

**Background: EEU Statutory/Regulatory Framework as H.40 Model**

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The Legislature sets the policy boundaries in 30 VSA § 209d(3)(B) – the PSB is directed to:

*“...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 demand, consumption, and 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 targeting efficiency and conservation efforts to locations, markets, or customers where they may provide the greatest value.”*

The PSB sets the EEU budgets and performance requirements based on this guidance; this in turn drives program implementation. Some of the current performance requirements for Efficiency Vermont are:

- Electric savings (kWh)
- Total resource benefits (economic value of the energy saved)
- Summer Peak demand reduction
- Winter Peak demand reduction
- Residential customer participation rate
- Low-income customer participation rate
- Geographic equity (by county)
- Administrative efficiency

This combined statutory-regulatory approach creates the policy boundaries for the program, within which significant innovation is allowed to achieve policy objectives.

Another example can be found in 30 VSA § 209d(2)(C), which authorized the PSB to allow the use of electric ratepayer funds for measures that would add electric load (similar to H.40, but in this case limited to heat pumps), only if the PSB found that such authorization:

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

(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 State energy consumption and 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. In making a finding under this subdivision, the Board shall consider the use of the technology at all times of year and any likely new electricity demand created by such use;

(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.

