

# Efficiency Vermont Testimony

## Senate Natural Resources

1.31.22

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2022-2023 Legislative Session



# Who we are

- Statewide\* energy efficiency utility
- Help Vermont transition to more affordable, low carbon energy use through education, incentives, and support for our clean energy workforce
- U.S. Environmental Protection Agency ENERGY STAR – Sustained Excellence partner



## Efficiency Vermont



Upstream  
Supply Chain  
Engagement



Education,  
Promotion & 1:1  
Guidance



Rebates,  
Incentives &  
Financing

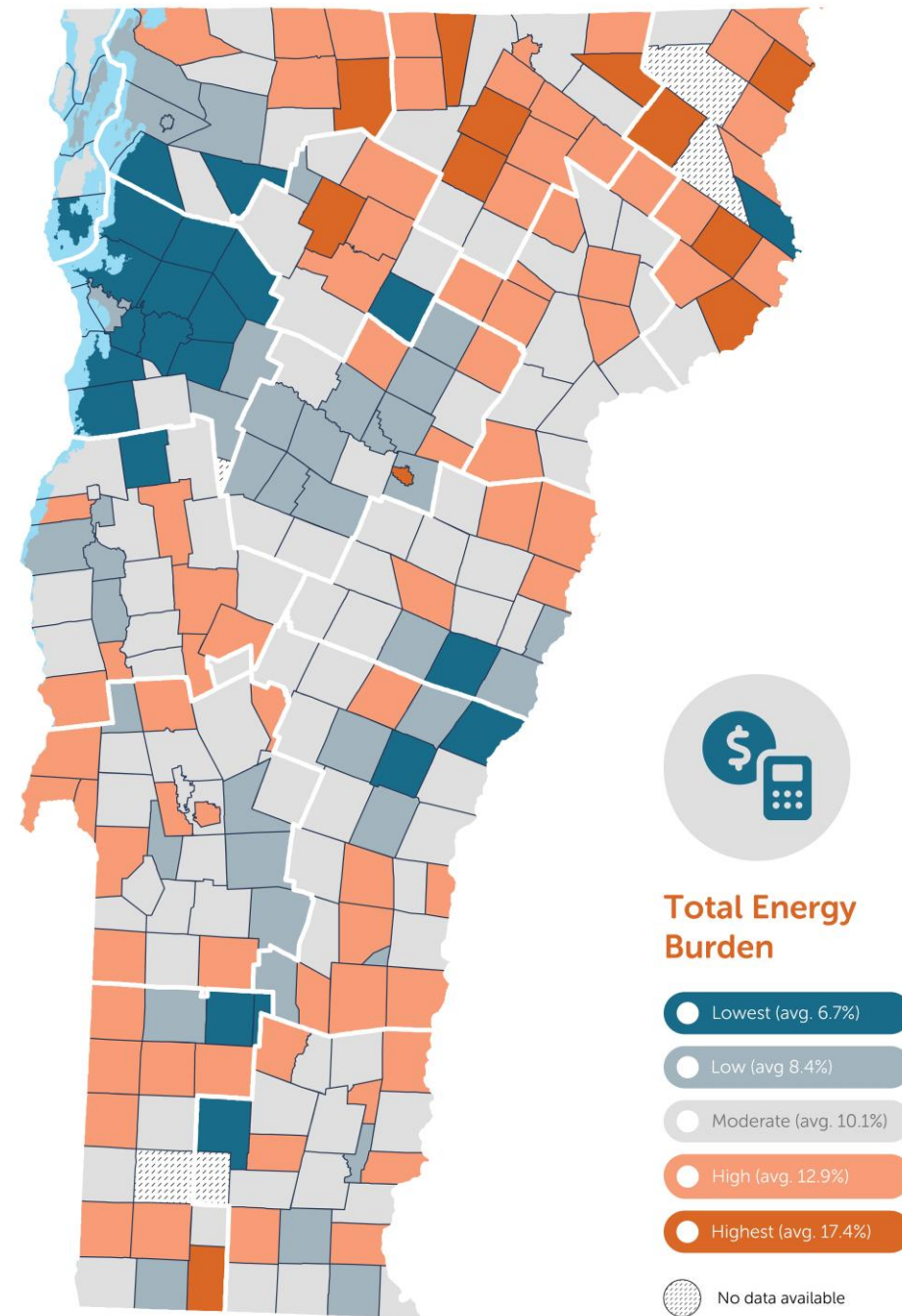


Engineering &  
Project Support



Partnerships

# Energy Burden in Vermont



# Understanding energy burden

How does energy burden help us understand energy equity?



