

1 S.65

2 Sec. 1. 30 V.S.A. § 209 is amended to read:

3 § 209. JURISDICTION; GENERAL SCOPE

4 \* \* \*

5 (d) Energy efficiency and emissions reduction.

6 (1) Programs and measures. The Department of Public Service, any  
7 entity appointed by the Commission under subdivision (2) of this subsection,  
8 all gas and electric utility companies, and the Commission upon its own  
9 motion are encouraged to propose, develop, solicit, and monitor energy  
10 efficiency and conservation programs and measures, including electrification,  
11 energy storage, and appropriate combined heat and power systems that result  
12 in the conservation and efficient use of energy, ~~and~~ Any programs and  
13 measures supporting efficient use of biological and fossil-based fuels shall  
14 meet the applicable air quality standards of the Agency of Natural Resources.  
15 Such programs and measures, and their implementation, may be approved by  
16 the Commission if it determines they will be beneficial ~~to~~ towards the  
17 reduction of greenhouse gas emissions ~~required under 10 V.S.A. § 578~~ and  
18 beneficial to consumers or the ratepayers of the companies after ~~such~~ notice  
19 and hearings as the Commission may require by order or by rule. The  
20 Department of Public Service shall investigate the feasibility of enhancing and

1 expanding the efficiency programs of gas utilities and shall make any  
2 appropriate proposals to the Commission.

3 (2) Appointment of independent efficiency entities.

4 (A) Electricity and natural gas. In place of utility-specific programs  
5 developed pursuant to this section and section 218c of this title, the  
6 Commission shall, after notice and opportunity for hearing, provide for the  
7 development, implementation, and monitoring of gas and electric energy  
8 efficiency, ~~and conservation, and electrification, active demand management,~~  
9 ~~and energy storage~~ programs and measures, including programs and measures  
10 delivered in multiple service territories, by one or more entities appointed by  
11 the Commission for these purposes. The Commission may include appropriate  
12 combined heat and power systems that result in the conservation and efficient  
13 use of energy and meet the applicable air quality standards of the Agency of  
14 Natural Resources. Except with regard to a transmission company, the  
15 Commission may specify that the appointment of an energy efficiency utility to  
16 deliver services within an electric utility's service territory satisfies that  
17 electric utility's corresponding obligations, in whole or in part, under section  
18 218c of this title and under any prior orders of the Commission.

19 (B) Thermal energy and process-fuel customers. The Commission  
20 shall provide for the coordinated development, implementation, and  
21 monitoring of cost-effective efficiency and conservation programs to thermal

1 energy and process-fuel customers ~~on a whole buildings basis~~ by one or more  
2 entities appointed by the Commission for this purpose.

3 (i) In this section, “thermal energy” means the use of fuels to  
4 control the temperature of space within buildings and to heat water. In this  
5 section, “process fuel” means fuel used in commercial and industrial  
6 production operations.

7 (ii) Periodically on a schedule directed by the Commission, the  
8 appointed entity or entities shall propose to the Commission a plan to  
9 implement this subdivision (d)(2)(B). The proposed plan shall comply with  
10 subsections (e)–(g) of this section and shall be subject to the Commission’s  
11 approval. The Commission shall not conduct the review of the proposed plan  
12 as a contested case under 3 V.S.A. chapter 25 but shall provide notice and an  
13 opportunity for written and oral comments to the public and affected parties  
14 and State agencies.

15 (C) The appointed entity may be used to support the attainment of  
16 building energy codes established pursuant to sections 51 and 53 of this title.  
17 The Commission shall review and approve a methodology for the appointed  
18 entities to support the attainment of code in the next Demand Resources Plan  
19 Proceeding. The Commission is authorized to approve a methodology for the  
20 appointed entity and the State to quantify energy savings achieved through

1 code attainment, which shall be counted toward the appointed entity's  
2 quantitative savings targets.

3 (D) The appointed entity shall receive a total annual budgetThe annual  
4 revenue required to be raised by the electric efficiency charge authorized under  
5 this subsection from 2027 through 2030 that is shall be the equivalent to the  
6 inflation-adjusted Commission-approved budget-electric efficiency budget in  
7 2026.

