



April 22, 2015

Senator Christopher Bray, Chair  
Senate Natural Resources Committee

Re: Energy Efficiency budget cap consideration

Dear Senator Bray and Committee members:

Thank you for the opportunity to offer VELCO's comments concerning the value of energy efficiency to Vermont's electric system. For the past several years, Vermont has counted energy efficiency savings in transmission planning, but only since the late 2000s has ISO-New England followed suit. In 2012, after two years of concerted stakeholder advocacy by Vermont and others, ISO-NE agreed to count future energy efficiency based on long-range policy of the states.

In 2012, counting Vermont's known energy efficiency commitment, as articulated in statute and Public Service Board order, resulted in about \$240M of infrastructure projects being removed from the list of upgrades that were identified as needs in previous studies. By 2013, future energy efficiency, as well as additional resources from the forward capacity market, resulted in the elimination of another \$160M from the list of proposed upgrades. All told, energy efficiency represented about 70 percent of the incremental resources that deferred nearly \$400M of upgrades.

If the House cap is enacted, and the result decreases energy efficiency resources that were previously counted in ISO-NE modeling, the change will likely impact load forecasts. We expect that a reduction in future spending on efficiency will result in a downward adjustment by ISO-NE in its energy efficiency forecast, which in turn may result in a higher load forecast, potentially driving new infrastructure needs.

In addition to potential infrastructure costs, the process of analysis triggered by a change in the forecast also has costs. Should a change in Vermont policy trigger the need for new load forecasts, and potentially new Vermont and regional studies, the cost of these studies and any in-state non-transmission solutions, will be borne by Vermonters. Thus, stability of Vermont's long-term energy efficiency policy offers savings to Vermont in multiple ways.

Thank you for the opportunity to offer these comments.

Sincerely,

Hantz Presumé  
VELCO, Senior Planner