H.739 An act relating to energy productivity investments under the self-managed energy efficiency program

Sec. 1. Amends 30 V.S.A. § 209(j), which governs the self-managed energy efficiency program (SMEEP)

- Currently under SMEEP, eligible program participants include customers within the transmission and industrial rate class whose energy efficiency charge (EEC) totaled $1.5 million or more in 2008. In addition, these customers must have a comprehensive energy management program (ISO-14001 certification). Finally, they must commit at least $1 million/year (on average) to each three-year period in which they participate in SMEEP.

- The underlying bill contains two changes to SMEEP. First, it expands the eligible projects under to the program to include productivity programs and measures. "Productivity programs and measures" means investments that reduce the amount of energy required to produce a unit of product. The current program only allows for investments in energy efficiency. Second, it allows participants in SMEEP to count funds received from the government or other entities towards the required annual investment in efficiency.

- The Committee's amendment to the bill adds a change to the qualifications for participating in SMEEP. Currently, the only customer that qualifies for participation in SMEEP is Global Foundries. This amendment sets a new threshold, allowing customers that paid at least $1.5 million in EEC during 2017 to participate. This would potentially allow the company OMYA to participate in SMEEP. It amends the statute so that participants who paid $1.5 million in EEC in 2017 must spend on average $500,000 per year on efficiency programs.

Sec. 2. Creates the Energy Savings Account Partnership Pilot

- The Committee's amendment adds Sec. 2, which directs the Public Utility Commission to create, by July 1, 2019, a three-year Energy Savings Account Partnership Pilot Program.

- Energy savings accounts (ESA) exist under current law. The existing program allows eligible business customers the option to self-administer energy efficiency efforts instead of participating in the statewide services provided by the energy efficiency utility (EEU). Under the current ESA program, the customer pays the EEC and 70% of that amount then flows back to the customer to pay for its own completed efficiency projects. The remainder is used by the EEU for systemwide benefits. To be eligible, a customer's annual EEC must total at least $5,000 per year.

- This pilot program would expand the ESA program with respect to customers in areas served by Efficiency Vermont (EVT). The participants will pay their EEC and be able to use 100% of the amount paid for its own efficiency projects. Participants also would be able to access these funds before project completion.

- Funds may be used for one or more of the following: electric energy efficiency, thermal energy and process-fuel efficiency for unregulated fuels, productivity measures, demand management, and energy storage that provides benefits to the customer and its interconnecting utility. This change of policy allows a much broader range of projects than are eligible under the existing ESA, which is limited to electric energy efficiency.

- EVT and the Department of Public Service (DPS) are required to evaluate and verify the savings of each project funded under the pilot program.
- There shall be a competitive solicitation process conducted jointly by EVT, the DPS, and the Agency of Commerce and Community Development. They are required to issue an RFP (request for proposals) for participants and customer selection is to be completed before July 1, 2019.
- There is no limit on the number of participants that may be selected but, the total amount of EEC funds involved shall not exceed $2 million.
- Upon completion of the pilot program, the PUC or a third party hired by the PUC will conduct an independent evaluation. The PUC will then report to the General Assembly by January 1. 2023 on whether to continue the program and if so under what conditions or revisions, if any.

Sec. 3. Effective Date: July 1, 2018.