8 (3) Energy efficiency charge; regulated fuels. In addition to its existing  
9 authority, the Commission may establish by order or rule a volumetric charge  
10 to customers for the support of energy efficiency programs that meet the  
11 requirements of section 218c of this title, with priority consideration given to  
12 the greenhouse gas emission reductions requirements under 10 V.S.A. § 578,  
13 and due consideration to the State's energy policy under section 202a of this  
14 title and to its energy and economic policy interests under section 218e of this  
15 title to maintain and enhance the State's economic vitality. The charge shall be  
16 known as the energy efficiency charge, shall be shown separately on each  
17 customer's bill, and shall be paid to a fund administrator appointed by the  
18 Commission and deposited into the ~~Electric~~ Efficiency Fund. When such a  
19 charge is shown, notice as to how to obtain information about energy  
20 efficiency programs approved under this section shall be provided in a manner  
21 directed by the Commission. This notice shall include, at a minimum, a toll-

1 free telephone number, and to the extent feasible shall be on the customer's bill  
2 and near the energy efficiency charge.

3 (4) Supplemental funding; Programs funded under this section shall also  
4 be funded without further appropriation or offsets by each of the following:

5 (A) Net revenues above costs associated with payments from the  
6 New England Independent System Operator (ISO-NE) for capacity savings  
7 resulting from the activities of the energy efficiency utility designated under  
8 subdivision (2)(A) of this subsection (e) that are not transferred to the State  
9 PACE Reserve Fund under 24 V.S.A. § 3270(c). These revenues shall be  
10 deposited into the Efficiency Fund established by this section.

11 (B) Net revenues above costs from the sale of carbon credits under  
12 the cap and trade program established under section 255 of this title, which  
13 shall be deposited into the Efficiency Fund established by this section.

14 (C) Any other monies that are appropriated to or deposited in the  
15 ~~Electric~~ Efficiency Fund for the delivery of thermal energy and process fuel  
16 energy efficiency services.

17 (D) Notwithstanding subsection (e) of this section, a retail electricity  
18 provider that is also an entity appointed under subdivision (d)(2)(A), may use  
19 monies subject to subsection (e) of this section and any of the Supplemental  
20 Funding outlined in this subdivision (4) to deliver thermal and transportation  
21 measures or programs that reduce fossil fuel use regardless of the preexisting

1 fuel source of the customer with special emphasis on measures or programs  
2 that take a new or innovative approach to reducing fossil fuel use including  
3 support for staffing necessary to implement innovative building sector policies  
4 and modifying or supplementing existing vehicle incentive programs and  
5 electric vehicle supply equipment grant programs to incentivize high-  
6 consumption fuel users, especially individuals using more than 1000 gallons of  
7 gasoline or diesel annually and those with low and moderate income, to  
8 transition to the use of battery electric vehicles. The amounts available shall  
9 include amounts annually budgeted for thermal energy and process fuel funds  
10 or from Supplemental Funding, and any carry-forward thermal energy and  
11 process fuel funds or Supplemental Funding from prior periods, on programs,  
12 measures, and services that reduce greenhouse gas emissions in the thermal  
13 energy or transportation sector.

14 ~~(A)(5)~~ Regulated use of the Efficiency Fund. Balances in the ~~Electric~~  
15 Efficiency Fund shall be ratepayer funds, shall be used to support the activities  
16 authorized in this subdivision in a fuel neutral manner, and shall be carried  
17 forward and remain in the Fund at the end of each fiscal year. These monies  
18 shall not be available to meet the general obligations of the State. Interest  
19 earned shall remain in the Fund. The Commission will annually provide the  
20 General Assembly with a report detailing the revenues collected and the  
21 expenditures made for energy efficiency programs under this section. The

1 provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply  
2 to the report to be made under this subsection (d).

3           ~~(B)~~(A) The ~~charge~~ charges established by the Commission pursuant  
4 to this subdivision ~~(3)~~(5) shall be in an amount determined by the Commission  
5 by rule or order that ~~is consistent with the principles of least-cost integrated~~  
6 ~~planning as defined in section 218c of this title~~ are is societally cost-effective  
7 for the purpose of reducing greenhouse gas emissions and consistent with the  
8 principles of least-cost integrated planning as defined in section 218c of this  
9 title. As circumstances and programs evolve, the amount of the ~~charge~~  
10 charges shall be reviewed for unrealized energy efficiency potential and shall  
11 be adjusted as necessary in order to realize all reasonably available, cost-  
12 effective energy efficiency savings. In setting the amount of the charge and its  
13 allocation, the Commission shall ~~determine an appropriate balance among the~~  
14 ~~following objectives; provided, however, that particular emphasis shall be~~  
15 ~~accorded to the first four of these objectives:~~ prioritize the reduction of  
16 greenhouse gases and seek to balance the other following objectives: reducing  
17 Vermont's total energy demand, consumption, and expenditures; reducing the  
18 size of future power purchases; reducing the generation of greenhouse gases  
19 equitable distribution of benefits using geographic and economic indicators;  
20 limiting the need to upgrade the State's transmission and distribution  
21 infrastructure; minimizing the costs of electricity; reducing Vermont's total

1 energy demand, consumption, and expenditures; providing efficiency and  
2 conservation as a part of a comprehensive resource supply strategy that  
3 includes implementation of beneficial electrification and energy storage system  
4 projects; providing the opportunity for all Vermonters to participate in  
5 efficiency and conservation programs; and targeting efficiency and  
6 conservation efforts to locations, markets, or customers where they may  
7 provide the greatest value.

