

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.  
3 40 entitled “An act relating to establishing a renewable energy standard and  
4 energy transformation program” respectfully reports that it has considered the  
5 same and recommends that the bill be amended as follows:

6 First: After Sec. 14, by inserting a Sec. 14a to read:

7 Sec. 14a. 30 V.S.A. § 209 is amended to read:

8 § 209. JURISDICTION; GENERAL SCOPE

9 \* \* \*

10 (d) Energy efficiency.

11 \* \* \*

12 (2) Appointment of independent efficiency entities.

13 \* \* \*

14 (B) ~~Thermal energy and process fuel customers. The Board shall~~  
15 ~~provide for the coordinated development, implementation, and monitoring of~~  
16 ~~cost effective efficiency and conservation programs to thermal energy and~~  
17 ~~process fuel customers on a whole buildings basis by one or more entities~~  
18 ~~appointed by the Board for this purpose.~~

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

1           ~~(ii) Periodically on a schedule directed by the Board, the~~  
2           ~~appointed entity or entities shall propose to the Board a plan to implement this~~  
3           ~~subdivision (d)(2)(B). The proposed plan shall comply with subsections~~  
4           ~~(e)–(g) of this section and shall be subject to the Board’s approval. The Board~~  
5           ~~shall not conduct the review of the proposed plan as a contested case under~~  
6           ~~3 V.S.A. chapter 25 but shall provide notice and an opportunity for written and~~  
7           ~~oral comments to the public and affected parties and State agencies.~~

8           [Repealed.]

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

20                       \* \* \*

1           (B) The charge established by the Board pursuant to this subdivision  
2           (3) shall be in an amount determined by the Board by rule or order that is  
3           consistent with the principles of least cost integrated planning as defined in  
4           section 218c of this title. As circumstances and programs evolve, the amount  
5           of the charge shall be reviewed for unrealized energy efficiency potential and  
6           shall be adjusted as necessary in order to realize all reasonably available,  
7           cost-effective energy efficiency savings. In setting the amount of the charge  
8           and its allocation, the Board shall determine an appropriate balance among the  
9           following objectives; provided, however, that particular emphasis shall be  
10          accorded to the first four of these objectives: reducing the size of future power  
11          purchases; reducing the generation of greenhouse gases; limiting the need to  
12          upgrade the State's transmission and distribution infrastructure; minimizing the  
13          costs of electricity; ~~reducing Vermont's total energy demand, consumption,~~  
14          ~~and expenditures;~~ providing efficiency and conservation as a part of a  
15          comprehensive resource supply strategy; providing the opportunity for all  
16          Vermonters to participate in efficiency and conservation programs; and  
17          targeting efficiency and conservation efforts to locations, markets, or  
18          customers where they may provide the greatest value. The Board, by rule or  
19          order, shall establish a process by which a customer who pays an average  
20          annual energy efficiency charge under this subdivision (3) of at least \$5,000.00  
21          may apply to the Board to self-administer energy efficiency through the use of

1 an energy savings account which shall contain a percentage of the customer's  
2 energy efficiency charge payments as determined by the Board. The  
3 remaining portion of the charge shall be used for systemwide energy benefits.  
4 The Board in its rules or order shall establish criteria for approval of these  
5 applications.

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

11 ~~(i) will be beneficial to electric ratepayers as a whole;~~

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

14 ~~(iii) will result in a net reduction in State energy consumption and~~  
15 ~~greenhouse gas emissions on a life cycle basis and will not have a detrimental~~  
16 ~~impact on the environment through other means such as release of refrigerants~~  
17 ~~or disposal. In making a finding under this subdivision, the Board shall~~  
18 ~~consider the use of the technology at all times of year and any likely new~~  
19 ~~electricity demand created by such use;~~

20 ~~(iv) will be part of a comprehensive energy efficiency and~~  
21 ~~conservation program that meets the requirements of subsections (d)-(g) of this~~

1 ~~section and that makes support for the technology contingent on the energy~~  
2 ~~performance of the building in which the technology is to be installed. The~~  
3 ~~building's energy performance shall achieve or shall be improved to achieve an~~  
4 ~~energy performance level that is approved by the Board and that is consistent~~  
5 ~~with meeting or exceeding the goals of 10 V.S.A. § 581 (building efficiency);~~

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

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

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

14 ~~(viii) will be supported by an appropriate allocation of funds~~  
15 ~~among the funding sources described in this subsection (d) and subsection (e)~~  
16 ~~of this section. In the case of measures used to increase the energy~~  
17 ~~performance of a building in which the technology is to be installed, the Board~~  
18 ~~shall assume installation of the technology in the building and then determine~~  
19 ~~the allocation according to the proportion of the benefits provided to the~~  
20 ~~regulated fuel and unregulated fuel sectors. In this subdivision (viii),~~

1 ~~“regulated fuel” and “unregulated fuel” shall have the same meaning as under~~  
2 ~~subsection (e) of this section. [Repealed.]~~

