



Vermont Electric Cooperative, Inc.

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**Summary of February 18, 2025 Testimony Provided to Senate Natural Resources and Energy
S.65**

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About VEC

- Non-profit cooperative distribution utility.
- 33,000 members, 8 counties, 75 towns.
- Established in 1938.
- 50% of VEC members are on fixed incomes. 53% of members are age 65 or older.
- 7 of the top 11 towns with greatest energy burden are in VEC's service territory.

We are laser focused on affordability and we are also highly innovative and effective in our work.

Due to the short review time and the Monday holiday we have not have had time to fully vet the bill with our team. We may have additional comments at a later time.

High level points:

No objection to considering the evolution of the efficiency utility although this bill outlines a major policy change and requires thoughtful consideration and thorough review by interested stakeholders.

1. **Substantial and important questions-** Who should be responsible for what needed emission reduction programs and how should these services should be paid for? We may also want to evaluate the status of the electric efficiency now that we are 35(?) years in from the establishment of Efficiency Vermont (EVT). Where has the mission been accomplished and what work remains?
2. **Tier 3/Energy Transformation-** Expanding the scope of EVT to include electrification ("in place of " language on page 2) needs thorough analysis considering the Renewable Energy Standard (RES) energy transformation (T3) requirement on distribution utilities. VEC currently implements T3 as part of our regulatory requirements and we make sure that the investments and services are cost effective and beneficial for the membership overall. We have an incentive to do this program well, cost effectively, and in a way that is appropriate for our rural membership.

One of the benefits of the current T3 program has to do with customization—how VEC meets requirements may be very different than other utilities - and that is good. Statewide, or one size fits all, is not always optimal. In addition to residential product incentives, VEC carbon reduction initiatives include conversion away from fossil fuels via line extensions to gravel pits and maple sugaring operations, or a dynamic electrification

systems at ski resorts that have historically used propane to run certain operations. VEC is proud of the work we are doing to implement beneficial electrification.

- 3. Storage and Demand Management-** VEC does not support the delegation and the funding of EVT to implement storage and demand management programs. VEC has the motivation and the knowledge to do this work effectively. We have experience and expertise on our system and we are already doing effective work in this space. What we can always use more of is funding to do more of this work. We do not agree that the Electric Efficiency Charge (EEC) should be collected and transferred to external partners to do this work in our service territory. Actually, we could support keeping those funds to do the work ourselves if it is still not needed for electric efficiency priorities.

With load growth expected due to electrification of thermal and transportation systems, VEC is increasing our load management activities so to avoid increased load at times of transmission peaks (3-9 pm) when energy is generally more expensive and least clean.

VEC's load management program is one of the most innovative in the country amongst the cooperative electric community (900+ electric coops in the country). Our load management programs include:

- **Device Management Programs** (managed vehicle charger program, FlexEnergi Telematics, Bring Your Own Battery program, Smart Buildings (Jay Peak)). We currently have management relationships with 40 percent of the electric vehicles in our service territory. This program is not only operating to reduce peak load but we are also working on an innovative pilot to understand whether we can use EV load management to avoid infrastructure investment as EV load grows. This is something only distribution utilities will be able to do.
- **Behavioral Programs** (Scheduled Charging, Beat the Peak).

We also have two **community scale battery projects** operating (Hinesburg and North Troy (with GMP)). We are also making the necessary investment in our grid to support increased load (distribution transformers).

- 4. Paying for Carbon Reduction.** VEC collected and remitted over \$5 million in EEC funds in 2024. If these funds are no longer needed for electric efficiency we should consider ramping the EEC down. As we now know, electric ratepayers already are contributing a disproportionate share to fund carbon reduction initiatives (Energy Action Network Reports). If we want people to electrify heating, cooling, and transportation we should be reducing the EEC since more electric usage means a higher EEC payment- sending the wrong price signal.

In sum, VEC does not support the expansion of EVT scope as outlined in this bill, nor the remittance of the EEC to do this work. To effectively tackle the carbon reduction priority, more thorough analysis is necessary to ensure we do not create duplication, regulatory confusion, unintended consequences, or wrong price signals. Thank you.