



ANNUAL REPORT TO THE LEGISLATURE FISCAL YEAR 2025

[July 1, 2024 – June 30, 2025]

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Submitted to the following Committees of the
Vermont General Assembly:
Senate Committee on Natural Resources & Energy,
Senate Committee on Finance,
House Committee on Energy & Digital Infrastructure, and
House Committee on Commerce & Economic Development

• **Summary of Fiscal Year 2025**

During Vermont's 2025 fiscal year (FY25) - July 1, 2024, to June 30, 2025 - the Clean Energy Development Fund (CEDF or Fund) administered existing American Recovery and Reinvestment Act (ARRA) and State CEDF funded programs from past fiscal years.

The CEDF's work during the year was focused on the administration of remaining funds. No new funds were appropriated to the CEDF in FY25. With no new funds coming to the CEDF and existing funds getting close to being fully expended, the Department of Public Service (PSD) continued its preparations to close-out the granting operations of the Fund.

During FY25, the CEDF expended a total of \$291,523.50 – the lowest amount since fiscal year 2006 (the year the Fund started). This total includes \$97,026.07 of federal ARRA funds. Of the total FY25 expenditure, \$136,975.25 paid for PSD staff and other administrative costs to manage the Fund and the Fund's programs. At the end of FY25, the Fund had a balance of \$528,954.30 in combined CEDF and ARRA funds. These fund balances are obligated in grants, incentive programs, MOUs, and administration costs for the FY26 Budget and are described in the FY26 Annual Plan.¹

¹ The FY26 Plan can be found on the PSD's web site here: <https://publicservice.vermont.gov/renewables/clean-energy-development-fund-cedf/reports-documents>.

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• Purpose and Scope of This Report

The purpose of this annual report is to provide information to the Vermont Legislature, clean-energy stakeholders, and other citizens of Vermont by detailing the Clean Energy Development Fund (CEDF) activities, revenues, expenditures, and progress made toward its goals and mission during fiscal year 2025 (FY25).

• Strategic Planning for the Clean Energy Economy

The mission of the CEDF is to serve the citizens of Vermont by increasing the local supply and utilization of distributed, small-scale, community-supported electrical and thermal renewable energy, while targeting related economic development advantages.²

In support of CEDF's mission the CEDF has been guided by four goals:

1. Create economic development via the clean energy economy
2. Increase the cost effectiveness of clean energy
3. Support vulnerable Vermonters
4. Reduce negative impacts of Vermont's energy use and generation on the environment.

Figure 1 visually shows the interaction between CEDF's Vision and its four supporting goals.

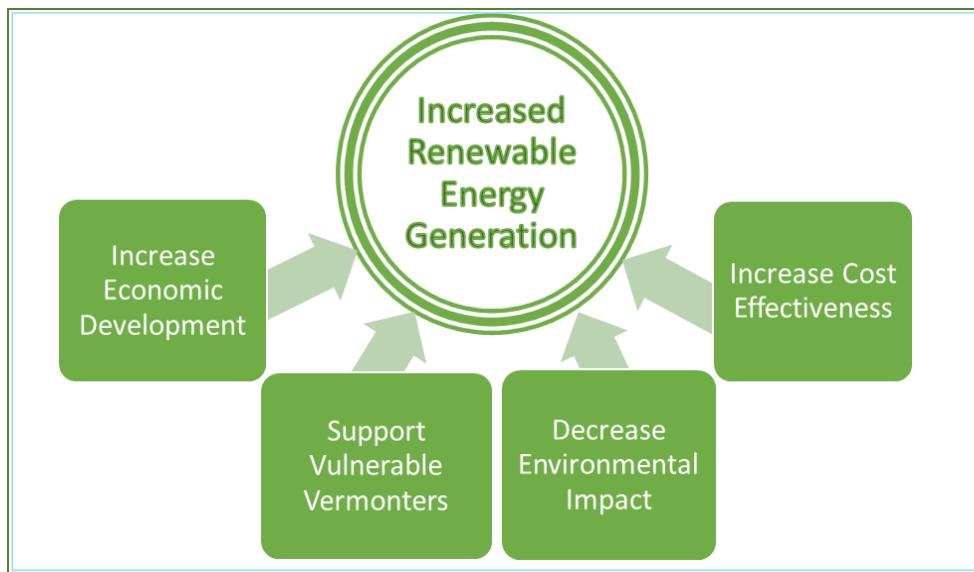


Figure 1. CEDF Mission and Goals

Strategies

In pursuit of the mission and four goals the CEDF has implemented the following seven strategies:

- 1) Concentrate on unregulated energy markets
- 2) Focus on transforming a select emerging market/technology
- 3) Coordinate and collaborate across State government and local businesses

² [CEDF 2018 Multi-year Strategic Plan](#)

- 4) Leverage other projects, programs, and private capital
- 5) Focus on projects that have community support
- 6) Provide access to renewable energy and its direct benefits to low-income Vermonters
- 7) Learn and adapt from past activities

CEDF's [strategic plan](#) and the subsequent annual plans call for a strategic focusing on developing Vermont's advanced wood heating sector. The CEDF has worked to build consumer demand for advanced wood heating together with strengthening businesses in the local supply chain capable of delivering affordable, dependable wood fuel and installing cost-effective advanced wood heating systems.

