



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON ENERGY AND
TECHNOLOGY

From: House Committee on Energy & Technology

To: House Committee on Appropriations

Date: February 23, 2022

Re: **FY2023 Budget Recommendations**

\$95 million of ARPA funds to the VT Community Broadband Board

- In Governor's recommended budget.
- To fund CUD broadband infrastructure and programs as established in Act 71 of 2021.
- This appropriation is in addition to a \$150 million ARPA appropriation last year and an anticipated \$100 million future appropriation from IIJA. VCBB anticipates that this \$345 million will connect enough VT households to allow for CUDs to independently bond for additional capital investments to complete their networks.

WE SUPPORT THIS APPROPRIATION

\$35 million of ARPA funds as a DPS grant to Efficiency VT for moderate income weatherization incentives

- In Governor's recommended budget.
- These funds would be deployed alongside other EVT sources providing up to a 75% match (up to \$5,000) for VTers with income up to 120% of area median income.
- These funds would be expended in calendar years 2023-2026 and would contribute to weatherizing 4,000-5,000 Vermont homes.
- Increased resources for weatherization is a Climate Action Plan recommendation.
- Significant funding for weatherization programs will be critical to the success of a Clean Heat Standard.
- *We would encourage flexibility on the match rate for this program in order to better meet program needs and serve more Vermonters. The 50% match rate in the current program made it challenging to meet program needs. A sliding match level beyond 75% may better support program success.*
- *We encourage increased flexibility in how these funds may be deployed similar to OEO's "one-touch" approach to coordinate with other programs to work with a household once to upgrade electrical service, weatherize, and install heating equipment such as heat pumps, heat pump hot water heaters, and advanced wood heating systems.*

WE SUPPORT THIS APPROPRIATION

\$45 million in ARPA funds to DCF-OEO for the low-income Home Weatherization Assistance Program

- In Governor's recommended budget.
- Low-income homeowners and tenants are eligible for no-cost weatherization services through VT's six Weatherization Assistance Providers and 3E Thermal.
- These funds would be expended in FY2023-2026 to weatherize approximately 4,000 homes and rental units.
- Increased resources for weatherization is a Climate Action Plan recommendation.
- Significant funding for weatherization programs will be critical to the success of a Clean Heat Standard.
- *We encourage increased flexibility in the use of these funds so that OEO's "one-touch" approach can coordinate with other low-income programs to work with a household once to upgrade electrical service, weatherize, and install heating equipment such as heat pumps, heat pump hot water heaters, and advanced wood heating systems.*

WE SUPPORT THIS APPROPRIATION

\$20 million in ARPA funds to DPS to support low- and moderate-income VTers upgrading home electrical systems and installing energy saving technologies.

- In Governor's recommended budget.
- Many VT homes lack sufficient electrical systems to support the increasing prevalence of home car charging, electric heat pumps, and battery storage.
- This is a new program to be developed. Within the DPS, the CEDF could be tasked with standing up this program to accelerate implementation.
- Home electric service upgrades are a Climate Action Plan recommendation.
- *We encourage flexibility in the use of these funds to allow for simultaneous installation of other electrical equipment such as EV chargers and heat pumps..*
- *This new program should work in coordination with the Home Weatherization Assistance Program.*

WE SUPPORT THIS APPROPRIATION — and recommend an additional appropriation

- **WE SUPPORT INCREASING THIS APPROPRIATION WITH \$5 MILLION OF ARPA FUNDS AND EXPANDING THIS PROGRAM TO INCORPORATE THE "SWITCH & SAVE" LOW-INCOME HOT WATER HEATER REPLACEMENT PROGRAM.**
 - "Switch & Save" proactively replaces older fossil fuel HWHs prior to failure with new technology in low-income homes.
 - Hot water is a home's 2nd leading energy cost with HW heaters usually replaced every 10-15 years.
 - This program can be combined with electric utility incentives for no/low-cost replacement.
 - This work can be easily combined with the electrical upgrade work envisioned in this program.
 - Recommended by Climate Action Plan as high cost benefit and emissions reduction strategy.
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\$2 million in ARPA funds to DPS for load management and storage devices to allow low-income households to access time-of-use rates and electric equipment that can take advantage of lower cost electricity.

- In Governor's recommended budget.
- Allows customers to take advantage of lower electric rates while providing flexibility for utilities in load management and cost containment.
- This \$2 million will be combined with \$5 million of prior ARPA funding to DPS.
- This is a new program to be developed. Within the DPS, the CEDF could be tasked with standing up this program to accelerate implementation.
- *We encourage the coordination of this program with other energy efficiency and beneficial electrification programs that touch low-income households.*

WE SUPPORT THIS APPROPRIATION

\$51.5 million in ARPA Capital Funds to DPS to build 100 cell towers to expand cell phone coverage in Vermont