3 \* \* \*

4 (e) ~~Thermal energy and process fuel efficiency funding.~~

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

8 (A) ~~Net revenues above costs associated with payments from the~~  
9 ~~New England Independent System Operator (ISO-NE) for capacity savings~~  
10 ~~resulting from the activities of the energy efficiency utility designated under~~  
11 ~~subdivision (2)(A) of this subsection that are not transferred to the State PACE~~  
12 ~~Reserve Fund under 24 V.S.A. § 3270(c). These revenues shall be deposited~~  
13 ~~into the Electric Efficiency Fund established by this section. In delivering~~  
14 ~~services with respect to heating systems using the revenues subject to this~~  
15 ~~subdivision (A), the entity shall give priority to incentives for the installation~~  
16 ~~of high efficiency biomass heating systems and shall have a goal of offering an~~  
17 ~~incentive that is equal to 25 percent of the installed cost of such a system. In~~  
18 ~~this subdivision (A), “biomass” means organic nonfossil material constituting a~~  
19 ~~source of renewable energy within the meaning of subdivision 8002(17) of this~~  
20 ~~title. Provision of an incentive under this subdivision (A) for a biomass heating~~

1 ~~system shall not be contingent on the making of other energy efficiency~~  
2 ~~improvements at the property on which the system will be installed.~~

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

6 ~~(C) Any other monies that are appropriated to or deposited in the~~  
7 ~~Electric Efficiency Fund for the delivery of thermal energy and process fuel~~  
8 ~~energy efficiency services.~~

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

14 ~~(3) In this subsection:~~

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

17 ~~(B) “Regulated fuels” means electricity and natural gas delivered by~~  
18 ~~a regulated utility.~~

19 ~~(C) “Unregulated fuels” means fuels used by thermal energy and~~  
20 ~~process fuel customers other than electricity and natural gas delivered by a~~  
21 ~~regulated utility. Forward capacity market revenues. Net revenues above costs~~

1 associated with payments from the New England Independent System Operator  
2 (ISO-NE) for capacity savings resulting from the activities of the energy  
3 efficiency utility designated under subdivision (2)(A) of this subsection that  
4 are not transferred to the State PACE Reserve Fund under 24 V.S.A. § 3270(c)  
5 shall be transferred to the Agency of Natural Resources for use in meeting the  
6 total maximum daily load (TMDL) plan for Lake Champlain and meeting  
7 TMDL plans for other State waters.

8 \* \* \*

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

12 ~~(1) ensure that programs are delivered on a whole buildings basis to~~  
13 ~~help meet the State's building efficiency goals established by 10 V.S.A. § 581~~  
14 ~~and to reduce greenhouse gas emissions from thermal energy and process fuel~~  
15 ~~use in Vermont;~~

16 ~~(2) require the establishment of a statewide information clearinghouse to~~  
17 ~~enable effective access for customers to and effective coordination across~~  
18 ~~programs. The clearinghouse shall serve as a portal for customers to access~~  
19 ~~thermal energy and process fuel efficiency services and for coordination~~  
20 ~~among State, regional, and local entities involved in the planning or delivery of~~  
21 ~~such services, making referrals as appropriate to service providers and to~~



1 ~~entities having information on associated environmental issues such as the~~  
2 ~~presence of asbestos in existing insulation;~~

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

6 ~~(4) ensure the monitoring of the State's progress in meeting the goals of~~  
7 ~~10 V.S.A. § 581(1). This monitoring shall be performed according to a~~  
8 ~~standard methodology and on a periodic basis that is not less than annual.~~

9 [Repealed.]

10 Second: After Sec. 20, by inserting a Sec. 20a to read:

11 Sec. 20a. 30 V.S.A. § 255 is amended to read:

12 § 255. REGIONAL COORDINATION TO REDUCE GREENHOUSE  
13 GASES

14 \* \* \*

15 (d) Appointment of consumer trustees. The Public Service Board, by rule,  
16 order, or competitive solicitation, may appoint one or more consumer trustees  
17 to receive, hold, bank, and sell tradable carbon credits created under this  
18 program. Trustees may include Vermont electric distribution utilities, the  
19 fiscal agent collecting and disbursing funds to support the statewide efficiency  
20 utility, or a financial institution or other entity with the expertise and financial  
21 resources to manage a portfolio of carbon credits for the long-term benefit of

1 Vermont energy consumers. The net proceeds above costs from the sale of  
2 carbon credits shall be ~~deposited into the Electric Efficiency Fund established~~  
3 ~~under subdivision 209(d)(3) of this title. These funds shall be used by the~~  
4 ~~entity or entities appointed under subdivision 209(d)(2)(B) of this title to help~~  
5 ~~meet the building efficiency goals established under 10 V.S.A. § 581 by~~  
6 ~~delivering heating and process fuel energy efficiency services to Vermont~~  
7 ~~consumers who use such fuel~~ transferred to the Agency of Natural Resources  
8 for use in meeting the total maximum daily load (TMDL) plan for Lake  
9 Champlain and meeting TMDL plans for other State waters.

10 \* \* \*

11

12 (Committee vote: \_\_\_\_\_)

13

\_\_\_\_\_

14

Representative \_\_\_\_\_

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FOR THE COMMITTEE