Energy  
Spending

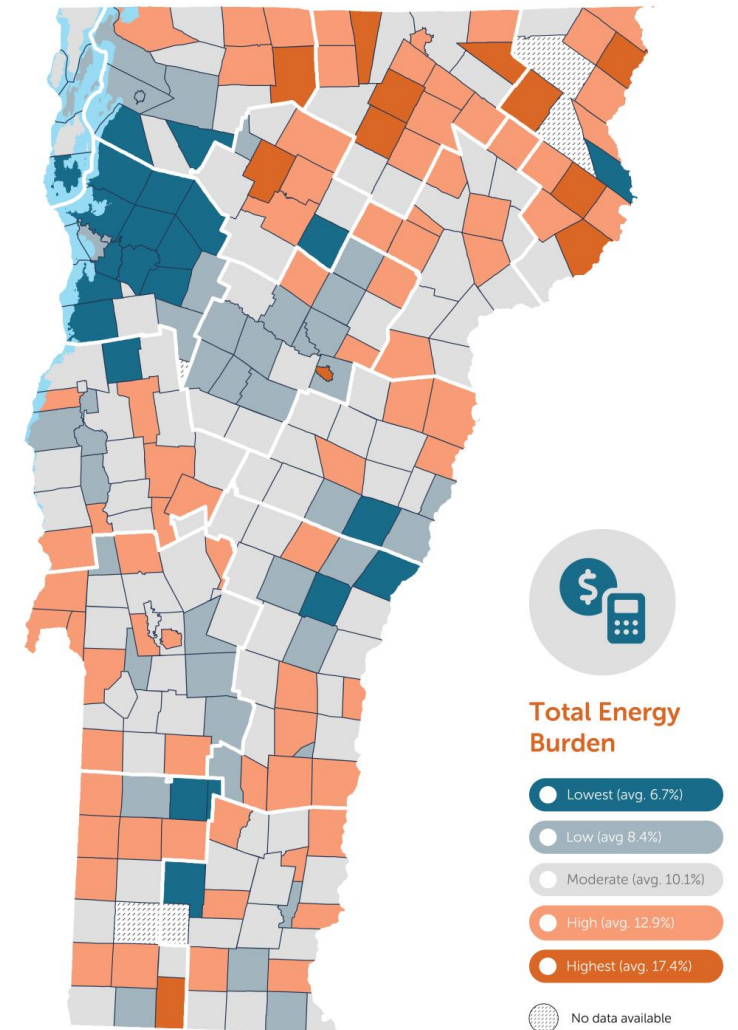


Household  
Income



Total Energy  
Burden

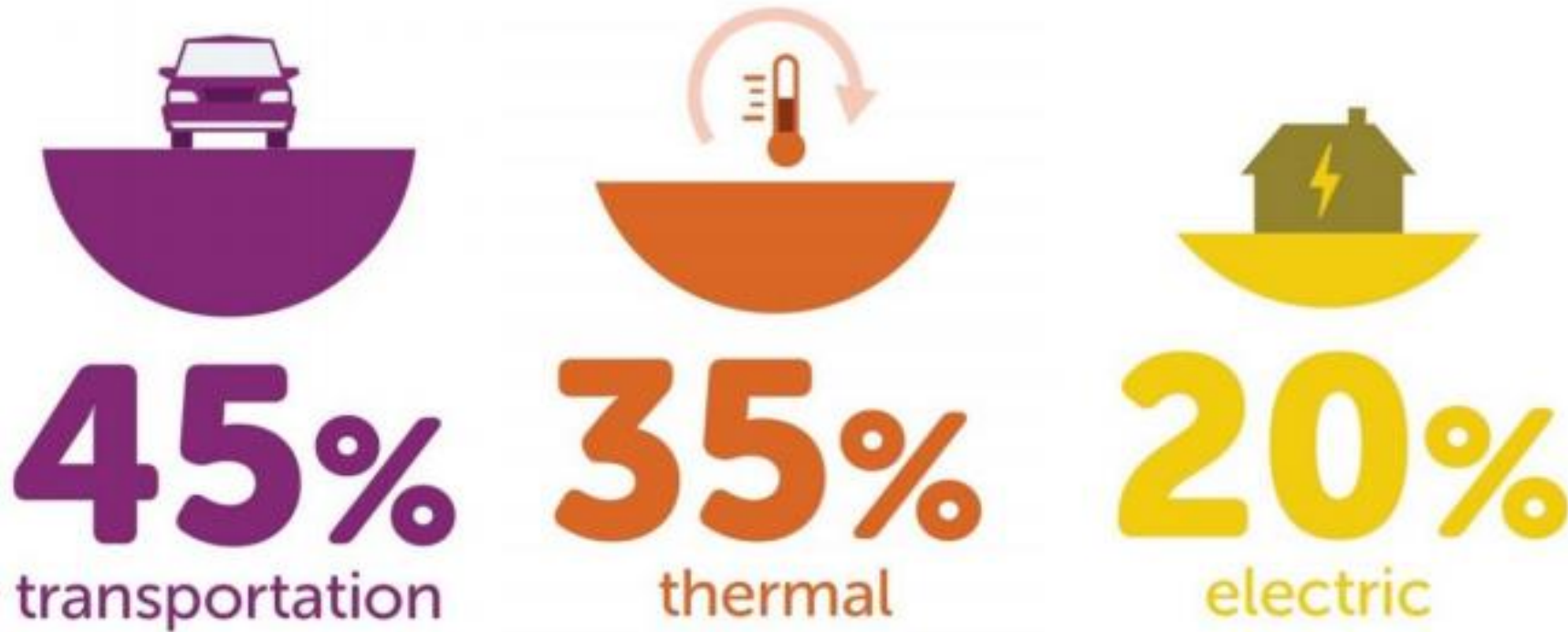
Energy burdened households may have a harder time **paying energy bills** and accessing solutions that could **reduce energy bills**. They may also feel more significant **impacts from the effects of climate change** hitting Vermont today.





# 2019 Energy Burden Report – key findings

Share of energy spending, by sector (statewide average)

