4 (1) ~~ensure~~ Ensure that programs are delivered on a whole-buildings
5 basis to help meet the State’s building efficiency goals established by
6 10 V.S.A. § 581 and to reduce greenhouse gas emissions from thermal energy
7 and process fuel use in Vermont;

8 (2) ~~require~~ Require the establishment of a statewide information
9 clearinghouse to enable effective access for customers to and effective
10 coordination across programs. The clearinghouse shall serve as a portal for
11 customers to access thermal energy and process fuel efficiency services and for
12 coordination among State, regional, and local entities involved in the planning
13 or delivery of such services, making referrals as appropriate to service
14 providers and to entities having information on associated environmental
15 issues such as the presence of asbestos in existing insulation;

16 (3) ~~in~~ In consultation with the Agency of Natural Resources, establish
17 annual interim goals starting in 2014 to meet the 2017 and 2020 goals for
18 improving the energy fitness of housing stock stated in 10 V.S.A. § 581(1);

19 (4) ~~ensure~~ Ensure the monitoring of the State’s progress in meeting the
20 goals of 10 V.S.A. § 581(1). This monitoring shall be performed according to
21 a standard methodology and on a periodic basis that is not less than annual.

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Sec. 3. 30 V.S.A. § 218c is amended to read:

§ 218c. LEAST COST INTEGRATED PLANNING

(a)(1) A “least cost integrated plan” for a regulated electric or gas utility is a plan ~~for meeting the public’s need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs,~~ that meets the definition of least cost integrated planning through a strategy combining investments and expenditures on energy supply, transmission, and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. Economic costs shall be assessed with due regard to:

(A) the greenhouse gas inventory developed under the provisions of 10 V.S.A. § 582;

(B) the State’s progress in meeting its greenhouse gas reduction goals;

(C) the value of the financial risks associated with greenhouse gas emissions from various power sources; and

(D) consistency with section 8001 (renewable energy goals) of this title.

(2) “Comprehensive energy efficiency programs” shall mean a coordinated set of investments or program expenditures made by a regulated

1 electric or gas utility or other entity as approved by the Board pursuant to
2 subsection 209(d) of this title to meet the public's need for energy services
3 through efficiency, conservation or load management in all customer classes
4 and areas of opportunity which is designed to acquire the full amount of cost
5 effective savings from such investments or programs.

6 (b) Each regulated electric or gas company shall prepare and implement a
7 least cost integrated plan for the provision of energy services to its Vermont
8 customers. At least every third year on a schedule directed by the Public
9 Service Board, each such company shall submit a proposed plan to the
10 Department of Public Service and the Public Service Board. The Board, after
11 notice and opportunity for hearing, may approve a company's least cost
12 integrated plan if it determines that the company's plan complies with the
13 requirements of subdivision (a)(1) of this section and is reasonably consistent
14 with achieving the goals and targets of subsection 8005(d)(2017 SPEED goal;
15 total renewables targets) of this title.

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17 Sec. 4. ENERGY EFFICIENCY; FUEL-SWITCHING; LOAD
18 MANAGEMENT; INVESTIGATION

19 (a) On or before December 15, 2014, the Public Service Board shall
20 conduct and complete an investigation on the implementation of 30 V.S.A.
21 § 209 as amended by this act.

1 (b) The Board need not conduct the investigation as a contested case under
2 3 V.S.A. chapter 25 but shall provide notice and an opportunity for written and
3 oral comments to the public and affected parties and State agencies.

4 (c) The investigation shall consider each of the following and any other
5 issue the Board determines relevant:

6 (1) the appropriate roles and responsibilities of electric distribution
7 utilities and energy efficiency utilities in providing load management and in
8 deploying new technologies, such as air source heat pumps, that have the
9 potential to increase the demand for electrical energy while decreasing demand
10 for other fuels used for thermal energy (new electric thermal technologies);

11 (2) the benefits and costs, if any, that may accrue to electric ratepayers
12 as a whole and individually from the deployment of new electric thermal
13 technologies, and the benefits and costs from those technologies that may
14 accrue to the State and to the environment;

15 (3) the conditions, if any, under which it is appropriate for customers of
16 a distribution utility to fund switching energy customers from one fuel to
17 another, including particularly the use of the energy efficiency charge to
18 support the deployment of new electric thermal technologies; and

19 (4) the appropriate roles and responsibilities of electric distribution
20 utilities, energy efficiency utilities, and providers of renewable electric

1 generation in coordinating the delivery of efficiency services and consideration
2 of on-site renewable electric generation.

3 Sec. 5. EFFECTIVE DATES

4 (a) This section and Sec. 4 shall take effect on passage.

5 (b) Secs. 1 (definitions), 2 (jurisdiction; general scope) and 3 (least cost
6 integrated planning) shall take effect on January 1, 2015, except that they shall
7 apply to the Public Service Board’s investigation under Sec. 4.