STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 25-0443-PET

Investigation pursuant to Act 142 of 2024 into the creation of a statewide program to reduce energy burden	

VERMONT DEPARTMENT OF PUBLIC SERVICE RESPONSE TO PUBLIC UTILITY COMMISSION MEMORANDUM

On July 31, 2025, the Vermont Public Utility Commission ("Commission") issued a memorandum requesting comments on various topics intended to inform the Commission's December 1, 2025, report to the General Assembly on the need for a statewide energy cost stabilization program.[1] In this responsive comment, the Vermont Department of Public Service ("Department") initially discusses the status of energy burden for Vermonters with low- and moderate-income and the programs available to support them. The Department requests that the Commission authorize the Department to perform an analysis of the approximately one hundred current energy cost-saving programs, as well as a determination of the costs attributable to State energy policy in order to inform this discussion and resultant prospective Department recommendation on the need for a new statewide program. The Department recommends that the Commission request statutory authorization to investigate and, if deemed appropriate, implement a statewide electric energy assistance program. These comments outline challenges facing Vermont under the current status quo and provide options describing high-level customer-centric, holistic approaches to better address energy burden. Finally, the comments provide references to the body of this response which address with the subjects of the Commission's questions, or otherwise directly answer the Commission's questions.

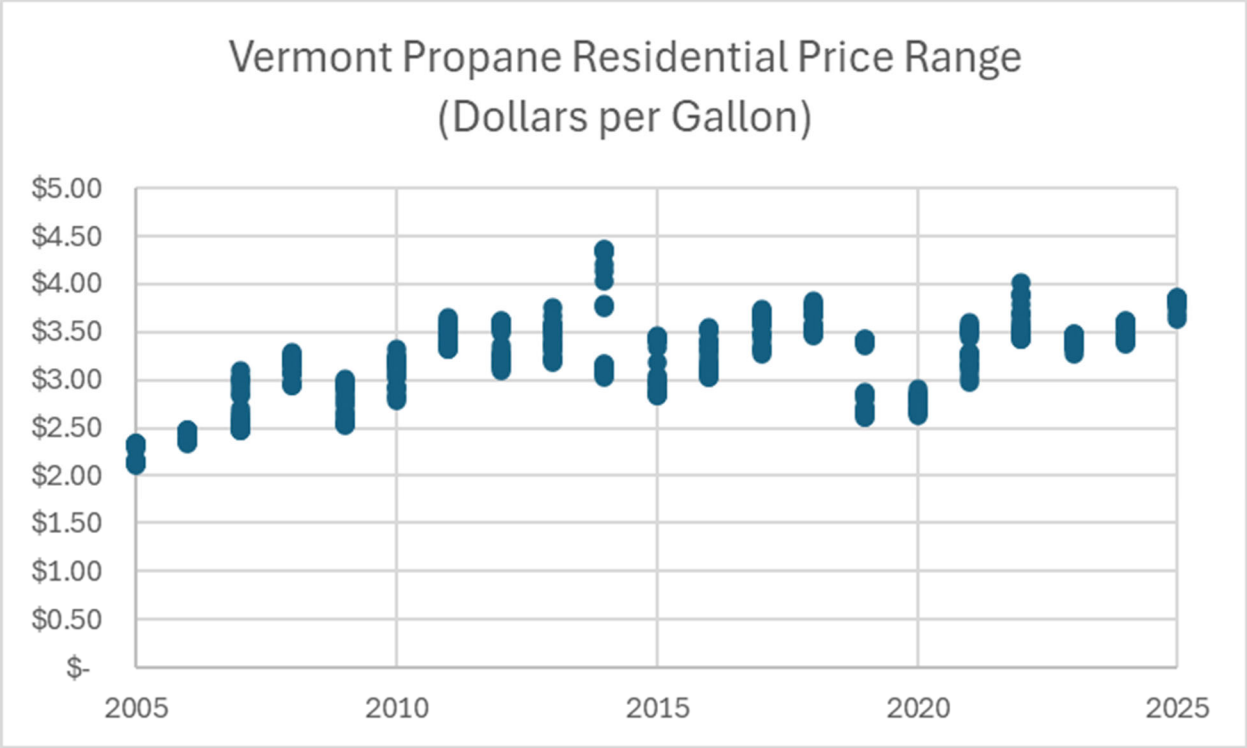
[1] Section 21 of Act 142 of 2024.

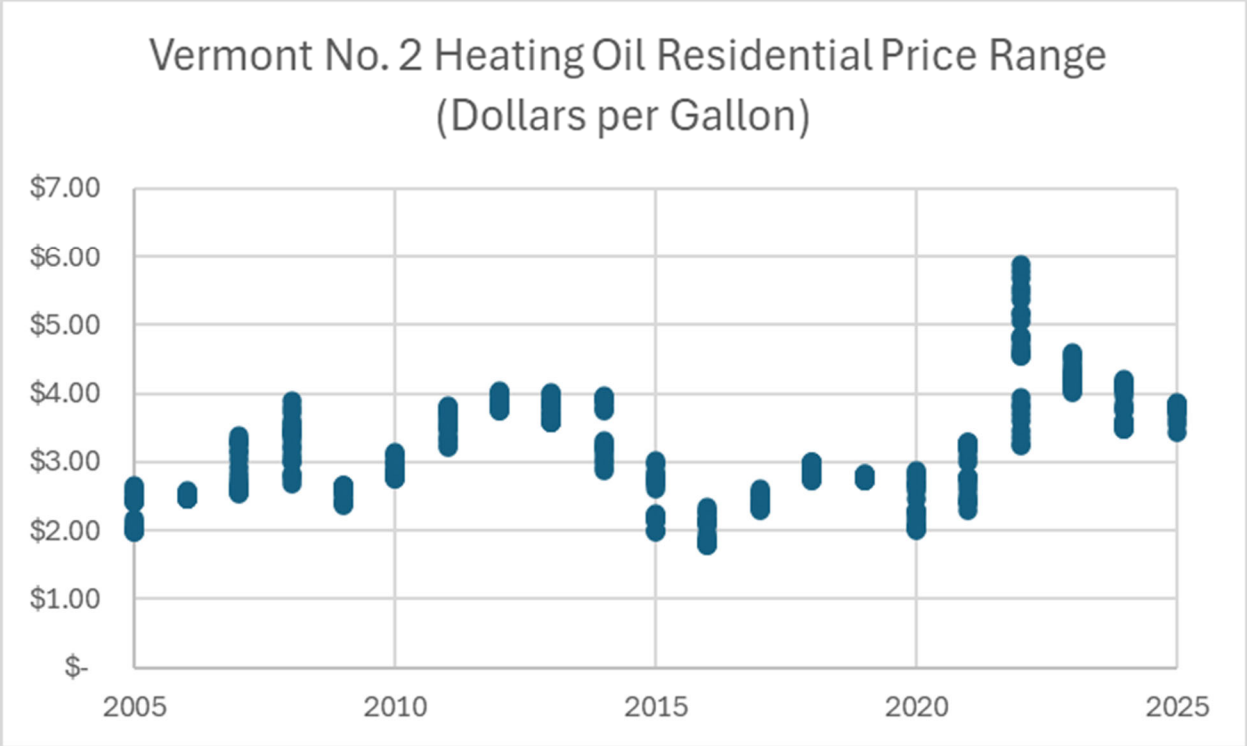
I. Context – Status of Energy Burden and Programs that Reduce It

