

Vermont Public Power Supply Authority Comments on S. 171

- ❖ VPPSA is supportive of the overarching goal of ensuring that Vermonters have access to comprehensive energy efficiency services and the specific goal of increasing funding for weatherization, which has been traditionally underfunded.
- ❖ The policy determination regarding how services are delivered and paid for should be completed *before* the expenditure of electric ratepayer funds on non-electric efficiency services.

SECTION 1

This represents a major deviation from the policy of keeping funds separate and linked to funding source. This should be implemented only after careful consideration of overarching goals and policy alternatives.

- The Energy Efficiency Charge is a *system benefits charge* premised on the fact that all electric customers stand to benefit from electric efficiency measures due to the interconnectedness of the utility grid.
 - All customers do not similarly benefit from thermal efficiency projects. There may be negative customer reaction to cross-subsidization.
 - VPPSA members frequently field customer inquiries regarding the EEC, which represents a significant portion of customers' electric bills (~10%).
 - The EEU structure was established because it was not in the utilities' interest to reduce electric consumption.
- The Thermal Energy and Process Fuel (TEPF) budget is a distinct and comparatively small portion of Efficiency Vermont's overall budget.
 - RGGI and FCM funds are also derived from ratepayers, but they are secondary funding streams generated from investments made with ratepayers dollars.
 - Those funds were targeted to EVT prior to the enactment of the Renewable Energy Standard.
 - Energy Savings Pilot is also a deviation from longstanding principle. The pilot should be evaluated before expanding "all-fuels" efforts.
 - ESA does not transfer funds *among* customers.
- Distribution utilities now have a specific obligation to reduce fossil fuel usage under Tier 3 of the Renewable Energy Standard.
 - Increasing competition between utilities and EVT for fossil-fuel savings will not serve customers.
 - The bill as drafted would give EVT wide latitude to spend EEC funds for TEPF.
- If this bill moves forward, VPPSA recommends that the expenditure of EEC funds should be explicitly limited to expanding weatherization services for moderate income Vermonters.
 - Electrification and grid management activities should remain in the distribution utilities' purview.

- There should be an exploration of why significant carryover funds exist.
 - What led to the “underspending” of EEC funds?
 - The Public Utility Commission is charged with setting the EEC to capture all reasonably achievable electric energy efficiency.
 - Are customers receiving all the *electric* efficiency services they paid for? Is weatherization in homes with CCHP being prioritized?
 - EVT operates under a performance contract. *Least-cost service delivery* is not ensured. There are not adequate cost-containment provisions to this construct.
 - The Department and other stakeholders have raised concerns about what led EVT to have significant surpluses in recent years.
 - Allowing EVT to access EEC funds to expand its service delivery before completing the study evaluating alternatives will generate momentum that makes it difficult to evaluate all potential alternatives objectively, even though there may be more cost-effective options

SECTION 2

- This bill broaches major policy questions around how comprehensive energy efficiency services should be **delivered** and **funded** that warrant careful consideration.
 - The PUC has an ongoing, open proceeding (Case 18-2867) on the Role of the Energy Efficiency Utilities in Vermont, which may address some of these considerations.
 - The proposed study in S. 171 contemplates expanding EVT’s scope. Consideration should also be given to expanding the scope of DUs specific to Tier 3.
 - VPPSA made a deliberate policy decision not to spend electric customers’ funds on weatherization.
 - Consideration should also be given to expanding the scope and services of the Weatherization Assistance Programs (and possibly other service providers).
- Meeting our climate and energy goals will require rapid action and the most efficient expenditure of scarce resources.