8 (C)(B) The Commission, by rule or order, shall establish a process by  
9 which a customer who pays an average annual energy efficiency charge under  
10 this subdivision ~~(3)~~(5) of at least \$5,000.00 may apply to the Commission to  
11 self-administer energy efficiency through an energy savings account or  
12 customer credit program that shall contain up to 75 percent and 90 percent,  
13 respectively of the customer's energy efficiency charge payments as  
14 determined by the Commission. The remaining portion of the charge shall be  
15 used for administrative, measurement, verification, and evaluation costs and  
16 for systemwide energy benefits. Customer energy efficiency funds may be  
17 approved for use by the Commission for one or more of the following: electric  
18 energy efficiency projects and ~~non-electric~~ nonelectric efficiency projects,  
19 which may include thermal and process fuel efficiency, flexible load  
20 management, combined heat and power systems, demand management, energy  
21 productivity, and energy storage. These funds shall not be used for the



1 purchase or installation of new equipment capable of combusting fossil fuels.

2 The Commission in its rules or order shall establish criteria for each program

3 and approval of these applications, establish application and enrollment

4 periods, establish participant requirements, and establish the methodology for

5 evaluation, measurement, and verification for programs. The total amount of

6 customer energy efficiency funds that can be placed into energy savings

7 accounts or the customer credit program annually is \$2,000,000.00 and

8 \$1,000,000.00 respectively.

9 ~~(D) The Commission may authorize the use of funds raised through~~  
10 ~~an energy efficiency charge on electric ratepayers to reduce the use of fossil~~  
11 ~~fuels for space heating by supporting electric technologies that may increase~~  
12 ~~electric consumption, such as air source or geothermal heat pumps if, after~~  
13 ~~investigation, it finds that deployment of the technology:~~

14 ~~(i) will be beneficial to electric ratepayers as a whole;~~

15 ~~(ii) will result in cost-effective energy savings to the end-user and~~  
16 ~~to the State as a whole;~~

17 ~~(iii) will result in a net reduction in State energy consumption and~~  
18 ~~greenhouse gas emissions on a life-cycle basis and will not have a detrimental~~  
19 ~~impact on the environment through other means such as release of refrigerants~~  
20 ~~or disposal. In making a finding under this subdivision, the Commission shall~~

1 ~~consider the use of the technology at all times of year and any likely new~~  
2 ~~electricity demand created by such use;~~

3 ~~(iv) will be part of a comprehensive energy efficiency and~~  
4 ~~conservation program that meets the requirements of subsections (d)-(g) of this~~  
5 ~~section and that makes support for the technology contingent on the energy~~  
6 ~~performance of the building in which the technology is to be installed. The~~  
7 ~~building's energy performance shall achieve or shall be improved to achieve an~~  
8 ~~energy performance level that is approved by the Commission and that is~~  
9 ~~consistent with meeting or exceeding the goals of 10 V.S.A. § 581 (building~~  
10 ~~efficiency);~~

11 ~~(v) among the product models of the technology that are suitable~~  
12 ~~for use in Vermont, will employ the product models that are the most efficient~~  
13 ~~available;~~

14 ~~(vi) will be promoted in conjunction with demand management~~  
15 ~~strategies offered by the customer's distribution utility to address any increase~~  
16 ~~in peak electric consumption that may be caused by the deployment;~~

17 ~~(vii) will be coordinated between the energy efficiency and~~  
18 ~~distribution utilities, consistent with subdivision (f)(5) of this section; and~~

19 ~~(viii) will be supported by an appropriate allocation of funds~~  
20 ~~among the funding sources described in this subsection (d) and subsection (e)~~  
21 ~~of this section. In the case of measures used to increase the energy~~

1 ~~performance of a building in which the technology is to be installed, the~~  
2 ~~Commission shall assume installation of the technology in the building and~~  
3 ~~then determine the allocation according to the proportion of the benefits~~  
4 ~~provided to the regulated fuel and unregulated fuel sectors. In this subdivision~~  
5 ~~(viii), “regulated fuel” and “unregulated fuel” shall have the same meaning as~~  
6 ~~under subsection (e) of this section.~~

7 ~~(4)~~(6) Contract or order of appointment. Appointment of an entity  
8 under subdivision (2) of this subsection may be by contract or by an order of  
9 appointment. An appointment, whether by order of appointment or by  
10 contract, may only be issued after notice and opportunity for hearing. An order  
11 of appointment shall be for a limited duration not to exceed 12 years, although  
12 an entity may be reappointed by order or contract. An order of appointment  
13 may include any conditions and requirements that the Commission deems  
14 appropriate to promote the public good. For good cause, after notice and  
15 opportunity for hearing, the Commission may amend or revoke an order of  
16 appointment.

