

To: House Appropriations Committee

From: Dan Reilly, Public Affairs Director, Efficiency Vermont

Re: Efficiency Budget Recommendations for FY23

The purpose of this memo is to provide additional context from Efficiency Vermont around the Governor and the House Committee on Energy and Technology's efficiency related FY23 budget recommendations.

\$35M for Moderate Income Weatherization Incentives

Regarding the recommendation to direct \$35M in ARPA funds for moderate income weatherization incentives.

First and foremost, Efficiency Vermont notes the widespread support for this budget request from multiple stakeholders:

- Governor Phil Scott included it in his recommended budget in January.
- In testimony in the Senate Natural Resources Committee, TJ Poor of the Department of Public Service (DPS) indicated his support for the request.
- The House Energy Committee formally expressed its support for the request on 2/23, in [this letter](#) to the House Appropriations Committee.
- This request aligns with the recommendations of EAN's 'Weatherization at Scale' Action Team, which is comprised of interested parties from around the state including VGS, Efficiency Vermont, VHFA, and the Energy Futures Group. The Action Team has set an ambitious goal of trying to weatherize every low-to-moderate income home in Vermont by 2030, through a mix of public and private financing.

We are encouraged by the breadth of support for this important measure.

Efficiency Vermont is confident that this \$35M could be used to make significant progress towards meeting Vermont's weatherization goals. As [this chart](#)—which was developed by DPS in consultation with us--- shows, we expect that this additional funding, when combined with our current funding sources, would approximately help Efficiency Vermont weatherize an **additional 6,350 moderate income homes from FY23-26**.

These critical funds would be deployed alongside other existing Efficiency Vermont incentives to cover 75% of project costs (up to \$5,000) for Vermonters with income up to 120% of area median income.

There is also a recent precedent indicating that enhanced incentives motivate Vermonters to weatherize their homes. In 2020, Efficiency Vermont promoted a nearly

identical offer using funding from Act 62, which led to 609 moderate income weatherization projects in that year alone—a 118% increase from the previous year.

\$45M in ARPA funds to OEO for the low-income Weatherization Assistance Program.

Efficiency Vermont also strongly supports the Governor's budget request for \$45M in ARPA funds to OEO for the low-income Weatherization Assistance Program.

When taken together, these two appropriations will help make significant progress towards meeting our state goals, while helping those with the highest energy burdens save money on their heating bills.

Efficiency Vermont Flexibility Language

We also welcome the flexible language that the House Energy and Technology Committee included in its budget recommendation memo. In brief, the language encouraged giving Efficiency Vermont as much flexibility as possible to match funds beyond the 75% of project cost threshold. Given recent volatility in both labor and material costs due to the pandemic, it may be necessary to offer more than a 75% match to reach some moderate-income customers. Efficiency Vermont will soon be hiring an income verification service to support our incentive offers going forward – this will provide more detailed data on the income levels of customers, so we can ensure our programs are responsive to customer needs.

While Vermont's weatherization industry is not immune from national workforce and supply chain complications, Efficiency Vermont will work closely with contractors in the Efficiency Excellence Network and many other partners to ensure that we can deploy these funds promptly. We are already working closely with OEO, EAN, VGS, and contractors to collaborate on efforts to grow the workforce and hope to scale these efforts as more resources become available.

ARPA Eligibility

Finally, we are also hopeful that this request will meet all ARPA eligibility requirements for household economic benefits. We are making very good progress with the State Agency of Administration on a similar \$5M request from the FY 2021 budget for moderate income weatherization incentives. While that grant agreement has not yet been signed, we are encouraged that AOA and PSD are seeking to proceed with the grant under Vermont's commonly used definition of moderate income, that is, within 80%-120% of AMI. Given that the \$35M request uses the same definition for the same purpose, we are very optimistic it will also be deemed eligible.

If you have any further questions or concerns on this matter, please contact Dan Reilly at dreilly@efficiencyvermont.org or via mobile at 802.735.4430. Thank you for your consideration of this important matter.