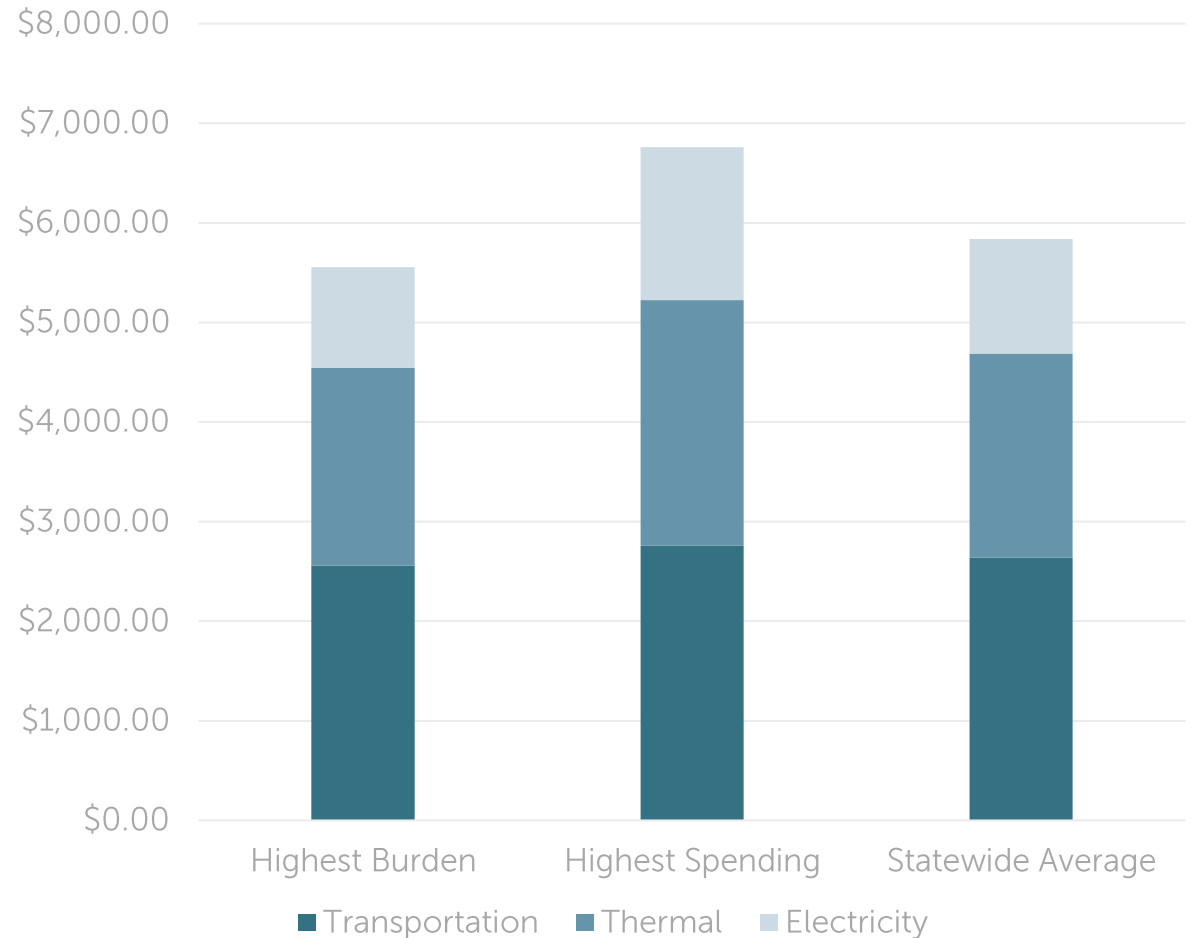


# Using less, paying more

Communities with the highest energy burden are not