Over the past several years, in the wake of the COVID-19 pandemic, the Department has observed increases in utility customer unpaid bills (i.e. arrearages) and related service disconnections. The Department recorded an increase in utility service disconnection rates of approximately 31% since 2022 (from roughly 1,700 in 2022 to 2,200 in 2025). As a notable part of this trend, in 2022, approximately 1,600 disconnections were due to arrearage amounts greater than $300. In 2025, that number increased to approximately 1,900, indicating substantial growth in the number of Vermonters who are not able to keep up with increasing energy costs and persistent inflation. Unpaid bills and disconnection rates are key indicators of Vermonters struggling financially, but they only provide visibility of Vermonters already overwhelmed by energy costs. To get a clearer view of the hardship energy costs place on Vermont households and mitigate that hardship, Act 142 directed an examination of methods to address energy burden impacting Vermont's LMI households.

In the thermal and transportation sectors, volatility in delivered fuel and gasoline prices have significant impacts on Vermonter's energy burdens. The following tables chart the range in the average residential price per gallon for propane and No. 2 fuel oil, the two most commonly available heating fuels in Vermont.[2]

[2] Energy Information Agency, Weekly Heating Oil and Propane Prices, https://www.eia.gov/dnav/pet/pet_pri_wfr_dcus_SVT_w.htm. (tables display weekly price values from 2005 on, the link includes data back to 1990).


Vermont Propane Residential Price Range
(Dollars per Gallon)
$5.00
$4.50
$4.00
$3.50
$3.00
$2.50
$2.00
$1.50
$1.00
$0.50
$-
2005
2010
2015
2020
2025


Vermont No. 2 Heating Oil Residential Price Range
(Dollars per Gallon)
$7.00
$6.00
$5.00
$4.00
$3.00
$2.00
$1.00
$-
2005
2010
2015
2020
2025

Both fuels roughly track with the rate of inflation over time, however, close inspection reveals significant volatility, particularly for No. 2 Fuel oil, the price of which can fluctuate as much as 60% in a given year.

Energy burden represents the percentage of income a household spends on energy-related expenditures. "Total" energy burden reflects a holistic assessment of electric, thermal, and transportation costs. Energy burden can also quantify costs for an individual or group, or respective energy sectors (electric, thermal, transportation). The average total household energy burden is roughly 11% in Vermont, although energy burden by town, based on town median income, ranges from a low of 5% to a high of over 23%.[3] When considering only electric and thermal sector spending (excluding transportation), the average energy burden in Vermont is 5%, ranging from just over 2% to 11% by town.[4] Generally, an electric and thermal burden of 6% is considered "high" — a threshold over 30% of towns in Vermont are estimated to exceed.[5] Household median income in these towns is almost exclusively below the state median income of approximately $74,012.[6] Of these towns, roughly two-thirds could be considered low-income communities based on an 80% area median income ("AMI") threshold, with the remainder meeting moderate income thresholds.[7]

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[3] *Energy Burden Report* at 22-27 (Appendix B Energy Burden by Town).
[4] *Id.*
[5] *Id.* at 1, n.2, Appendix B; As noted in the *Energy Burden Report*, affordability thresholds vary depending on categories of spending considered. Often, thermal and electric burden are considered together, and various sources cite a burden of less than 6 percent as affordable. According to data from the *2023 Vermont Energy Burden Report*, there are 92,448 residential households in the 96 towns that have a combined electric and thermal energy burden of 6% or greater. While averages indicate energy burden tendencies in each town, they are imprecise and may mask high energy burdens for households in towns with average energy burdens below 6%. Likewise, town averages showing high energy burdens may contain households with low energy burdens.
[6] *Id.*
[7] Based on the Department's analysis of town energy burden data from the *Energy Burden Report* and 2023 area median income data from HousingData.org, *Area Median Income (AMI),* https://housingdata.org/profile/housing-programs/area-median-income.

Low- and moderate-income households are the most energy burdened in Vermont.[8] For context, subject to increases based on household size, Vermont households at or below 80% AMI are generally considered low-income, households earning 80-120% AMI are considered moderate-income. Based on census data, approximately 38% of households in Vermont have incomes at or below 80% AMI, and 20% have incomes within the 80-120% AMI moderate-income range.[9] Together, low- and moderate-income households represent roughly 58% of all households in the State.

There is generally a negative correlation between income and energy burden, such that towns with lower household median income have higher energy burdens. Although these data are based on town median income and cannot be extrapolated to the energy burdens of individual households, the values provide a high-level insight into energy burdens across the state. Given that spending on energy is relatively inelastic compared to non-essential household expenses (meaning consumers have little immediate control over the amount of energy they use) and that more than half of all Vermont households fit the LMI demographic, many are likely to have a high energy burden. As such, a critical examination of existing statewide programs created to reduce energy costs for LMI households is crucial to ensure programs are designed such that they provide the greatest reduction in energy burden for participants.

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[8] For more information on energy burden see Justine Sears and Kelly Lucci, *2023 Vermont Energy Burden Report*, Efficiency Vermont, 08/2025, https://www.efficiencyvermont.com/Media/Default/docs/landing-pages/energy-burden-report/2023-EfficiencyVermont-EnergyBurdenReport.pdf ("*Energy Burden Report*").

[9] Based on the Department's analysis of U.S. Census Bureau, *American Community Survey 5-year estimates, 2018-2022* (Table B25118, B25119) and 2022 data provided by the Office of Economic Opportunity, for the purposes of this comment, the Department estimates a demonstrative Vermont median income of $74,014. With approximate income thresholds of $59,211 and $88,817 for 80% and 120% AMI respectively. AMI limits used in programs are adjusted by household size and county, which this estimate does not reflect. Thresholds may increase by between approximately $5500 and $8200 per additional person depending on the program or county as reflected in Federal Poverty Level and Vermont's Weatherization Assistance Program's respective thresholds.

