MEMORANDUM

To: House Committee on Energy and Digital Infrastructure

From: Darren Springer, General Manager

Date: 10/30/2025

Subject: Impacts of Federal Policy on Burlington Electric Department and our Customers

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Introduction

Burlington Electric Department ("BED") is the largest municipal electric utility in Vermont and is both a distribution utility ("DU") and an appointed energy efficiency utility ("EEU") for our customers in Burlington. As such, BED offers customers incentives to support strategic electrification through Tier 3 of Vermont's Renewable Energy Standard. BED first launched its Tier 3 incentives in 2017, and now offers dozens of incentives for everything from electric vehicles ("EVs") to a variety of heat pumps, heat pump water heaters, induction cooking, electric lawn equipment, electric transit buses, electric bikes, electric snow blowing equipment, and custom incentives for geothermal ground source heating systems.

In addition, BED also offers customer programs and rebates through our EEU programs such as efficiency-focused rebates for heat pumps, incentives for weatherization/insulation for new and existing buildings, and historically, support for more efficient lighting. Additional flexibility for the use of efficiency funds has been provided by the Legislature through the Energy Efficiency Modernization Act, most recently updated by Act 142 of 2024[1]. Act 142 allows BED as an EEU to dedicate a portion of our electric efficiency funds, as well as available Thermal Energy & Process Fuel (TEPF) funds, to bolster and supplement our strategic electrification programs. Through Act 142 (and its prior iterations), BED has been able to support or bolster support for EVs and heat pumps, EV charging at homes and rental and multi-family properties, geothermal test wells, and other important projects.

While our funding sources and regulatory foundations for our customer programs are varied as noted above, BED works to provide our customers with a seamless, single rebate for each measure, including at the point of sale where possible through partnerships with local bike shops that sell e-bikes, local heat pump distributors/installers, and local EV auto dealerships. Importantly, BED offers enhanced incentives for income-qualified customers. To date approximately 22.5 percent of BED's EV and plug-in hybrid rebates have gone out as enhanced incentives for income-qualified customers. BED also offers

[1] https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT142/ACT142%20As%20Enacted.pdf

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other programs to make strategic electrification more affordable, including an off-peak home EV charging rate[2] that enables participating residents to charge at as cheap as the equivalent of 75 cents per gallon, and an energy assistance program that provides income-qualified customers a 12.5 percent discount on their bills.

BED also invests in and operates a public charging network for EVs in the City of Burlington. In addition to offering incentives for home and workplace charging, BED owns and operates dozens of level 2 charging ports and several level 3 fast chargers throughout the community. These include pole-mounted, drop-down chargers located on-street in areas with a high number of renters who may not have access to off-street parking and charging, as well as fixed pedestal chargers at locations around the community.

This memo focuses on how the Vermont energy landscape is being impacted by changes in federal policy and funding, including specific impacts to BED and our customers. It will include details on steps we've taken in response, and recommendations ahead of the 2026 legislative session.

Federal Policy and Funding Changes

BED has seen several policy and funding changes recently that impact our broader Net Zero Energy[3] work in Burlington as well as our customers interested in strategic electrification technologies such as EVs and heat pumps.

Funding

In August of 2024 BED was selected in a competitive process as the only Vermont recipient during that round to receive approximately $4.89 million in federal grant funds from the Federal Highway Administration available through the Charging & Fueling Infrastructure (CFI) program of the Bi-Partisan Infrastructure Law.[4] BED has access to necessary matching funds through a voter-approved Net Zero Energy Revenue Bond (issued in 2022) and a successor Net Zero Energy and Grid Reliability Bond (approved in Nov. 2024, issuance likely in 2026). The federal grant would expand BED's public EV charging network, referenced above, by approximately 6x and support installation of up to 200 new chargers (both level 2 and level 3 fast chargers) throughout the community. This would be a positive for economic development in Burlington, and support EV drivers in accessing charging at a cost far lower than the equivalent price of gasoline, saving consumers money and helping to keep more dollars local to Vermont. Despite all necessary paperwork being completed by January of 2025, BED has still not been granted a final "obligation" of the award by the federal government, and the funds have not been made available to draw down. While states successfully advocated for the reinstatement of the National Electric Vehicle Infrastructure (NEVI) charging program (aimed at providing charging at regular intervals along interstates), there has not yet been a reinstatement of the CFI charging program.

While not as direct or specific an impact to BED, BED had also been working with the Department of Public Service, other DUs, and Senator Sanders' Office to support implementation of the Solar for All

[2] https://www.burlingtonelectric.com/evrate
[3] Burlington has a Net Zero Energy Roadmap, issued in 2019, that guides our work towards reducing fossil fuel use and greenhouse gas emissions with a specific focus on ground transportation and thermal/buildings, the two largest sectors of emissions in Vermont. For more information please see www.burlingtonelectric.com/nze. Burlington's greenhouse gas emissions in ground transportation and thermal sectors are 19% lower in 2024 relative to the 2018 Roadmap baseline. See https://www.burlingtonelectric.com/wp-content/uploads/nzeroadmap2024.pdf.
[4] https://www.burlingtonelectric.com/burlington-electric-department-awarded-4-89-million-grant-by-u-s-department-of-transportation-to-deploy-publicly-accessible-electric-vehicle-chargers-throughout-burlington/

program, which is the subject of litigation. BED had planned to support customers in accessing the program and help income-qualified customers benefit from the lower cost solar power that would be provided.

