

1 TO THE HOUSE COMMITTEE ON COMMERCE AND ECONOMIC
2 DEVELOPMENT:

3 The Committee on Energy and Technology has reviewed Sec. 5 of Senate
4 Bill No. 34 and respectfully recommends that the bill be amended by the
5 Committee on Commerce and Economic Development by striking out Sec. 5 in
6 its entirety and inserting in lieu thereof two new sections to be Sec. 5 and Sec.
7 5a to read:

8 Sec. 5. REPORT; ENERGY EFFICIENCY CHARGE; COMMERCIAL AND
9 INDUSTRIAL CUSTOMERS

10 (a) Report. On or before January 15, 2018, the Commissioner of Public
11 Service (the Commissioner) shall submit a report with recommendations as
12 described in subsection (b) of this section.

13 (1) In preparing the report, the Commissioner shall consult with the
14 Secretary of Commerce and Community Development, the energy efficiency
15 utilities (EEU) appointed under 30 V.S.A. § 209(d)(2), the regional
16 development corporations, the Public Service Board, and other affected
17 persons.

18 (2) The Commissioner shall submit the report to the Senate Committees
19 on Finance, on Natural Resources and Energy, and on Agriculture and the
20 House Committees on Ways and Means, on Energy and Technology, and on
21 Agriculture and Forestry.

1 **(b) The report shall provide the Commissioner’s recommendations on:**

2 **(1) Whether and how to increase the use by commercial and industrial**
3 **customers of self-administered efficiency programs under 30 V.S.A. § 209(d)**
4 **and (j), including:**

5 **(A) Potential methods and incentives to increase participation in self**
6 **administration of energy efficiency, including:**

7 **(i) Potential changes to the eligibility criteria for existing**
8 **programs.**

9 **(ii) Use of performance-based structures.**

10 **(iii) Self administration of energy efficiency by a commercial and**
11 **industrial customer, with payment of an energy efficiency charge (EEC)**
12 **amount only for technical assistance by an EEU, if the customer demonstrates**
13 **that it possesses in-house expertise that supports such self administration and**
14 **implements energy efficiency measures that the customer demonstrates are**
15 **cost-effective and save energy at a benefit-cost ratio similar to the EEU.**

16 **(B) The potential inclusion of such methods and incentives in EEU**
17 **demand resource plans,**

18 **(C) Periodic reporting by the EEUs of participation rates in self**
19 **administration of energy efficiency by commercial and industrial customers**
20 **located in the small towns in the State’s rural areas. As used in this**
21 **subdivision (C):**

1 (i) “Rural area” means a county of the State designated as “rural”
2 or “mostly rural” by the U.S. Census Bureau in its most recent decennial
3 census.

4 (ii) “Small town” means a town in a rural area of the State with a
5 population of less than 5,000 at the date of the most recent U.S. Census Bureau
6 decennial census.

7 (2) The potential establishment of a multi-year pilot program that allows
8 a category of commercial and industrial customers to apply the total amount of
9 their Energy Efficiency Charge (EEC), for the period of the pilot, to
10 investments that reduce the customer’s total energy consumption.

11 (A) The goal of such a program would be to significantly reduce all
12 energy costs for the customer, and to transform the energy profile of the
13 customer such that significant savings would be generated and endure over the
14 long term. Customers in the program would receive the full amount of their
15 EEC contributions, for the period of the pilot, in the form of direct services and
16 incentives provided by an EEU, which would consider how to cost-effectively
17 lower customers’ bills across electric, heating, transportation, and process fuels
18 using energy efficiency, demand management, energy storage, fuel switching,
19 and on-site renewable energy.

20 (B) In the report, the Commissioner shall consider:

21 (i) the definition of eligible commercial and industrial customers;

1 (ii) the potential establishment and implementation of such a
2 program in a manner similar to an economic development rate for the EEU;

3 (iii) the interaction of such a program with the existing programs
4 for self-managed energy efficiency under 30 V.S.A. § 209(d), including the
5 Energy Savings Account, Self-Managed Energy Efficiency, and Customer
6 Credit Programs;

7 (iv) the benefits and costs of such a program, including:

8 (I) a reduction in the operating costs of participating customers;

9 (II) the effect on job retention and creation and on economic
10 development;

11 (III) the effect on greenhouse gas emissions;

12 (IV) the effect on system-wide efficiency benefits that would
13 otherwise be obtained with the EEC funds, such as avoided supply costs,
14 avoided transmission and distribution costs, avoided regional network service
15 charges, and lost revenues from the regional forward-capacity market,

16 (V) the potential impact on commercial and industrial
17 customers that may not be eligible to participate in such a program;

18 (VI) the extent to which such a program may result in cost
19 shifts or subsidization among rate classes, and methods for avoiding or
20 mitigating these effects;

1 (VII) the effect on the budgets developed through the demand
2 resource planning process;

3 (VIII) the costs of administration;

4 (IX) any other benefits and costs of the potential program.

5 (v) The consistency of such a program with least-cost planning as
6 defined in 30 V.S.A. § 218c; with State energy goals and policy set forth in 10
7 V.S.A. §§ 578, 580, and 581 and 30 V.S.A. §§ 202a and 218e; and with the
8 State energy plans adopted pursuant to 30 V.S.A. §§ 202 and 202b.

9 (c) The report submitted under this section shall include a proposed
10 timeline to phase in the recommendations contained in the report. In
11 developing this timeline, the Commissioner shall consider the impact to the
12 established budgets of the EEU's, the regulatory requirements applicable to the
13 EEU's, and the value of rapid implementation of the recommendations.

14 Sec. 5a. 30 V.S.A. § 209(d)(3) is amended to read:

15 (3) Energy efficiency charge; regulated fuels. In addition to its existing
16 authority, the Board may establish by order or rule a volumetric charge to
17 customers for the support of energy efficiency programs that meet the
18 requirements of section 218c of this title, with due consideration to the State's
19 energy policy under section 202a of this title and to its energy and economic
20 policy interests under section 218e of this title to maintain and enhance the
21 State's economic vitality. The charge shall be known as the energy efficiency

1 charge, shall be shown separately on each customer's bill, and shall be paid to
2 a fund administrator appointed by the Board and deposited into an Electric
3 Efficiency Fund. When such a charge is shown, notice as to how to obtain
4 information about energy efficiency programs approved under this section
5 shall be provided in a manner directed by the Board. This notice shall include,
6 at a minimum, a toll-free telephone number, and to the extent feasible shall be
7 on the customer's bill and near the energy efficiency charge.

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9 (Committee vote: _____)

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11 Representative _____

12 FOR THE COMMITTEE