II. Current Programs Available to LMI Customers that Support Reducing Energy Burden

As the subject of this investigation does not include increasing household incomes, the primary methods for programs to reduce energy burdens are by reducing energy consumption (e.g. energy efficiency, conservation, or fuel switching) and/or directly reducing the cost of energy for LMI households (e.g. discounted rates or other rate design options). A review of filings in response to the Commission's first Request for Information in this case reveals that there are nearly 100 distinct programs offered to LMI customers statewide that directly or indirectly reduce energy-related costs across thermal, transportation, and electric sectors.[10] The types of programs available to customers are extensive and include midstream and downstream rebate programs, loan and financing offers, technical assistance, direct service, direct discounts on and/or reduced rates for electric and natural gas bills, free products, as well as bonus and custom incentives. Many of these programs are specific to certain technologies (i.e. cold climate heat pumps ("CCHP"), wood stoves, new and used electric vehicles ("EVs"), etc.), have unique eligibility and verification requirements, program end dates, or other program specific requirements that must be understood by the customer or entity applying for the program on the customer's behalf (i.e. contractor, rental property owner, builder, developer etc.). Many require customers to make upfront investments in order to take advantage of energy saving measures, which can be a barrier to participation for LMI households. Data from Efficiency Vermont

[10] See filings generally in response the Commission's March 10, 2025, Request for Information. Many programs are replicated between municipal distinct distribution utilities and are administered by, or with assistance from Efficiency Vermont. Not all programs are available statewide and vary depending on which distribution utility and Energy Efficiency Utility (EEU) service territory a customer resides in.

indicates that even when programs include bonus incentives for qualifying LMI households, the programs may not be reaching customers with the highest energy burdens in Vermont.[11]

III. Challenges with Current Programs in Reducing Energy Burdens

a. A Lack of a Holistic Approach to Considering Energy Burden Reduction

While many existing programs support the reduction of Vermonter's energy consumption and/or costs, they do so in service of a variety of similar, but often distinct, objectives across sectors. For example, electric and gas efficiency programs administered by Vermont's Energy Efficiency Utilities ("EEU") primarily seek to achieve electric sector cost savings based on MWh or MW savings, with some income and geographically based spending requirements. Renewable Energy Standard Tier III (energy transformation) programs administered by electric distribution utilities seek to reduce fossil fuel use, with low-income spending goals. The Weatherization Assistance Program ("WAP") serves low-income customers and seeks to reduce costs by improving efficiency and reducing thermal energy consumption, while ensuring health and safety standards are met. Energy Assistance Programs ("EAP") administered by Green Mountain Power ("GMP"), the Burlington Electric Department ("BED"), and Vermont Gas Systems ("VGS") reduce electricity and natural gas bills, directly reducing electric and thermal energy burdens. EV rates offered by electric distribution utilities seek to manage the timing of electric usage, offering a lower rate at off-peak times to charging usage during those periods.

These programs, among others, address many of the factors that contribute to household energy burden. However, most of the programs are designed as passive programs for customers who are interested in reducing household energy costs. As result, few programs take a holistic

[11] *Energy Burden Report* at 17-18.

view of a customer's total energy consumption or costs (spanning the electric, thermal, and transportation sectors) to ensure participation in the program would reduce costs to an affordable level. The programs that are designed to offer a more holistic approach to energy burden reduction are primarily programs that integrate into existing offerings for low-income households. For example, the Low-Income Electric Efficiency Program ("LEEP") "piggybacks on to weatherization services provided by the Weatherization Assistance Program ("WAP") to ensure a holistic approach to reducing a customer's energy burden" by providing high efficiency electric appliances."[12] However, the LEEP program is completely dependent on its partnership with the Office of Economic Opportunity ("OEO") WAP which offers robust no-cost services exclusively to qualifying low-income households. Generally, the customer-centric holistic approach is not offered to customers outside of that program.[13]

b. Inequity in access to sustained electric bill assistance

It is also important to note that, given current offerings, not all Vermonters have sustained access to electric bill assistance programs because of the discrete service territories of distribution utilities. This presents an equity of access problem. The Affordable Community Renewable Energy ("ACRE") pilot program has or will enable the majority of distribution utilities to offer a limited number of customers with low-income bill discounts; however, the funding for those programs is finite and time limited.[14] Of the 96 towns with a combined electric

[12] *Efficiency Vermont's July 16, 2025, Energy Burden Presentation*, Case No. 25-0443-INV, 7/16/25 https://epuc.vermont.gov/?q=downloadfile/770114/203565. ("*EVT Energy Burden Presentation*").
[13] It is important to note that OEO WAP programs including integrated programs such as LEEP currently do not address transportation burden; EVT currently does employ virtual home energy advisors with the goal of providing a more holistic approach for interested customers, however the program stops short of helping clients implement the projects that address their needs.
[14] Hyde Park Electric and Burlington Electric Department are not participating in the ACRE program, although eligible BED customers still have access to the BED EAP program. As of August 2025, the ACRE pilots for GMP

and thermal burden of 6% or greater, roughly half do not have access to an electric EAP based on the utilities that serve them.[15] As noted by the Commission in Case No. 20-0203-INV, while the existing EAP's and the ACRE pilot programs continue to offer opportunities to "gather information and analyze the effectiveness of different approaches to offering rate assistance", they do not currently offer a long term, statewide solution and face challenges associated with a cap on participation and/or relatively low discounts.[16] Additionally, the Department notes that discounts in the ACRE program are static, meaning their relative impact on bills will change as energy costs shift over the duration of the membership in the program.

It is important to note that currently, electric bills make up only about twenty percent of annual energy costs on average; while heating and transportation make up nearly eighty percent of annual energy expenditures for the State.[17] LMI electric assistance rates can only go so far in reducing total energy burden unless or until we see much higher levels of electrification. That said, data suggests that energy use can vary by factors such as income and housing type. For example, low-income renters disproportionately use electricity for thermal heating, suggesting electricity costs may constitute more of the energy burden of some of the lowest-income Vermonters.[18] Currently, LMI electric assistance rates can only go so far in reducing total energy burden unless or until we see much higher levels of electrification. Granted, it is anticipated that

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and Vermont Electric Cooperative (joint with Washington Electric Cooperative) are actively enrolling participants. ACRE programs run by Stowe Electric Department and Vermont Public Power Supply Authority will likely begin enrollment in late 2025 or 2026.