necessarily consuming more.

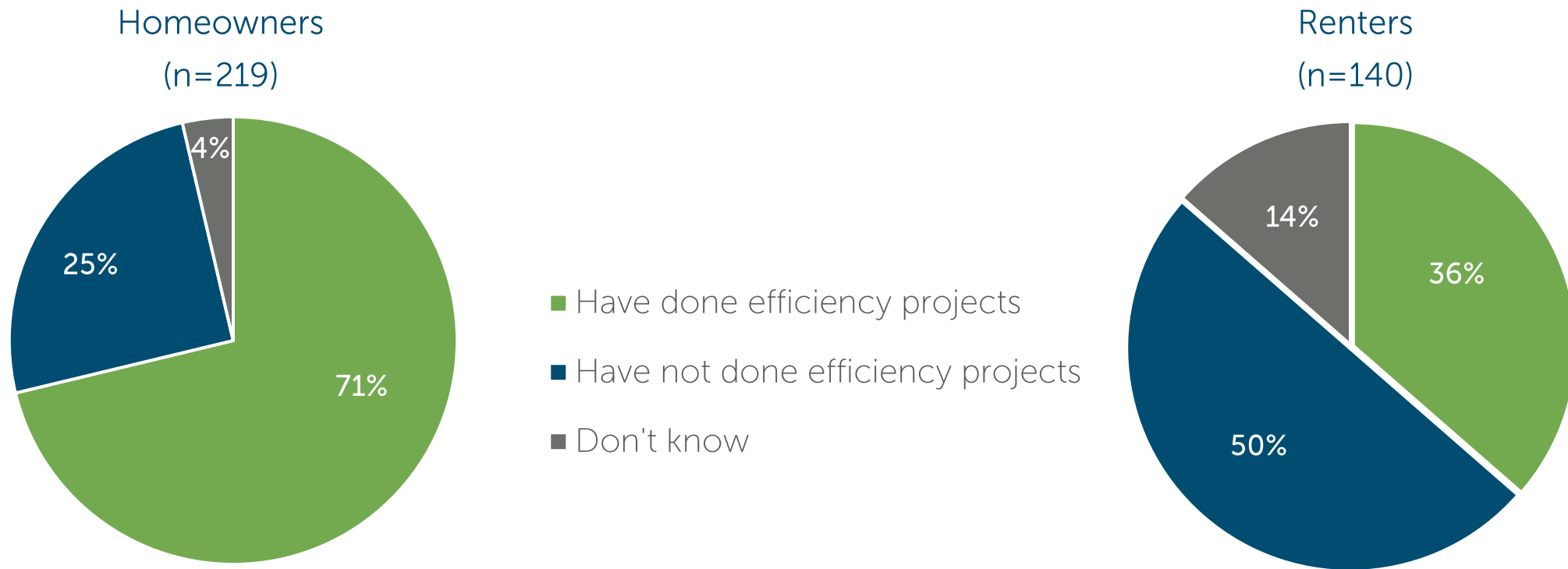
Energy spending in these towns is below statewide averages.

