

Bill Driscoll
 2-26-14
 5.282 + 5.302

Statewide Rate Impacts (vs. No DSM case)

Annual Percent Rate Increase by Scenario			
Year	Max Achievable Flat Budget	Three Percent	Status Quo
2012	12%	6%	6%
2013	12%	7%	7%
2014	13%	8%	7%
2015	14%	9%	8%
2016	14%	9%	8%
2017	15%	10%	8%
2018	15%	10%	8%
2019	15%	10%	8%
2020	15%	10%	8%
2021	16%	10%	8%
2022	16%	10%	8%
2023	15%	10%	7%
2024	15%	9%	7%
2025	14%	8%	6%
2026	13%	7%	5%
2027	12%	6%	5%
2028	11%	5%	4%
2029	10%	4%	3%
2030	8%	3%	2%
2031	7%	2%	2%

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State of Vermont
Public Service Board

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Bill Driscoll
2-26-14
S. 202 v S. 302

MEMORANDUM

To: Vermont Electric Distribution Utilities
Vermont Department of Public Service
EEU E-mail Service List

From: Judith C. Whitney, Deputy Clerk of the Board

JCW

Re: EEU-2014-01 (2013 Carryover Request) — Request for Comments on VEIC's
Request to Carry Over Funds from Year 2013 to Year 2014

Date: February 24, 2014

The Process and Administration of an Energy Efficiency Utility ("EEU") Order of Appointment document ("P&A document") states that an EEU may carry over unspent Energy Efficiency Charge ("EEC") or other funds from one year to the next within a three-year performance period. The P&A document requires that if the amount of EEC funds to be carried over exceeds 5% of the annual EEC-funded budget, then an EEU must request carryover authorization from the Public Service Board no later than February 15th of the year after which the carryover funds were accrued by an EEU.

On February 13, 2014, Vermont Energy Investment Corporation ("VEIC"), the entity serving as Efficiency Vermont, filed a letter stating that it had \$4,165,504 in unspent 2013 Resource Acquisition EEC funds, which represents 12% of Efficiency Vermont's total 2013 budget for electric efficiency services. VEIC requested permission to carry over all these funds to 2014. VEIC's filing is attached.

Any person wishing to file comments or request a technical workshop on VEIC's request to carry over all unspent funds from 2013 to 2014 should do so by March 12, 2014. Comments should be circulated electronically to the entire e-mail service list, and should reference "EEU-2014-01 (2013 Carryover Request)".

Encl. (1)



**Vermont
Energy Investment
Corporation**

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February 13, 2014

Ms. Susan Hudson, Clerk
Vermont Public Service Board
112 State St. Drawer 20
Montpelier, VT 05620-2701

Re: VEIC Request to Carry Over Unspent 2013 EEC Funds

Dear Ms. Hudson:

In accordance with notification requirements of the *Process and Administration of an Energy Efficiency Utility Order of Appointment* (Process document; Section IV.1.C), the Vermont Energy Investment Corporation (VEIC) hereby respectfully requests authorization from the Vermont Public Service Board to carry over unspent 2013 Resource Acquisition Electric Efficiency Charge (EEC) Funds for Efficiency Vermont operations in 2014.

The conditions to be met are stated in the Process document:

If the amount of EEC Funds to be carried over exceeds 5% of the annual EEC-funded budget, then an EEU must request carryover authorization from the Board, with opportunity for parties to provide, at a minimum, written comment. Such a request must be made by no later than February 15th of the year after which the carryover funds were accrued by an EEU.¹

VEIC has determined that unspent EEC funds amount to 12% of the 2013 EEC-funded budget² of \$34,600,318, or \$4,165,504. The calculation basis is presented in the following table:

	Budget³	Actual⁴
Year 2013 Electric EEC funds ⁵ including Customer Credit	\$ 36,331,321	\$ 32,355,268
Less Year 2013 Customer Credit	\$ (1,731,002)	\$ (1,920,454)
Year 2013 EEC funds net of Customer Credit	\$ 34,600,318	\$ 30,434,814
Unspent Year 2013 EEC Funds		\$ 4,165,504

¹ *Process and Administration of an Energy Efficiency Utility Order of Appointment*, Approved by the Public Service Board, December 20, 2010, at 18.

² Excluding Customer Credit funds.