The CEDF defines "advanced wood heating" as wood heating that: 1) utilizes highly efficient combustion technology; 2) produces low levels of emissions; 3) supports healthy forest ecosystems; and 4) consumes local wood. What is considered "highly efficient," and a "low level of emissions," will evolve with technology improvements and "local wood" could fluctuate with changes in the local wood markets. Accordingly, CEDF's program requirements will be adaptive to ensure its programs are always leading the wood energy market to be supportive of CEDF and State goals.

• Authority, Funding & Resources

The Vermont General Assembly established the CEDF in 2005 through Act 74 (30 V.S.A. § 8015). The CEDF is administered by the Department of Public Service (PSD), which employs a CEDF Manager and dedicates additional PSD staff to CEDF tasks as needed (See Appendix I for more details on CEDF governance).

In FY23, the Legislature passed legislation that will sunset the Clean Energy Development Board (Board) on June 30, 2027. Following the sunset of the Board, CEDF will continue to operate as the repository for Alternative Compliance Payments, for electric distribution utilities that do not meet their Renewable Energy Standard (RES) obligations, as required under 30 V.S.A. § 8004. CEDF will continue to operate within Vermont's State Energy Office to administer any programs that may have remaining funds until those programs have expended those funds completely.

At the end of FY25 the Fund had a balance of \$458,614.45 in CEDF (State) funds and \$70,339.85 of ARRA (Federal) funds. These balances were obligated for grants, incentive programs, and administration costs at the end of FY25 in the FY26 Budget and Annual Plan.

The only revenue into the Fund for FY25 was from loan repayment and interest on the cash balances. At the end of FY25 only one loan remained active. The loan is an ARRA-funded loan having an outstanding balance of \$750,000 with an interest-only term of one percent with the City of Montpelier. The one percent interest payment made to the CEDF goes to VEDA to pay for their servicing of the loan. Additionally, CEDF pays VEDA a transaction fee of \$900.00 annually, therefore, CEDF hasn't received any interest or principal payments from this loan and currently pays for this transaction fee.

One remaining CEDF-funded loan was repaid in full by the borrower (Purpose Energy) at the end of FY24; however, with the funds from that loan coming from VEDA to the CEDF in the first quarter of FY25, the repayment of that loan (~\$220,200) shows in the FY25 financials and is the reason for the increase in the CEDF balance.

Figure 2 below shows the revenue, expenses, and end-of-year balance of the Fund for the last six fiscal years. Figure 2 does not include any of the \$22 million in American Recovery and Reconstruction Act (ARRA) funds that were appropriated to the CEDF in 2010.