Spending Patterns for Highest-Burden and Highest-Spending Towns



# The current system is inequitable

Have you done any energy efficiency projects or actions in your home?

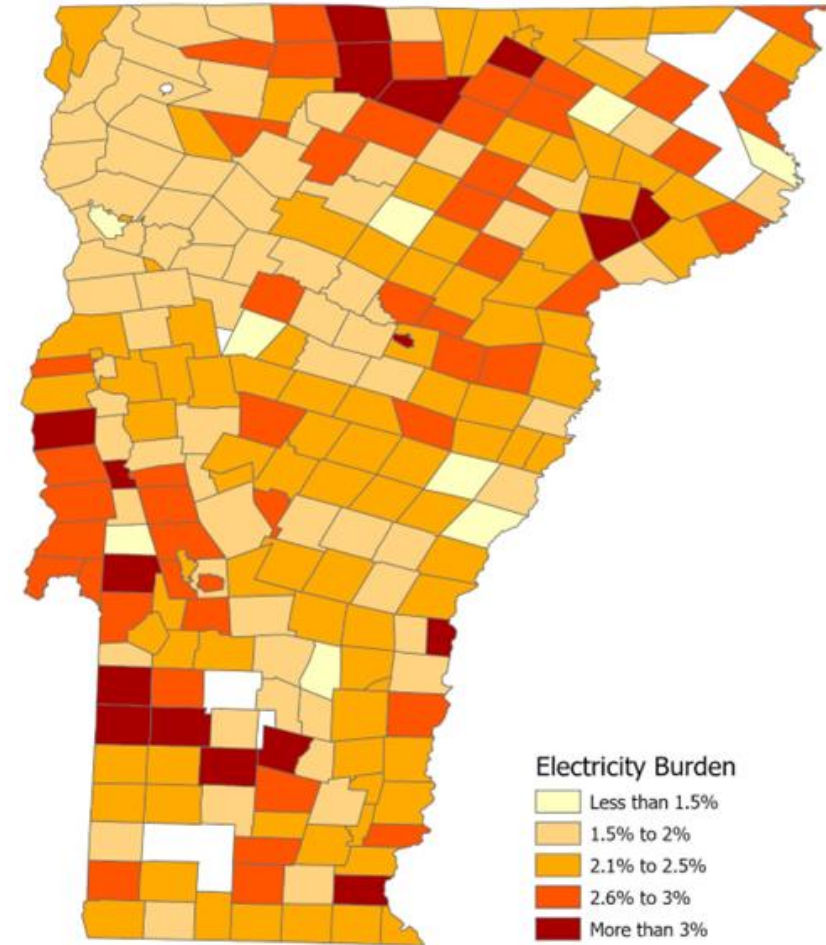




# 2023 Energy Burden Report Update

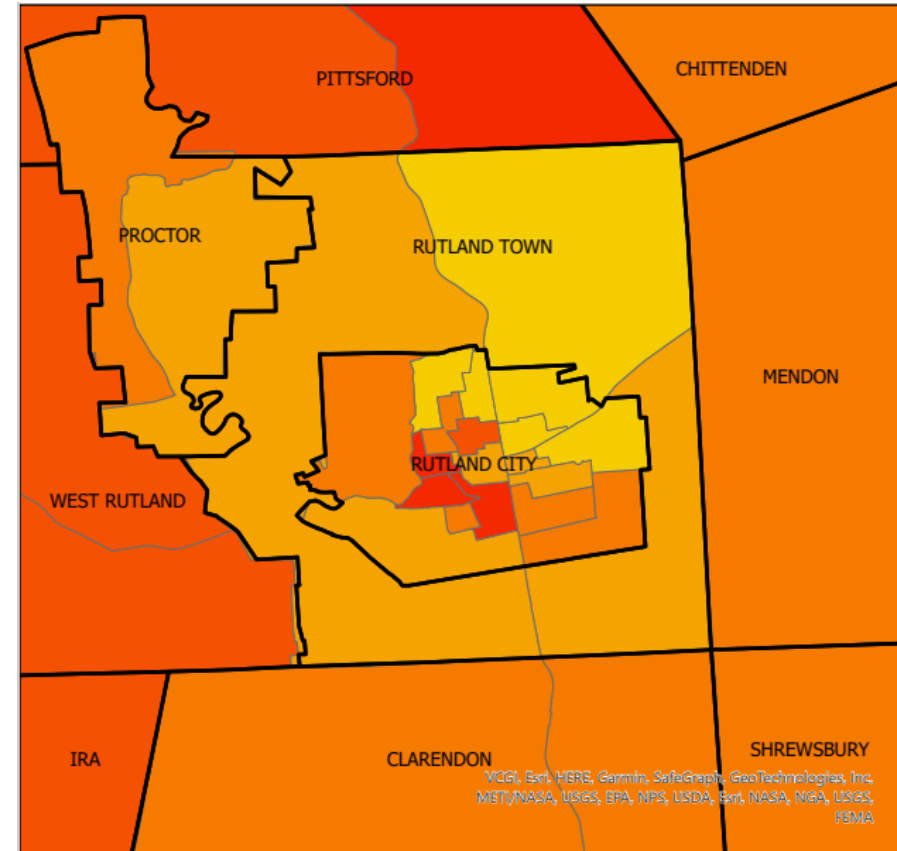
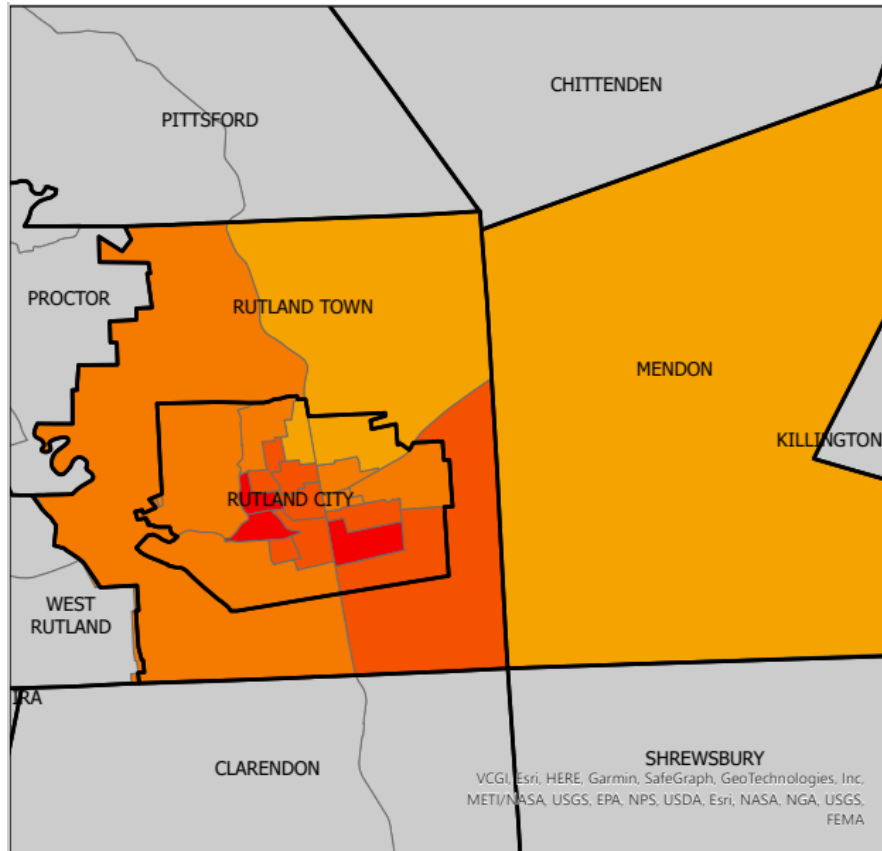
## Preview of Initial Findings