[15] Based on Department analysis of data from the *Energy Burden Report* and towns served by each electric distribution utility in Vermont.

[16] *Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities*, Case No. 20-0203-INV, Order of 06/13/2023, 2.

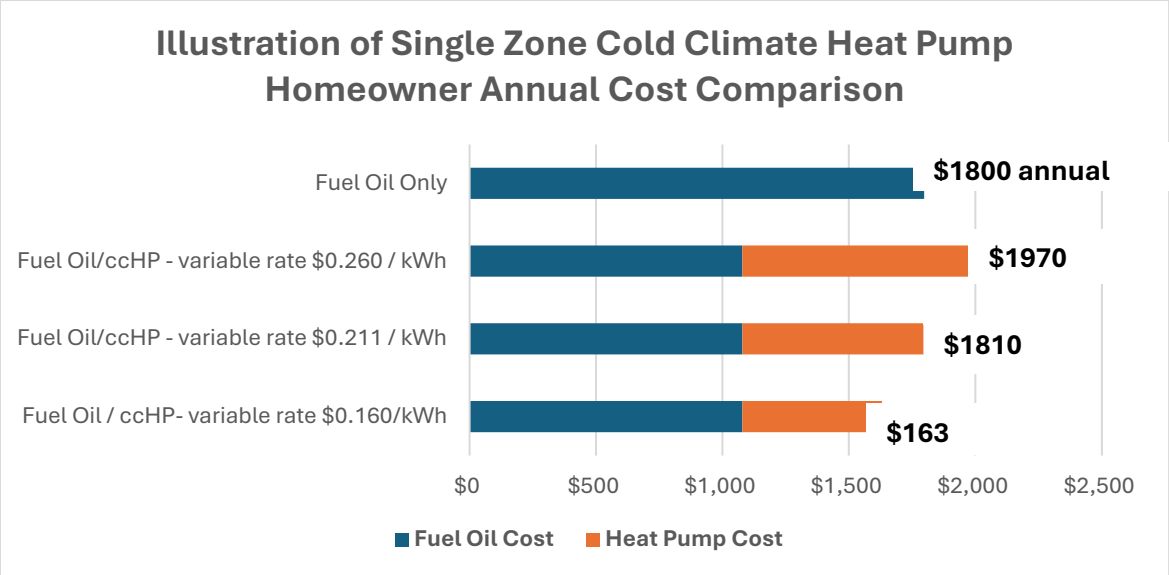
[17] *Energy Burden Report* at 6.

[18] Energy Action Network, *2024 Annual Progress Report*, 28, https://eanvt.org/wp-content/uploads/2025/05/EAN-APR-2024-updatedMay2025.pdf.

thermal and transportation electrification will continue to progress in furtherance of the State's climate objectives, with electricity costs anticipated to make up a greater share of total energy burden.

Regardless, electric bill assistance for Vermonters with low incomes is an important tool to support affordability, advance equitable access to energy services, and reduce energy burden.[19] A statewide funding source or program would ensure equitable access to bill assistance to Vermonters in need of support, regardless of which service territory they live in. Equitable access to bill assistance will need to work in coordination with any statewide effort to reduce energy burden through programs seeking to reduce energy use and electrification of the thermal and transportation sectors. While these measures have the potential to reduce overall energy bills for participants, a positive outcome depends on the relative cost of electric rates compared to alternative fuel sources.

Figure 1. Homeowner Annual Cost Comparison, assumes a total Home Heat Load of 83 MMBtu, an



[19] This is consistent with the Department's comments in its response to the Commission's first Request for Information in this investigation, Department Comments, Case No. 20-0203-INV, 01/07/2022.

oil burner annual fuel utilization efficiency of 85%, and an oil cost of $3/gallon.

For example, Figure 1 shows what a customer may pay when using either fuel oil only or fuel oil and electricity via a single zone CCHP at three different variable electric rates ($0.160, $0.211, and $0.260/kWh). As illustrated, installing a CCHP to displace fuel oil use can either decrease, increase, or maintain similar annual costs for this customer.

c. Challenges Stemming from Lack of Equitable Access and a Holistic Approach

The lack of a statewide holistic customer-centric approach to reducing energy burden and the prevalence of passive program design create barriers to customer participation. Reduced participation and/or inequitable access to programs limit statewide customer adoption of the energy cost reduction measures and/or technologies that the programs themselves were meant to promote, and which are central to the goal of reducing energy burden. In addition, many programs are limited simply based on finite budgets that dictate the number of participants and/or the maximum benefit participants can receive. Examples include federally funded programs such as LIHEAP, ACRE, and the Energy Storage Assistance Program ("ESAP") as well as some of Efficiency Vermont's low-income offerings. Inadequate funding for existing programs limits their reach and efficacy in reducing energy burden for Vermont's LMI households.

Some of the barriers to customer participation and unintended consequences created by current program structures include:

- **Lack of program funds –** state funds, while appreciable, are not sufficient given other equally if not more compelling public needs and documented lack of increased ability to

pay. Further, federal funds had recently been received at all-time highs but have not been reduced to levels at or well below previous years as discussed above;

- **Regionalized accessibility** - Customers that would be eligible for bill assistance may not have access simply because of where they live and which distribution utility's service territory they fall within;
- **Upfront cost** - Some passive programs are offered as rebate programs that utilize a post-purchase rebate system, limiting access to customers that are able to "front the money" for the project and wait 30-60 days to receive their rebate after the project is completed;
- **Multiple unique program offerings with varying eligibility requirements** - Prospective customers must be willing to navigate dozens of program offerings, each designed to promote specific technologies and/or services. They must also identify which programs meet their needs and understand the steps required to effectively pursue those options;[20]
- **Coordinating and managing projects** - After deciding to pursue their program of choice, customers must then coordinate and manage their own projects, potentially involving multiple contractors (e.g. weatherization contractors, electricians, HVAC, etc.) and delivering products and services incentivized at varying levels.

[20] The Department recognizes that EVT does offer technical support services that assist customers in navigating available programs and determining which programs meet their needs. In addition, the Green Saving Smart program offered by energy coaches at the community action agencies provides support and budgeting for LMI customers to look holistically at their energy options, See Green Savings Smart, *Guiding Vermonters to a sustainable financial future*, https://www.greensavingsmart.org/. However, these services do not currently offer to manage customer projects and are not centralized at one entity, potentially creating confusion about who a prospective customer should trust as their primary source of information.