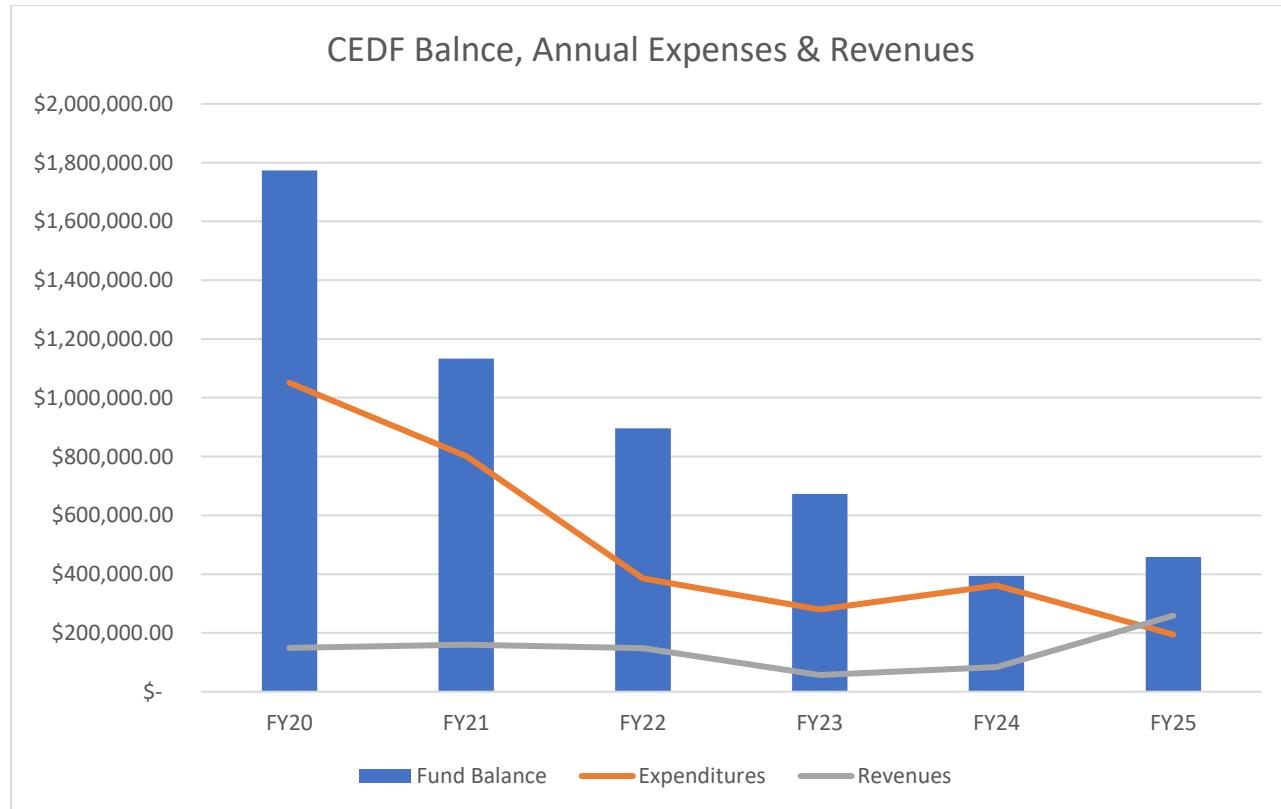


Figure 2. CEDF Annual Revenue, Expenses, and Fiscal Year-end Fund Balances over the previous six fiscal years FY19-24 (not including federal funds)

See Appendix II for a financial report of FY25's revenue and expenses.

• Administration & Program Delivery

ADMINISTRATION

The Department of Public Service (PSD) administers the CEDF to facilitate the development and implementation of clean energy resources. The PSD hires a Fund Manager to oversee the day-to-day operations of the fund.

Department of Public Service Personnel Involved in CEDF Management & Administration

Kerrick Johnson – PSD Commissioner
Melissa Bailey – Director, State Energy Office
Christopher Heine – CEDF Fund Manager
Patricia LaRose – Financial Manager

CLEAN ENERGY DEVELOPMENT BOARD

While the Fund is administered by the PSD, a seven-person Clean Energy Development Board (Board) oversees CEDF programs, planning, and spending. The Board members are appointed by the Chairs of the legislature's two energy committees (two appointees each) and the Commissioner of the PSD (three appointees).

For FY24 the Board consisted of the following members (with the year their term ends and their appointing authority):

- Cara Robeck, Chair, PSD Commissioner, 2027
- David Farnsworth, PSD Commissioner, 2029*
- Ken Jones, Senate Energy Committee Chair, 2029*
- Johanna Miller, House Energy Committee Chair, 2029*
- Sam Swanson, PSD Commissioner, 2027
- Paul Zabriskie, Vice-chair, Senate Energy Committee Chair, 2027
- Vacant, House Energy Committee Chair, 2027**

* With the Board sunsetting at the end of FY27, all members' terms will effectively end at that point in time.

** The House Energy Committee Chair appointed Dara Torre to fill this seat in early FY26

The Board met five times during FY25. The Board provided review and guidance (and ultimate approval) on the CEDF Annual Plan, Annual Budget, and other programs developed by the PSD to carry out the CEDF mission. For more details on the Board members, see Appendix I.

• New FY25 Grants, Programs, & Contracts.

No new programs were started during the fiscal year. There were also no new grant awards issued by the CEDF in FY25.

There was one new contract for the sum of \$10,245 for the creation of the 2025 annual Vermont Clean Energy Industry Report. The Report was completed in the first part of FY26 and is publicly available here:

<https://publicservice.vermont.gov/sites/dps/files/documents/VCEIR%202025%20Slide%20Deck.pdf>

• Continuing Awards & Programs from Prior Fiscal Years

SMALL-SCALE RENEWABLE ENERGY INCENTIVE PROGRAM (SSREIP)

The SSREIP is a market-based, first-come, first-served incentive program. Initiated in 2007, SSREIP has been CEDF's longest running program. It has proven to be an effective program in getting renewable energy systems installed and building the local clean energy market.

The Small-Scale Renewable Energy Incentive Program (SSREIP) remained the only active incentive program administered by the CEDF in FY25. For FY25 two incentive opportunities continued to be available. First, was the Biodiesel Incentive Program, offering discounts for Vermonters who choose to use biodiesel rather than #2 heating oil to heat their homes. This Biodiesel Program is funded through ARPA funds that were allocated to PSD and therefore do not fall under the purview of the CEDF. The second is a continuation of the Windham County Dedicated Funds program.