- Currently working on the analyses for electricity and transportation
- Still waiting on thermal data set
- Town-level results will be similar to 2019
- Census block level data will enable a much more detailed picture, especially for more populated areas



# 2023 Energy Burden Report Update

## Rutland: Electricity and Transportation Burden



# Inflation Reduction Act Overview

Efficiency  
Vermont



# The Inflation Reduction Act

\$733B bill focused on health, taxes, & climate

- Passed along party lines, President Biden held big kickoff event on September 13, 2022.
- \$369B in climate and clean energy investments- The most significant climate bill in America's history.
- Experts estimate the bill could reduce net U.S. GHG emissions 42% by 2030!
- A mix of grants, loans, and tax incentives.





# Key Initial Considerations

## 10-year timeline

- VT will receive **\$59M** in consumer home energy rebate programs.
- Most funds have to be spent by **9/30/31**.
- Most new tax breaks through **9/30/32**.
- Some notable exceptions.

## Rebate Programs thru SEOs

- DOE will send SEOs block grants to for programs—based on SEP formula.
  - Exact timing still TBD.
- LMI defined as up to 150% of AMI in most cases.
- Plans **MUST** be submitted by 8/15/24- or lose access to funds.

## Climate Justice Opportunities

- Justice40- 40% of funds to LMI & underserved communities.
- GGRF- Unclear what final shape will be, VT very active-but technical assistance a must (similar to WRAP program).
- More guidance coming soon from EPA.

# Residential Energy Efficiency Tax Credit (25C)

Updated Version Launched 1/1/23

Consortium for Energy Efficiency Standards

Incentive Levels

- Electric Panel- \$600
- Energy Audit- \$150
- Weatherization- \$1200
- Heat Pump/ Heat Pump Water Heater- \$200



# Construction Efficiency Tax Credit (45L & 179D)

Also went into effect 1/1/22

179D- \$1.88 sq/ft tax credit for new construction or renovations

## 45L New Construction Efficiency Credit

- Provides SF and MF homebuilders with a \$2,000/unit tax credit for meeting certain energy savings requirements.
- Some limited 2022 retroactivity....call your accountant!
- Bigger savings for reaching DOE's Zero Energy Ready Home (ZERH) standard.

# IRA Rebate Programs: EE & Electrification Opportunities

Program Name (DOE)	VT Funding Amount	Next Milestone
Home Energy Performance-Based Whole-House Rebates (HOMES).	<b>\$29.4 million</b> (SEOs can use up to 20% of these funds for planning, admin, and technical assistance)	RFI issued- due 3/2 Funding *expected* to start flowing in Q3 or Q4 of 2023
High-Efficiency Electric Homes and Rebates Act (HEEHRA).	<b>\$29.2 million</b> (SEOs can use up to 20% of these funds for planning, admin, and technical assistance)	RFI issued- due 3/2 Funding *expected* to start flowing in Q3 or Q4 of 2023
State-Based Home Energy Efficiency Contractor Training Grants (HOPE)	\$200 million nationally	TBD

# IRA Highlights: Key Climate Justice Funding

Program Name (DOE)	Funding Amount	Next Milestone
Greenhouse Gas Reduction Fund (aka <b>"Green Bank"</b> )	<b>\$27 billion</b> (\$20B for financial and technical assistance, \$7B for grant to LMI and disadvantaged communities)	-Funding announcement due <b>by 2/12/23</b> -Grants for LMI to "to deploy or benefit from zero-emissions technologies" -Funds <b>MUST</b> be awarded by 9/24
Climate Pollution Reduction Grants	<b>\$5 billion</b> (\$250 million in grants to states for developing plans to reduce GHG, & <b>\$4.75 billion</b> to states to implement plans)	Grants to EPA for use before <b>9/2026</b>
Environmental and Climate Justice Block Grants	<b>\$3 billion</b>	-Grants to EPA for use before <b>9/2026</b> -Eligible activities: low/no emission technologies and WFD.