Legislative Changes

The federal legislation enacted over the summer of 2025 creates a significant headwind for strategic electrification and renewable energy projects. The elimination or phase out over different timeframes of nearly all significant residential incentives for electrification and renewable energy, and a number of important commercial incentives, is a negative from both a climate and an economic standpoint:

- Strategic Electrification Impacts: For strategic electrification, the most immediate impact has been the abrupt elimination of the federal EV tax credit which took place at the end of September (an unreasonably short timeframe for a phase out, disruptive to markets and customers). In addition, changes in federal law will eliminate municipal incentives that previously existed for clean/electric vehicle purchases, which BED and Burlington have previously utilized as we work to convert our fleets to electric.[5]

- Renewable Energy/Regional Impacts: For Vermont and our region, the known challenge with the region's overreliance on natural gas for power generation, particularly in the winter when that natural gas is diverted for heating (leading to cost spikes and reliance on oil for power generation)[6], is exacerbated by the phase-out of key renewable energy deployment incentives. Offshore wind projects (already permitted and under construction in some cases) have been halted by federal actions, despite analysis showing that having more renewables at scale such as offshore wind would provide electricity cost benefits for regional ratepayers.[7]

It is worth noting that the elimination or phaseout of various strategic electrification incentives and renewable energy deployment incentives contrasts with the retention or expansion of fossil fuel subsidies in the federal legislation passed this summer, providing tens of billions in additional subsidies to the fossil fuel industry over the next ten years according to Taxpayers for Common Sense.[8] Additional analysis has indicated that at a time of significant upward cost pressure on electricity nationally, the recent federal legislation will further increase cost pressures on households both for electricity and for fuel/gasoline.[9]

BED Actions in Response

BED has taken several steps to respond to the impacts outlined above, although to be clear BED cannot on its own mitigate the full impacts of federal policy actions. These federal actions will create a significant negative headwind relative to progress on Burlington's Net Zero Energy Roadmap and relative to state climate goals.

With that said, BED planned for the potential elimination of the federal EV tax credit, and used the flexibility enabled through Act 142 of 2024 to reserve over $600,000 in TEPF funds towards a partial replacement of the federal credit by boosting our existing EV incentives. BED has announced that as of

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[5] https://blogs.law.columbia.edu/climatechange/2025/07/07/the-one-big-beautiful-bill-act-considerations-for-cities-and-community-partners/

[6] See https://www.eia.gov/todayinenergy/detail.php?id=64484 and

[7] https://www.utilitydive.com/news/offshore-wind-new-england-natural-gas-prices-trump/758899/

[8] https://www.taxpayer.net/energy-natural-resources/oil-gas-coal-win-big-in-the-one-big-beautiful-bill/

[9] https://rhg.com/research/assessing-the-impacts-of-the-final-one-big-beautiful-bill/

October 1, 2025, when the federal credit expired, BED will provide customers with our largest ever EV rebates for the purchase or lease of a new EV. We have boosted our base rebate from $2,300 previously to $5,000, and our income-qualified rebate from $3,000 previously to $5,700. There are additional rebates available for high-mileage drivers as well. These boosted rebates will be available through the end of 2026 as funding allows. BED appreciates the flexibility Act 142 of 2024 provided to make this important policy response to federal action possible.

BED has also worked in coalition with states and environmental organizations to look at options for unfreezing the CFI EV charging grant referenced above. BED is in touch with our Vermont Attorney General's Office as well as our coalition partners, and has submitted multiple requests for response to the federal government regarding this grant. We will continue to advocate for these funds.

BED is also evaluating impacts on power supply from the federal changes, but notably the commercial federal tax credit for energy storage was not immediately impacted, and BED has previously issued an RFP for battery storage and is working to identify options for siting utility-scale battery storage in its service territory.

Legislative Recommendations

BED's top legislative recommendation is to extend the Act 142 pilot program, which currently sunsets at the end of 2026, for an additional 3-year period to enable BED flexibility to continue to provide strong incentives and programs for customers in the wake of federal retrenchment. This extension allows us to draw on existing available funds in more flexible ways and does not require raising any new revenues, it would only require date changes to extend the program. It is important to consider ways to utilize our efficiency funds and programs to meet the customer needs of today, particularly as certain measures that were foundational to the efficiency programs in years past such as lighting rebates are being phased out of program eligibility.

BED would also be supportive of efforts to restore state rebate funding for EVs if possible.

There will likely be other topics that merit consideration as well, but the above are our top recommendations at this time. We appreciate very much the Committee's focus on these issues and the invitation to provide this testimony.