- **Order of operations –** From weatherization to electric upgrades to fuel switching, all efforts to electrify are important steps, but in order to help LMI Vermonters afford the transition, the correct order of operations must be followed.

As an example, consider a hypothetical customer who would like to utilize existing Vermont offerings to comprehensively weatherize their drafty old home and install a CCHP and a heat pump water heater ("HPWH"). Each of these efficiency measures has its own unique program offering and each requires a contractor that has the appropriate specialized training and credentials to install the measures. The customer must navigate the unique program offerings to determine eligibility and then coordinate, schedule, and manage the various contractors needed to complete the three separate measure installations.

This approach to having customers coordinate and manage their own projects can not only act as a disincentive for customers to pursue the projects due to the time and complexity required, but it can also have negative consequences for client health and building performance and can even lead to an increase in the customer's energy burden if the correct order of operations is not followed. If, for instance, the hypothetical customer decided to have a CCHP installed prior to weatherizing their drafty old home, the CCHP system that was installed might be oversized because it was designed to meet the thermal load of the home *prior* to weatherization. When the home does eventually get weatherized, the thermal load of the home will decrease. In this scenario, the oversized system will be at risk of short cycling, which

reduces the efficiency of the CCHP, causing higher electric costs for the customer, poor comfort, and poor indoor air quality.[21]

The WAP is an example of a successful program that was created to address the problems described in the example above, in recognition that WAP-eligible customers face additional challenges to accessing and navigating available programs. The WAP currently employs the most holistic program design for reducing household energy burden (thermal and electric burden only) in Vermont, with help from the suite of programs available to low-income households offered by EVT and "3E Thermal" and referrals for bill assistance as available based on respective service territories.[22] However, gaps still exist in that the WAP does not address *total* energy burden (i.e. transportation) and the program is not designed to serve moderate-income customers.

VGS employs a "FastTrack" option for high-use natural gas customers to help them reduce their household thermal load through a customer-centric project management approach to weatherization.[23] However, while the coordination and project management aspects of the FastTrack program make it more holistic than many other programs available in Vermont, the program does not have a primary objective of total energy burden reduction and is not available statewide, or to low energy users who still have a high energy burden.

As even the most robust programs in the State do not address *total* energy burden, generally exclude highly energy-burdened moderate-income households, or are not available

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21 R.K. Johnson, *Measured Performance of a Low Temperature Air Source Heat Pump*, U.S. Dep't of Energy, 7.2.2.1 Equipment Capacity and Design Load https://docs.nrel.gov/docs/fy13osti/56393.pdf.
22 *EVT Energy Burden Presentation.*
23 Vermont Gas Systems, *Integrated Resource Plan*, 01/2024, 11-13, https://vgsvt.com/wp-content/uploads/2024/02/VGS-2024-Integrated-Resource-Plan.pdf.

statewide, what options are available (1) to ensure low-income households receive assistance for total energy burden reduction, and (2) to ensure that program design does not preclude participation of moderate-income households experiencing high energy burdens?

IV. Additional Analysis to Support an Actionable Recommendation

Before the Department can affirmatively recommend that a new statewide program to reduce energy burden is needed in Vermont, the Department requests that the Commission authorize the Department to conduct a comprehensive review of existing Vermont programs and energy policy. This review would assess program efficacies, potential synergies between programs, points of under- and over-subscription, cost-effectiveness of programs, barriers to program success, and would have the potential to identify yet unknown program barriers. This review would also examine the cost of State energy policies to identify potential funding sources that might be reallocated to address energy burden. The review would also entail identifying funding methods which mitigate the intermittent availability of federal, state, and entity funding. Lastly, it could reveal regulatory changes required to implement recommendations resulting from the review, inclusive of changes needed to implement a new statewide program if supported by evidence of cost-effectiveness.

At a foundational level — the cost of any action taken as a result of the Commission's eventual recommendation to the General Assembly should not exacerbate the very problem the legislature intended to address, i.e., adding to Vermonters' energy burden. The Department does not support the implementation of additional layers on top of existing programs in the absence of evidence that an additional/new superseding program or overarching program administrator would improve the cost-effectiveness of current efforts and not result in diminishing returns.

Further, the Department would not support an action that results in unreasonable cost shifts between utility customers.

V. Options to Improve Efforts to Reduce Energy Burden in Vermont

The Department has identified three options for how current program elements could better reduce energy burden for Vermonters with LMI, in addition to comments on prospective implementation of statewide electric bill assistance programs. The options suggest methods to better coordinate and/or enhanced existing programs to ensure that the most energy-burdened LMI Vermonters are reducing their *total* energy burden. While the Department suggests pursuing reforms in programs and electric rates in parallel and considering their interactions will be critical to ensure future offerings effectively reduce energy burdens in Vermont, the options provided are for discussion purposes only. The Department does not make a recommendation as to which option would be preferable at this time.

a. Programs to Reduce Energy Burden in the Electric, Thermal, and Transportation Sectors:

<u>Option A</u>: Keep existing programs, enhance coordination, and integrate energy burden as the primary objective.

Option A would have each existing program continue operations with measured efforts to integrate energy burden reduction as the primary objective as needed. However, this option would require that programs be implemented in a way that ensures that customer energy burdens do not increase as a result of participation.

Here are some examples of how current program offerings might change under Option A:

- Energy audits through EVT's Home Performance with Energy Star ("HPwES") could be made to be no-cost for moderate-income clients;[24]
- HPwES contractors would educate customers about weatherization, CCHP, and HPWH options, as well as available programs, and their potential for energy savings in households where electrification is appropriate. Fostering a more holistic approach following HPwES energy audits;
- Qualified HVAC contractors would be required to provide information to customers including the estimated annual energy usage and cost (utilizing localized costs, rather than average costs, and the recent customer bills) of electrification measures to ensure the client can make an informed decision and that participation reduces energy burden;
- To ensure HPWH installation is appropriate, qualified contractors attest that the location where the newly installed HPWH does not go below the manufacturers' recommended ambient operating temperature. This would avoid installations in an uninsulated basement potentially causing higher than normal HPWH operating costs and potentially lead to costly repairs.

These examples illustrate how programs might be changed to ensure energy burden is integrated as the primary objective. As described, efforts in pursuit of this objective need to be widespread and would affect all aspects of residential portfolio offerings. Modifications to non-residential programs would follow a similar model.

[24] Efficiency Vermont, *Home Performance with ENERGY STAR*, https://www.efficiencyvermont.com/rebates/list/home-performance-with-energy-star.