# High Efficiency Electric Homes and Rebates Act

- Authorizes **\$29.2 million to VT** through 9/30/31 to provide funding to State Energy Office for the HEERA program.
- **SEOs can use up to 20%** of these funds for planning, admin, and technical assistance. All States must submit a detailed plan to DOE to implement the rebate program. Due 8/2024.
- Max per equipment Rebates as follows, with the total maximum allowable amount \$14,000:
  - Heat pump water heater - \$1,750
  - Heat pump for space heating and cooling - \$8,000
  - Electric stove - \$840
  - Heat pump clothes dryer - \$840
  - Insulation, air sealing, ventilation - \$1,600
- **LMI ONLY**: 50% of costs covered for households with income between 80-150% of AMI. 100% of costs covered for households with incomes below 80% of AMI.
- Rebates **cannot be combined** with rebates from other federal grant programs—including rebates from the HOMES program.

# Home Energy Performance based Whole-House Rebates

- Authorizes **\$29.4 million to VT** through 9/30/31 to provide funding to State Energy Office for the HEERA program.
- **SEOs can use up to 20%** of these funds for planning, admin, and technical assistance. All States must submit a detailed plan to DOE to implement the rebate program. Due 8/2024.
- Rebates for energy efficiency and electrification upgrades, doubled for LMI (defined as less than 80% AMI) single-family and multifamily buildings with more than 50% LMI occupants
  - Lesser of \$4,000 per home (\$8,000 for LMI) or unit or 50% of the project cost (80% for LMI) if project achieves modeled energy savings greater than 35%
  - Lesser of \$2,000 per home (\$4,000 for LMI) or unit or 50% of the project cost (80% for LMI) if project achieves modeled energy savings between 20-35%
  - Payment rate per kWh equal to \$2,000 for a 20% reduction in energy use for the average home in the state for measured energy savings greater than 15%
- Rebates **cannot be combined** with rebates from other federal grant programs.
- Contractor incentive of \$200 for servicing an underserved area.

# IRA Bill Key Considerations

## Unregulated Fuels

How do you measure that in Vermont?

How do you integrate that with national guidelines from DOE?

How much flexibility will the state have?

## Integration with Existing Programs

What does this mean for Tier III?

What does this mean for the EEU model?

## Complexity of Income Verification

How do you prevent fraud?

At the same time, how do you make the system easy enough for all Vermonters to use?

## Workforce & Supply Chain

Are there enough clean energy workers to perform this work?

How hard will it be to get equipment when all 50 states get \$\$ at the same time?



# Affordable Heat Act

Efficiency  
Vermont



# Key Points

1

Efficiency Vermont is supportive of the broad goals behind efforts to create a Clean Heat Standard: It has the potential to provide both societal and customer benefits.

2

Weatherization and fuel switching create the greatest societal and customer benefits when they are combined.

3

PUC's Act 62 report: "Collect a Thermal Efficiency Benefit Charge on the sale of fuel oil, propane, and kerosene...Gradually increase the fuel tax to benefit more low-income Vermonters...Support the existing resilient ecosystem of program administrators and market actors."

# Affordable Heat Act Policy Considerations

1. How would Default Delivery Agent (DDA) system interact with existing EEU structure?
  - Overlap with EEU and T3 eligible measures, and existing TAG characterizations?
  - How to properly set the alternative compliance level?
2. How can DDA track which fuel dealers are in and which are out?
  - Would this lead to a massive compliance monitoring function?
  - How do you track customers who jump between fuel dealers?
3. How to implement quickly and cost-effectively?
  - Use existing program delivery platforms or establish new ones?
  - Who measures results, and how?
  - How do you define low income measures that can be funded by non-compliance payments?

# Questions?

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