³ Budget as filed on February 15, 2013, including Operations Fees.

⁴ Actual spending as reported on December 31, 2013, including Operations Fees.

⁵ EEC Funds means all funds collected by electric Distribution Utilities from electricity consumers.

Efficiency Vermont plans its annual work to reach savings goals in alignment with the Board-approved budget. As Efficiency Vermont's implementer, VEIC closely tracks Energy Efficiency Utility (EEU) spending and reports each month and each quarter on that spending in relation to the budget.

Efficiency Vermont noted in its 2013 First Quarter report that electric resource acquisition spending was below expectations.⁶ That report also noted that EEC resource acquisition spending was 14% less than the quarterly budget forecast.⁷ By the Second Quarter of 2013, EEC resource acquisition spending had dipped to 23% below forecast spending. To reverse this trend, Efficiency Vermont noted that it would consider and / or undertake the following efforts to increase efficiency investment⁸:

- Re-instituting the \$0.99 retail price for specialty compact fluorescent lighting (CFL), and signing new memoranda of understanding (MOUs) with retailers, so that they could significantly increase their inventories of efficient lighting products.
- Continuing to promote and support light-emitting diode (LED) technologies and increase the incentives so that they aligned with all residential LED offerings.
- Modifying retail refrigerator rebates to offer two tiers of incentives that would encourage purchases of higher-performance appliances.
- Re-activating the second-refrigerator retirement ("turn-in") program.
- Placing a greater emphasis and following through on comprehensive audits and incentives for grocery and convenience stores.
- Launching a performance-based, contractor-driven water / wastewater efficiency audit program that would target 10 to 20 systems statewide.
- Deploying a performance-based, contractor-driven effort to target previously identified efficiency opportunities for compressed air systems.
- Enhancing incentives for business lighting and commercial building audits.
- Launching a campaign promoting high-use lighting retrofits to the lodging and hospitality markets.
- Following up with business customers who have previously identified efficiency opportunities, but have not undertaken or completed those projects.
- Reinforcing messaging with customer-facing Efficiency Vermont staff, to encourage them to identify and help customers overcome barriers to adopting efficiency measures.
- Adding new measures to the portfolio, reflecting emerging customer demand.

⁶ *Efficiency Vermont Quarterly Report to the Vermont Public Service Board, for the Period January 1, 2013-March 31, 2013.*

⁷ *Ibid*, page 1.

⁸ *Efficiency Vermont Quarterly Report to the Vermont Public Service Board, for the Period April 1, 2013-June 30, 2013, page 2.*

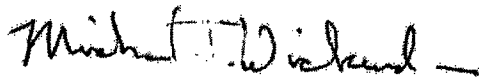
These modifications to Efficiency Vermont programs began to close the gap between budget and spending. Electric resource acquisition budget variance was reduced from 23% to 22% by the close of the Third Quarter of 2013⁹. These efforts gained momentum and produced a greater impact during the Fourth Quarter. Customer incentives for that period accounted for 45% of all 2013 customer incentives and by the end of the year the budget gap had been reduced to 12%.

As careful monitoring and program adjustments continue, it should be noted that some of the program modifications begun in 2013 will mature in 2014, and thus produce additional benefits toward the Efficiency Vermont three-year Quantifiable Performance Indicators.

The downward trend of the first two quarters of 2013 in acquiring resources has been reversed by a well-informed, broad, and strategic approach to resource acquisition in the second two quarters. With this steady progress toward meeting Efficiency Vermont's three-year goals, and by aligning these modifications to the approved 2014 Annual Plan, VEIC therefore requests authorization to carry over \$4,165,504 of the 2013 budget into 2014.

The Department has had the opportunity to review this request and has authorized VEIC to state that they support this request. If this request is approved, VEIC will continue the successful momentum of these increasingly aggressive efforts to stay on target with the Efficiency Vermont three-year budget and resource acquisition goals. With full funding for the 2012-2014 performance period, Efficiency Vermont expects to enable significant, cost-effective energy efficiency savings for Vermont ratepayers—on time and within budget.

Sincerely,



Michael Wickenden
Regulatory Affairs Director
Efficiency Vermont

⁹ *Efficiency Vermont Quarterly Report to the Vermont Public Service Board, for the Period July 1, 2013-September 30, 2013, page 1.*