- In Governor's recommended budget.
- \$1.5 million to identify cell tower locations prioritizing the least-served road segments with the highest traffic counts and surrounding population.
- \$20 million to subsidize the construction of 100 cell towers to be owned and operated by a third-party.
- \$30 million to subsidize the deployment of cell carriers' capital costs in fitting up each tower site.
- States have little ability to regulate or designate cell service deployment. Subsidies will direct cell service expansion to the least-served, highest-need parts of the State.
- *DPS shall annually report to the General Assembly on progress of this program.*

Our committee took four different votes on this proposal:

1. **Support for 100% of this appropriation: 2 in favor; 7 opposed**
2. **Support for \$1.5 million appropriation for drive tests, identifying tower locations, and mapping: 9 in favor; 0 opposed**
3. **Support for \$20 million (\$8 million for tower construction, \$12 for carrier capital costs) for FY'23 and FY'24 for cell tower development: 8 in favor; 1 opposed**
4. **Reserve \$30 million of ARPA Capital Funds for possible use in the program after FY'24 depending on program success: 5 in favor; 4 opposed**

Committee views on this proposal were disparate including:

- Full support for this program — expanding cell service is an economic and public safety imperative for the state and, without a public option, we need to partner with private carriers in order to increase access to this important service.
 - While cell service expansion is important, we have reservations about the ability of DPS, or any public agency, to develop 100 cell sites in four years.
 - Do not recommend this appropriation based on the poor track record of using public funds to build assets for private telecom providers, and concerns about providing direct subsidies to private companies that have been an impediment to expanding connectivity in rural areas.
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Creation of Critical Communications Infrastructure Program (CCIP) and funding through the VT Universal Service Fund (VUSF). Removing E911 funding from the VUSF and funding in the General Fund.

- In Governor's recommended budget.
- The new CCIP would evaluate prioritized citing for new cell towers; award grants to cell tower operators and wireless carriers; and retain consultants for support.
- The VUSF would contribute approximately \$3.5 million annually to the CCIP.
- Current VUSF funding levels do not fully fund the E911 program. E911 would require \$4.6 million from the General Fund in FY'23.
- The VUSF is a declining revenue stream of \$5 to \$6 million annually. One-sixth of this annual fund goes to the VCBB; approximately \$750,000 covers administrative, hearing-impaired, and low-income service; with the remainder going to fund E911.

WE DO NOT SUPPORT THIS APPROPRIATION

- Concerns about adding \$5 million E911 expense to the General Fund in order to standup a new program that is already ARPA Capital Fund eligible. While the VUSF. Is not sufficient to fully support E911, we would prefer to supplement with GF dollars, instead of fully fund with GF dollars.
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\$11 million in one-time GF as a 50% match to support municipal utilities, WEC, and VEC in installing advanced metering infrastructure (AMI).

- Not in Governor's recommended budget.
- AMI is well-established outside of these municipal utility/WEC/VEC territories. Equitable deployment of AMI in these unserved areas would allow better load control, grid management, and lower electric rates.
- Lack of AMI is a barrier to receiving other federal grants.
- This investment likely not ARPA or IJA eligible, thus requiring state funds.
- While there is no state program stood up for the deployment of these funds, the PUC currently requires distribution utilities to have an approved plan for AMI deployment so that there is state-level review of proposals.
- All municipal and coop utilities would require their boards approval in order to direct matching funds.
- This program could be structured to allow the DPS to reimburse utilities for 50% of the funds deployed for PUC-approved AMI plans.

WE SUPPORT THIS APPROPRIATION

\$600,000 in one-time GF to support the Vermont Access Network community media centers.

- Not in Governor's recommended budget.
- Cable tv subscription revenue that supports VAN has declined and is expected to continue to decline.
- VAN supported with \$466,500 of CRF\$ in 2020 and with \$300,000 in FY22 budget adjustment.
- VAN media centers are an important asset for Vermont communities that will require support until a long term funding/tax change is identified to fund this gap.

WE SUPPORT THIS APPROPRIATION

\$1.6 million in ARPA funds to expand the CIS Community Data System to all twelve Children's Integrated Service regions.

- Not in Governor's recommended budget.
- The Family Center of Washington County has successfully developed and deployed a case management system that has been in use for five years.
- The system is built on the Salesforce platform which aligns with state agency systems.
- The 12 CIS regions across VT employ balkanized systems for case management that are inefficient, unsecure, and costly.
- DCF/ADS have expressed reservations about moving forward with this rollout at this time because of constrained capacity at the DCF in implementing the Childcare Financial Assistance Program eligibility system.
- ADS has raised questions around the statewide governance/oversight of this system and the extent to which all CIS regions have bought in to this particular IT solution.

WE SUPPORT THIS APPROPRIATION

- Funding should go to DCF specifying that work and coordination with ADS should begin within 18 months.
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\$2.18 million in one-time GF for the Attorney General's Office case management system.

- Not in Governor's recommended budget.
- \$1.1 million in FY'23, \$1.1 million FY'24
- This project is necessary and needs to be funded.
- Delay will increase future costs and delay improving support for Vermonters and our justice system.

WE SUPPORT THIS APPROPRIATION