Pros of Option A:

- Likely the simplest from a regulatory perspective;
- Quickest to implement;
- Least disruption to existing programs;
- Potentially the most cost effective.

Cons of Option A:

- Program navigation remains complex from the customer's perspective since most measures are supported through discrete program offerings;
- Programs continue to operate in relative silos.

<u>Option B:</u> Create a new statewide program to reduce energy burden and cease operation of existing residential program offerings.

Option B would eventually end existing programs and create a new statewide program with an objective of reducing total energy burden for all Vermonters. The program would prioritize LMI customers facing high energy burdens. A single statewide coordinating entity ("Energy Navigator") presents a solution to the larger issue, the lack of a holistic approach to serving customers in reducing total energy burden. An Energy Navigator could coordinate efforts in all distribution utility and EEU territories to enhance customer participation, experience, and outcomes.

As contemplated by the Department, the Energy Navigator would offer a "concierge" style approach to coordinating and delivering available programs to the most energy-burdened

LMI income customers.[25] The Navigator would support customers from initial intake, through project origination and completion by managing contractors to deliver multiple offerings such as weatherization, CCHPs, and HPWHs. All while guiding customers as they navigate whichever energy cost assistance programs the customer qualifies for (e.g. EAP, Low-Income Home Energy Assistance Program ("LIHEAP"), etc.). The new program would also enable participating contractors to offer "instant rebates" to help reduce upfront costs for participants and eliminate potential project fulfillment delays.[26] This simplified customer experience would drive greater participation, achieve deeper energy savings, and reduce the time commitment demanded of customers through a coordinated customer-centric delivery process.

To achieve successful outcomes there must be a focus on coordinating the Efficiency Excellence Network ("EEN") contractor workforce.[27] Currently, the success of EEU programs relies heavily on EEN contractors to deliver results. Therefore, the Department suggests greater coordination, and imposition of robust requirements are needed to ensure customer confidence and positive outcomes. To be clear, the Department is not suggesting that greater restrictions be placed on EEN contractors but rather, we propose securing a program design that is more compelling for contractors because the program reduces customer acquisition costs and shorten the sales cycle. In this scenario, non-participating contractors will be "missing out" on opportunities to grow their business. Ideally, the program would create a competitive

[25] Market rate customers may wish to receive services through a concierge style approach; however, the Department envisions such an offering being creating primarily to assist highly energy burdened low-and moderate-income households.
[26] "Instant rebates" are rebates or other incentives offered at a point of sale. For example, the purchase of an eligible HPWH from a vendor participating in the program.
[27] Efficiency Vermont, *Efficiency Excellence Network*, https://www.efficiencyvermont.com/trade-partners/efficiency-excellence-network.

environment within the program itself so that contractor performance *and* quality are rewarded, creating an increased opportunity for participating contractors and for customers looking to reduce their energy burden.

The coordination and project management aspects are central to this approach. To have maximum efficacy in delivering a streamlined customer experience, coordination and communication between the Energy Navigator and EEN contractors and between EEN contractors and customers must be modernized. In this example, modernization involves the use of customer relationship management (CRM) software by both the Energy Navigator and EEN contractors to centralize communications, and for example, eliminate redundant application processes for customers looking to participate in multiple program offerings. A streamlined customer experience requires delivering a standardized experience and introduction of more robust quality control procedures to provide peace of mind for customers and better realization of energy savings for program administrators. Requiring that contractors use an energy modeling software and statewide data entry tool would ensure home energy assessment reports provided to customers are thorough and accurate. Once projects are complete, the Energy Navigator would perform on-site third-party quality control inspections would ensure customers benefit from quality work. A standardized technical manual for weatherization projects and corresponding quality control standard operating procedures would also be necessary to further facilitate this coordinated approach.

The Department notes that the VGS FastTrack program currently offers a version of this streamlined customer-centric approach outlined above for high-use natural gas customers. The successes of this program to date should be examined, given FastTrack is similar to what is

described in Option B, the feasibility of a similar statewide total energy burden program for highly energy-burdened households should be evaluated.[24]

Pros of Option B:

- A customer-centric approach that eliminates siloed programing and holistically evaluates how customers can take action to reduce energy burden;
- A program design that makes access to the program more equitable for customers with varying financial situations and limited time;
- A comprehensive approach to reducing total energy burden for customers;
- Compelling for contractors because the program would reduce customer acquisition costs and shorten the sales cycle.

Cons of Option B:

- Would need to overhaul existing regulatory structures that are in place to accommodate the new program;
- Would need to ensure the program continues to advance other important objectives that current programs advance (e.g. contributing to targets for greenhouse gas and fossil fuel reductions);
- May require significant time and resources to evaluate and develop the new statewide program prior to phasing out existing programs.
- Would inescapably disrupt relationships with program administrators and market actors.
- Efficacy and comprehensiveness of the energy retrofits would still vary significantly subject to the competence of the individual contractors.

<u>Option C:</u> Continue existing programs with critical review towards efficiencies, create a complementary statewide program to support highly energy burdened LMI customers navigate holistically across programs with a focus on energy burden reduction.

Option C would be a hybrid approach, blending elements from Option A and Option B together to create a cohesive program. Like Option A, Option C would see existing programs continue operations with measured efforts to incorporate the primary objective of the reduction of energy burden as needed. Unlike Option A, however, this option would integrate elements of the customer-centric approach described in Option B by creating an Energy Navigator to manage customer support and help them navigate programs. This approach would see existing support services (i.e. virtual home energy assessments) offered by program administrators consolidated within the Energy Navigator to perform customer intake services, and help customers navigate the programs they may be eligible for, such as GMP's EAP program, LIHEAP, etc. Following the intake process, customers would then be directly referred to an EEN contractor through what is commonly called a "warm handoff".

Facilitating this first step in a customer's journey is important to getting customers to make an initial commitment to reduce their energy burden. After this initial handoff, all coordination and project management would be done through existing processes but with a greater involvement on behalf of qualified contractors participating in the program.