WINDHAM COUNTY DEDICATED FUNDS

The funds allocated for use in Windham County were designed to help area business, schools, municipalities, and institutions achieve energy savings and environmental improvements. CEDF continued to expend the remaining funds (approximately \$250,000) through SSREIP for residential projects installing advanced wood heat (AWH) systems.

For FY25 the program offered a \$6,000 or \$8,000 incentive for households with moderate- or low-income, respectively, per household for the installation of an AWH wood-pellet boiler.

20 AWH pellet systems were installed with CEDF incentives with total project costs of \$630,998. The CEDF incentives totaled \$78,000 meaning the program leveraged over \$550,000 of private investment in pellet heating systems in Vermont – not including the cost of the pellet fuel, some of which is purchased from Vermont's one pellet mill.

The average residential installation cost for a pellet system in the program was \$30,188, a few hundred dollars less than in FY24.

As with CEDF's other wood heating grants, the new heating systems installed were required to be EPA certified with particulate emissions of not more than 2.0 grams per hour and at least a 70 percent efficiency rating. When coupled with health and safety upgrades to accommodate new stoves in the homes, the investment in new wood stoves provides substantial opportunity for improvement to human health and the local environment, while also stimulating the local advanced wood heating market.

• Conclusion

The CEDF continues to work on meeting its mission to serve the citizens of Vermont by increasing the local supply and utilization of distributed, small-scale, community-supported renewable energy, while targeting local economic development.

In FY25, twenty residential AWH wood-pellet systems were installed with CEDF incentives. In total these pellet heating systems will avoid the consumption of over equivalent of 8,000 gallons of #2 heating oil annually.

While greatly reduced from prior years, the CEDF's incentives and activities continue to increase local renewable energy production and support economic development and employment in Vermont's renewable energy industry.

• **Appendix I - Statutory Authority & Clean Energy Development Board**

In 2005, the Vermont General Assembly established the Vermont Clean Energy Development Fund (CEDF) through Act 74.

PURPOSE (30 V.S.A. § 8015(c))

The purposes of the Fund shall be to promote the development and deployment of cost-effective and environmentally sustainable electric power and thermal energy or geothermal resources for the long-term benefit of Vermont consumers, primarily with respect to renewable energy resources, and the use of combined heat and power technologies.

CLEAN ENERGY DEVELOPMENT BOARD

The Clean Energy Development Board serves an advisory function to the Commissioner of the PSD. The Board consists of seven members appointed to four-year terms in the following manner:

- Three members appointed by the Commissioner of the Public Service Department
- Two members appointed by the chair of the Senate Natural Resources and Energy Committee
- Two members appointed by the chair of the House Energy and Technology Committee

CED Board Members During FY25, Appointing Authority, and Fiscal Year Term Ends:

- Cara Robeck, Chair, PSD Commissioner, 2027
- David Farnsworth, PSD Commissioner, 2029
- Ken Jones, Senate Energy Committee Chair, 2029
- Johanna Miller, House Energy Committee Chair, 2029
- Sam Swanson, PSD Commissioner, 2027
- Paul Zabriskie, Vice- Chair, Senate Energy Committee Chair, 2027
- Vacant, House Energy Committee Chair, 2027

- Appendix II - CEDF Financial Reports for CEDF & ARRA Funds

**Fiscal Year 2025 CEDF Fund
Revenues and Expenditures**

Revenues	\$
Fund Interest	17,292
Loan Interest	14,334
Loan Repayments	227,130
Other Revenue	0
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Total Revenues	258,756
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EXPENDITURES	\$
Salary & Benefits	72,739
Misc. Administration	19,429
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Total Administrative Expenses	\$ 92,168
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VEDA - Loan Admin.	1,452
SSREI Program Contract	16,049
SSREI Program Incentives	75,000
Contracts - other	9,828
Grants	0
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Total Program Expenses	\$ 102,329
	<hr/>
Total Expenditures	\$ 194,497
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June 30, 2025 CEDF Fund	
Balance	\$ 458,614

**Fiscal Year 2025 CEDF Federal ARRA
Revenues and Expenditures**

Revenues	\$
Small Fund Interest	515
Loan Interest Income	7,499
Loan Repayments	0
Other Revenues	<u>9</u>
 Total Revenues	 \$ 8,024
 EXPENDITURES	 \$
Salary & Benefits	7,006
Misc. Administration	<u>1,854</u>
 Total Administrative Expenses	 \$ 8,860
 VEDA – MOU	 7,724
BGS - MOU	80,441
SSREI Program Contract	0
SSREI Program Incentives	<u>0</u>
 Total Program Expenses	 \$ 88,166
 Total Expenditures	 \$ 97,026
 June 30, 2025 ARRA Fund Balance	 \$ 70,340