

Public Utility Commission Energy Efficiency Utility Program Revenues and Expenditures (2024)

This report provides an overview of all revenues and expenditures of the Energy Efficiency Utility Fund during the 2024 calendar year.

Submitted To:

Senate Committee on Finance, Senate Committee on Natural Resources & Energy,
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Means

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1. Introduction and Statutory Basis

In accordance with 30 V.S.A. § 209, the Vermont Public Utility Commission (“Commission”) is providing the Vermont Legislature with a final report (“Report”) on the Energy Efficiency Utility Fund (“EEU Fund”) revenues and expenditures for activity during the 2024 calendar year.¹ The majority of expenditures support the energy efficiency services provided by Efficiency Vermont, the City of Burlington Electric Department (“BED”), and Vermont Gas Systems, Inc. (“Vermont Gas”).² This Report summarizes the results of activities funded by the EEU Fund in 2024.³

The EEU program is funded through an energy efficiency charge (“EEC”) on electricity and natural gas customer bills. The money raised through the EEC is used to fund the core services of each EEU – electric efficiency for Efficiency Vermont and BED customers, and thermal efficiency for VGS customers. In addition, thermal energy and process fuel (“TEPF”) efficiency services for Efficiency Vermont and BED customers are funded through a combination of proceeds from Vermont’s participation in the Regional Greenhouse Gas Initiative (“RGGI”) and the electric EEUs’ participation in the regional grid’s Forward Capacity Market.⁴ Finally, a material portion of EEC and TEPF monies are used to fund the Department of Public Service’s evaluation and regulatory efforts associated with the EEUs.

This report is not a full analysis of energy efficiency efforts. Section 209(f)(12) requires a triennial audit verifying “the reported energy and capacity savings and cost-effectiveness of programs” delivered by the EEUs. In addition, each year the EEUs submit annual reports of claimed savings, and the Department of Public Service

¹ The statute reads as follows: “The Commission will annually provide the General Assembly with a report detailing the revenues collected and the expenditures made for energy efficiency programs under this section.” 30 V.S.A. § 209(d)(3)(A).

² Vermont Energy Investment Corporation (“VEIC”) serves as a statewide EEU, known as Efficiency Vermont. BED provides EEU services in its service territory. Vermont Gas provides natural gas EEU services in its service territory.

³ This Report is for the 2024 program year because the EEU Fund has not yet been audited and the program savings have not yet been verified for 2025. There is a necessary lag in reporting this information to the Legislature because the program savings verification by the Vermont Department of Public Service (“Department”) and the independent audit of the EEU Fund must both be completed during the calendar year following the program year.

⁴ Pursuant to 30 V.S.A. §§ 209(e)(1)(A), 209(e)(1)(B), and 255(d), proceeds from the ISO-New England Forward Capacity Market and RGGI auctions are used, in part, to provide TEPF efficiency services.

evaluates those savings. Information on these efforts can be found on the Commission’s website.⁵

Based on the information provided in the above reports and evaluations, the EEU’s are providing substantial benefits to the state’s electricity, natural gas, and TEPF consumers by reducing participating customers’ energy consumption. Energy efficiency investments lead to societal benefits and financial savings for all Vermonters. When Vermonters save energy through energy efficiency investments, utilities generally need to buy and deliver less energy. In certain circumstances, this reduced demand for electricity or natural gas may also avoid or delay the need for additional utility transmission or distribution infrastructure. When additional utility infrastructure investments are avoided or delayed, utility costs are less than they otherwise would be, and therefore the rates paid by all consumers are typically less than they otherwise would be. The customers who participate in the EEU programs accrue additional savings as a result of their reduced electricity or natural gas consumption. In addition, reduced energy consumption decreases adverse effects on the environment.

2. Revenues and Expenditures in 2024

Total revenues deposited into the EEU Fund during calendar year 2024 were \$68,565,188 (including revenues collected through the energy efficiency charge on electric and natural gas customers’ bills, Efficiency Vermont’s and BED’s participation in the Forward Capacity Market, Vermont’s participation in the Regional Greenhouse Gas Initiative (RGGI) program, and interest income accrued).⁶ The following table shows the sources of these revenues.

EEU Fund Revenues

Funding Source	Collections
Electric EEC	\$50,799,854
Natural Gas EEC	\$3,526,756
Forward Capacity Market	\$4,290,388
RGGI	\$8,975,704

⁵ See <https://puc.vermont.gov/energy-efficiency-utility-program/eeu-verification-and-evaluation>.

⁶ The revenue and expenditure figures in this paragraph are presented on an accrual basis.

Funding Source	Collections
Interest Income	\$972,486 ⁷

Total expenditures from the EEU Fund during calendar year 2024 were \$65,097,098. Most of the expenditures were for the implementation of electric, natural gas, and TEPF efficiency programs. The remainder of expenditures were for other necessary cost categories, including monitoring and evaluation activities undertaken by the Department, administrative costs (such as the services of the EEU Fiscal Agents, and the EEU Fund audit), and taxes. It is expected that revenues and expenditures will be closely matched over the life of the three-year budget cycle for the EEU services.⁸

A. Independent Financial Audit of the EEU Funds

Each energy efficiency utility serves as its own Fiscal Agent, and Efficiency Vermont was designated to serve as the RGGI Trustee. The financial figures related to the EEU Fund in this Report are based on the Fiscal Agents' year-end reports. The firm BST & Co. was engaged by the Commission to perform an independent audit of the EEU Fund's revenues and expenditures. The attached Independent Auditor's Report provides additional information on the revenues and expenditures of Vermont's EEU programs that coincide with the State's Fiscal Year 2025.⁹

⁷ This is the sum of \$963,156 from Efficiency Vermont and \$9,330 from Vermont Gas. BED did not report interest income.