The following are some key elements of Option C:

- Newly created Energy Navigator performs client intake, supports customer navigation of energy cost assistance programs, and educates customers on all available programs and services to determine eligibility;

- Energy Navigator sends customers information via warm handoffs directly to participating HPwES contractors to be scheduled for an energy audit;
- Energy audits through HPwES would be offered at no cost for LMI clients;
- HPwES contractors would be the default first point of contact for the customer to identify all available opportunities for weatherization services following best practices, e.g. ensuring building envelope is addressed before CCHPs are installed;
- HPwES contractors would be given the ability to offer "instant incentives" to customers to reduce or eliminate out of pocket expense. Allowing HPwES contractors to perform in home sales without the need for delays related to rebate processing, improving customer experience;
- At the initial audit the home performance contractor would also identify all available opportunities for decarbonization (i.e. CCHPs, HPWHs etc.) and could refer customers to other in-network contractors they may have developed a partnership with, or simply a trusted contractor offering services in the area (e.g. EEN).

The elements bulleted above offer some examples of key program elements envisioned for Option C. While Option C does not offer project management and support from project origination to completion like Option B, it would employ key components such as project intake and help customers navigate energy cost assistance programs with direct referrals to EEN/HPwES contractors. To be successful, Option C would include:

- Robust CRM utilization by both the Energy Navigator and participating contractors to allow information collected at intake by the program administrator to be shared

seamlessly and eliminate the need for redundant customer applications (i.e. a HPwES customer who needs home repair, would not need to re-apply for home repair services);

- A HPwES contractor serving as the default point-of-contact for the customer makes use of an approved statewide energy modeling software and statewide data entry tool to ensure energy audit information is standard for both clients and administrators;
- Energy Navigator performs on-site third-party quality control inspections to ensure customer protection against low-quality work.

Pros of Option C:

- Eliminates customer confusion by offering customer intake services for LMI energy-burdened customers;
- Utilizes existing programs, modified to reduce energy burden as the primary objective;
- Use of existing regulatory structure would make integration of new program design less administratively burdensome than Option B;
- Compelling for contractors to participate because the program would reduce customer acquisition costs and shorten the sales cycle;
- "Instant incentives" offered by HPwES contractors could encourage more comprehensive weatherization projects, driving deeper energy savings.

Cons of Option C:

- Outside of initial intake support services, distinct programs still operate in relative silos;
- Project coordination and management are still the responsibility of the customer;
- Incorrect order of operations remains a risk;
- Customers still need to navigate multiple passive program rebates and incentives.

- Efficacy and comprehensiveness of the energy retrofits would still vary significantly subject to the competence of the individual contractors.

The Department intends to investigate Option C further as part of its comments in the EEU Demand Response Plan proceeding.

b. Discounted Rates for Vermonters with Low Income

As previously noted, a statewide funding mechanism and/or program to support bill assistance for Vermonters with low incomes is an important tool to support affordability, advance equitable access to energy services, and reduce energy burden.[28] In addition to helping support electrification reduce total energy costs (as discussed in Section 2.2.2), discount rates may also be a necessary backstop to help ensure household total energy burdens can be reduced to an affordable level. Particularly as thermal and transportation sectors are increasingly electrified and a greater share of total energy burden shifts to electric expenditures. As a result, a statewide mechanism ensuring equitable access to discounted rates for low-income customers would theoretically be the preferred option for assisting them with their utility bills.

For these reasons, the Department supports further investigation of a statewide funding source and/or program to assist low-income customers with their electric bills. Such a program could take a number of formats, including:[29]

1. **Offering a flat discount on electric rates for customers who meet certain income qualification thresholds**. Examples of this include the current EAPs offered by GMP

[28] *Department Response to Commission Information Request*, Case No. 25-0443-INV, 01/07/2022.
[29] Pub. Util. Fortnightly*, Energy Affordability and Equity and What We Can Do*, 11/2024, Appendix D, https://edition.pagesuite.com/html5/reader/production/default.aspx?pubname=&pubid=7970641e-75b2-438d-8417-decc67f20381 ("*Energy Affordability and What We Can Do*") (provides a comprehensive review of current income eligible bill discount, cap, and credit programs offered by utilities across the United States).

(25% discount on energy and customer charges for customers at or below 185% Federal Poverty Level ("FPL")) and BED (12.5% discount on energy and customer charges for customers at or below 185% FPL). Examples from other states include the California Alternative Rates for Energy ("CARE") and California's Family Electric Rate Assistance ("FERA") program. The CARE program offers customers whose income falls below 200% of the FPL discounts on their electric bill of 30-35% (utilities with 100,000 or more customers) or 20% (utilities with less than 100,000 customers).[30] FERA offers an 18% discount to customers between 200-250% FPL.[31]

2. **Tiered discount rate ("TDR") programs such that the rate discount depends on a customer's income.** For example, New Hampshire utilities offer a tiered discount rate between five and 85% for the first 750 kWh on their monthly bills if their income falls below 60% of state median income.[32] In Massachusetts, the Department of Public Utilities ("DPU") is currently considering a rate structure with three different discount rates for six income-based tiers which would offer discounts on electric bills ranging from 32-93%, depending on the utility.[33]
3. **Percentage of Income Payment Programs ("PIPP"),** as discussed in the Department's response to the PUC's first RFI in this case, cap qualifying customers' monthly electric bills at a specific percentage of each customer's income. In contrast to the Illinois

[30] Cal. Pub. Util. Comm'n, *California Alternate Rates for Energy (CARE)*, https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/california-alternate-rates-for-energy.
[31] Ca. Pub. Util. Comm'n, *Family Electric Rate Assistance Program (FERA)*, https://www.cpuc.ca.gov/consumer-support/financial-assistance-savings-and-discounts/family-electric-rate-assistance-program.
[32] Liberty Utilities, *Electric Assistance Program*, 07/2023, https://new-hampshire.libertyutilities.com/uploads/NHEAP-Brochure-2023-MOCK.pdf.
[33] *See Energy Burden TDR Model Technical Session (DPU 24-15) - Additional Resources*, Mass. DPU 24-15, 06/10/2025, https://www.mass.gov/event/energy-burden-tdr-model-technical-session-dpu-24-15-06-10-2025.

example reviewed in the Department's initial comments, several California utilities are piloting a PIPP program for customers already enrolled in the CARE program based on several criteria related to disconnection risk. Electric bill caps are $32-33 (income below 100% FPL) or $97-100 (between 100-200% FPL).[34] It is worth noting that in the ongoing investigation of discounted rates in Massachusetts, the DPU chose to pursue consideration of TDR's over PIPPs given comments that TDRs were likely less costly and complex to administer even if PIPPs offer the benefit of more precisely targeting affordability for specific customers, among other tradeoffs.[35] A PIPP could be explored as a standalone offering or in support of either flat or tiered discounted rates.