⁸ The Commission established the EEU budgets for 2024-2026 in orders issued in Case No. 22-2954-PET. The EEU program is operated on a three-year performance cycle, and expenses can outpace revenue in a given year but are capped by the three-year budget approved by the Commission. (The associated energy efficiency charge revenue collections are enough to cover only 35 of 36 months of the three-year budgets; the 36th month of collections occurs after the end of the three-year budget period.)

⁹ In the past, the Commission has engaged the auditor to perform two audits of the EEU Fund: one to coincide with the calendar-year activities of the Fund and of the EEUs, and the second to coincide with the State of Vermont fiscal year. The Commission has eliminated the calendar-year audit to conserve Vermont ratepayer funds.

3. Program Achievements

While the statute does not require the Commission to report on the program activities of the EEU's, this Report summarizes the EEU's' key accomplishments in 2024. Additional information on these activities can be found in the EEU's' annual reports.¹⁰

A. Efficiency Vermont

With expenditures totaling \$42,244,544 in 2024, the electric efficiency investments made by Efficiency Vermont are projected to provide Vermonters a total resource benefit¹¹ of approximately \$58,467,109 over the 13.5-year weighted average lifetime of the investments.¹² With expenditures totaling \$9,634,475, the TEPF investments are projected to provide a total resource benefit of approximately \$33,745,446 over the 13.5-year weighted average lifetime of the investments.

Efficiency Vermont provided efficiency services to 37,205 Vermonters in 2024 (34,793 households and 2,412 businesses). Efficiency Vermont's electrical savings were 57,355 MWh, while its savings for TEPF efficiency totaled 112,069 MMBtu in 2024.

B. Burlington Electric Department

BED has a three-year performance period in which to achieve electric system benefits that represent a benefit-to-cost ratio greater than or equal to 1. In 2024, with expenditures totaling \$2,681,933, the electric efficiency investments made by BED are projected to provide BED customers with a total resource benefit of approximately

¹⁰ See BED 2024 Annual Report: <https://epuc.vermont.gov/?q=node/64/204409>, Efficiency Vermont Annual Report: <https://epuc.vermont.gov/?q=node/64/208792>, and Vermont Gas 2024 Annual Report: <https://epuc.vermont.gov/?q=node/64/208880>.

¹¹ "Total resource benefits" represent the present value of savings for efficiency measures installed during the reporting period and include gross electric benefits, fossil fuel savings, and water savings.

¹² Unless otherwise noted, the kWh savings and benefits figures included in this Report have been verified by the Department as part of its evaluation activities.

\$1,821,221 over the 15-year weighted-average lifetime of the investments.^{13,14} BED reports TEPF expenditures totaling \$168,462.43.

BED provided efficiency services to 646 customers in 2024 (570 residential and 76 business). BED's electrical savings totaled 1,249 MWh, while its residential savings for TEPF efficiency yielded 0 MMBtu savings. BED explains that TEPF program participation "was very sluggish with no project completions" in 2024.^{15,16}

C. Vermont Gas

With expenditures totaling \$5,990,969.11 in 2024, Vermont Gas's investments in its energy efficiency programs are expected to result in lifetime savings of 1,219,424 Mcf of natural gas, with a total resource benefit of approximately \$9,861,459. The residential sector achieved approximately 27% of the savings, and the commercial and industrial sector achieved approximately 73%. Vermont Gas provided energy efficiency services to nearly 2,250 customers in 2024.

4. Conclusion

This report, the attached auditor's report, and the EEU annual reports and fiscal agent reports referenced within show that: (1) the EEU Fund is being managed appropriately; and (2) the energy savings achieved through the State's EEU programs in 2024 benefitted all Vermonters, whether or not they participated directly in EEU programs.

Please keep in mind that with this Report, the Commission is not reporting on all electric or natural gas energy efficiency initiatives that are being implemented throughout the state; instead, this report is limited to describing the use of the funds received pursuant to 30 V.S.A. § 209(d)(3) and the statewide efficiency services delivered by Efficiency Vermont, BED, and Vermont Gas. Vermont's electric and natural gas utilities continue to consider opportunities to implement energy efficiency initiatives as part of distributed utility planning and may choose to offer such initiatives as a service to their customers.

¹³ BED's kWh savings and benefit figures have not yet been independently verified. The Department's verification report on BED's savings and benefits claims is typically filed by August 1 for the program year two years earlier.

¹⁴ *EEU Demand Resources Plan Proceeding for 2024-2026*, Case 22-2954-PET, BED compliance filing re: QPI & MPR, 9/6/24 at 3.

¹⁵ City of Burlington Electric Department 2024 EEU Annual Report, Case No. 25A-0868, Annual Report dated 5/1/25, page 61.

¹⁶ BED's difficulties in getting customers to participate in its TEPF programs are well documented. This challenge is being investigated in the current Demand Resources Plan proceeding in Case No. 25-1203-PET.

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Additional information about the various EEU-related oversight activities that the Commission and other entities conduct is available on the Commission's website.¹⁷

¹⁷ <http://puc.vermont.gov/energy-efficiency-utility-program>.