Determining which structures are most appropriate for Vermont will require further investigation of numerous issues such as:

- What discount level will offer meaningful impact to customers with low-income in Vermont without shifting too much burden to customers who do not qualify, and what guardrails should be in place to balance these objectives;[36]
- How should revenue shortfalls associated with the programs be recovered (i.e. statewide or utility-specific jurisdictions, from all customers or just those who do not qualify for the program);

[34] More information on PIPP pilots being offered in California can be found in Appendix D of *Energy Affordability and What We Can Do*.
[35] *Interlocutory Order On Next Steps In Investigation of Energy Affordability,* Mass. DPU 24-15-A, Order of 09/12/2025, 4-5.
[36] *Energy Affordability and What We Can Do* at 7 (considers an expenditure increase to be "unaffordable" if it "significantly disrupts a household's ability to make other expenditures for all the goods and services they need, want, and regularly purchase"; *Id.* at 10, (relatedly, the report suggests a threshold for programs and policies seeking to advance affordability, "Would a policy or program cut an affordability-challenged household's expenditures by an **impactful** amount…?" Emphasis original. Determining what such a threshold would be in the Vermont context would likely require input from a variety of perspectives, including customers with low-income, community-based organizations, and utilities.

- Is there a specific threshold for electric burden the rates should be striving to achieve and if so, what should the target be;
- How to adjust discount levels over time to account for electrification of the thermal and transportation sectors and the associated increased role the electric sector will play in determining total energy burden for customers;
- Whether discount rates should apply to an entire bill or just a portion of the bill (i.e. a minimum amount of use needed to fulfill basic needs with some buffer to encourage conservation).

VI. Narrative Section Conclusion

To advance this work, the Department first recommends that it be charged with a comprehensive review of Vermont's existing energy affordability-related programs, energy policy, and respective funding structures, the results of which will inform a Department recommendation as to an appropriate redesign of existing programs or a new statewide program to reduce energy burden.

The Department further recommends that the Commission ask the legislature to authorize the Commission to investigate and, as may be appropriate, implement a statewide, low-income rate program. As articulated in comments filed in Case No. 20-0203-INV, the Department maintains that legislative authorization is required before a statewide program could be implemented by the Commission.[37] The Department remains mindful of the impact of such programs on ratepayers overall. Discount rates are "zero sum", where the same amount of overall revenues are collected by utilities, meaning that discounted rates cause decreased costs for some

[37] Department Comments, Case No. 20-0203-INV, 06/10/2022.

and increased costs for others. The impacts of these changes, and the appropriate magnitude to meet environmental justice goals as well as overall affordability priorities, should be carefully considered in such a recommendation. Consideration should also be given to additional changes to policy broadly that lead to efficiencies in delivery of electricity that could help offset additional costs to ratepayers.

VII. Summary & Additional Responses to PUC RFI Questions

The narrative above addresses many of the questions asked in the second RFI. The Department summarizes those responses to specific questions below or otherwise notes where they are addressed, with additional comments added as necessary.

1. **Act 142 directs the Commission to "make a determination as to whether a statewide program to reduce energy burden is needed in Vermont." The Commission requests input from all stakeholders addressing this question with respect to: (a) a statewide program to assist customers with low-income with their electric utility bills, and (b) a statewide program designed to reduce transportation, thermal, and/or electric energy costs for low- and moderate-income households through investments in efficiency or electrification measures.**

See comments in Section 3.2 to address Q1a and Section 3.1 to address Q1b.

2. **Please provide recommendations as to how existing programs may be better coordinated to ensure low- and moderate-income Vermonters are reducing their total energy consumption and/or costs.**

See comments in Section 3.1, which offer three options for better coordination of existing programs.

3. **Please identify any obstacles and recommended solutions for increasing coordination across electric, thermal, and transportation energy cost reduction programs, including through the sharing of best practices and program design and implementation successes.**

See comments in Section 2, particularly Sections 2.2.1 and 2.2.3.

4. **If a statewide program is recommended, please:**

a. Explain whether existing programs should continue to operate and align with a new statewide energy cost stabilization program or whether existing programs should cease operations.

See comments in Section 3.2.

b. Identify the most appropriate financing mechanism for a statewide energy cost stabilization program.

Identifying program efficiencies will likely result in surplus EEU Thermal Energy and Process Fuels ("TEPF") funds that could be utilized. Under Option B, as discussed in Section 3.2, residential programs currently operating with a TEPF budget (i.e. HPwES) would cease to exist, potentially making TEPF funds available for the new program. In addition, Renewable Greenhouse Gas Initiative ("RGGI") revenues could be utilized by the new program, instead of being allocated for TEPF. Option C could also be partially funded with Energy Efficiency Modernization Act ("EEMA") funds.

c. Describe any recommended eligibility requirements for a statewide energy cost stabilization program.

Utilizing existing LMI guidelines to determine household eligibility for programs would likely result in the greatest consistency of efforts. Many programs currently consider 80% AMI and below to be low-income and 80%-120% AMI as moderate income. Although it is worth noting that some programs in Vermont also utilize 185% FPL for eligibility thresholds (See also 30 V.S.A. 218(e)). Consideration could also be given to utilizing the WAP rank system for prioritization of customers being served by the program and/or consideration of a customer's energy burden itself, to ensure the program prioritizes providing support to customers most vulnerable to high energy burden.

d. Suggest and describe a process for making and monitoring eligibility determinations for a statewide energy cost stabilization program.

See comments in section 3.1 Option B.

5. Stakeholders may provide information or data to support or challenge the assumption in Act 142 that "electric costs might rise but that total energy costs are expected to decrease because of increased electrification, efficiency, storage, and demand response activities."

See discussion in Section 2.2.2 and the illustrative example in Figure 1 around annual costs for a home with a single CCHP at different variable electric rates.

6. Stakeholders may also provide written comments responding to any other issues raised at the workshop or relevant to the Commission's report pursuant to Act 142.

Not addressed.

7. Finally, if stakeholders wish to have further workshops in this proceeding, please make specific proposals to the Commission regarding the topics to be discussed.

The Department recommends that the Commission hold an additional workshop with community advocates, including weatherization service administrators, housing advocates, constituent services, and community service groups that provide assistance with energy costs. The purpose of the workshop would be to perform retrospective analysis of the energy-related programs that advocates have participated in or interacted with to identify successes and opportunities for improvement. The Department further recommends that the advocate workshop be followed by an additional workshop with current stakeholders to collectively absorb learnings from the advocacy workshop.

[Signature on the following page.]

Dated at Montpelier, Vermont this 5th day of August 2025.

VERMONT DEPARTMENT OF PUBLIC SERVICE

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