17 ~~(5)~~(7) Appointed entity; supervision. Any entity appointed by order of  
18 appointment under subdivisions (2) and ~~(4)~~(6) of this subsection that is not an  
19 electric or gas utility already regulated under this title shall not be considered  
20 to be a company as defined under section 201 of this title but shall be subject  
21 to the provisions of sections 18–21, 30–32, 205–208, subsection 209(a),

1 sections 219, 221, and subsection 231(b) of this title, to the same extent as a  
2 company as defined under section 201 of this title. The Commission and the  
3 Department of Public Service shall have jurisdiction under those sections over  
4 the entity, its directors, receivers, trustees, lessees, or other persons or  
5 companies owning or operating the entity and of all plants, equipment, and  
6 property of that entity used in or about the business carried on by it in this  
7 State as covered and included in this section. This jurisdiction shall be  
8 exercised by the Commission and the Department so far as may be necessary  
9 to enable them to perform the duties and exercise the powers conferred upon  
10 them by law. The Commission and the Department each may, when they deem  
11 the public good requires, examine the plants, equipment, and property of any  
12 entity appointed by order of appointment under subdivisions (2) and (4) of this  
13 subsection.

14 (8) Provision of equity and justice in services; requirements. Any  
15 appointed entity shall ensure an equitable and just provision of services.

16 (A) Not less than 25 percent of the annual budget shall be targeted  
17 for residential services for customers with low to moderate income.

18 (B) Not less than 12.5 percent of the annual budget shall be targeted  
19 for small businesses and not-for-profit organizations.

1           (C) The cost of providing services under this subsection (6) shall be  
2           excluded from the calculation of cost-effectiveness for the appointed entities'  
3           portfolio of services.

4           (D) On or before September 1, 2026, the appointed entity shall  
5           propose and the Commission shall evaluate the appropriateness of a statewide  
6           low-income energy efficiency rate for regulated fuels. The Commission may  
7           consider the technical feasibility of implementation before approving such a  
8           rate. For a distribution utility that is also an appointed entity, and has a  
9           Commission approved discounted low-income rate, that appointed entity may  
10           elect to apply its Commission approved discounted low-income rate criteria to  
11           the energy efficiency charge in lieu of adopting a statewide low-income energy  
12           efficiency rate.

13           (e) Thermal energy and process fuel efficiency funding.

14           ~~(1) Each of the following shall be used to deliver thermal energy and~~  
15           ~~process fuel energy efficiency services in accordance with this section for~~  
16           ~~unregulated fuels to Vermont consumers of such fuels.~~ In addition, the  
17           Commission may authorize an entity appointed to deliver such services under  
18           subdivision (d)(2)(B) of this section to use monies subject to this subsection  
19           for the engineering, design, and construction of facilities for the conversion of  
20           thermal energy customers using fossil fuels to district heat if the majority of

1 the district's energy is from biomass sources, the district's distribution system  
2 is highly energy efficient, and such conversion is cost effective.

3 ~~(A) Net revenues above costs associated with payments from the New~~  
4 ~~England Independent System Operator (ISO-NE) for capacity savings resulting~~  
5 ~~from the activities of the energy efficiency utility designated under subdivision~~  
6 ~~(2)(A) of this subsection (e) that are not transferred to the State PACE Reserve~~  
7 ~~Fund under 24 V.S.A. § 3270(c). These revenues shall be deposited into the~~  
8 ~~Electric Efficiency Fund established by this section. In delivering services with~~  
9 ~~respect to heating systems using the revenues subject to this subdivision (A),~~  
10 ~~the entity shall give priority to incentives for the installation of high efficiency~~  
11 ~~biomass heating systems and shall have a goal of offering an incentive that is~~  
12 ~~equal to 25 percent of the installed cost of such a system. Provision of an~~  
13 ~~incentive under this subdivision (A) for a biomass heating system shall not be~~  
14 ~~contingent on the making of other energy efficiency improvements at the~~  
15 ~~property on which the system will be installed.~~

16 ~~(B) Net revenues above costs from the sale of carbon credits under the~~  
17 ~~cap and trade program established under section 255 of this title, which shall~~  
18 ~~be deposited into the Electric Efficiency Fund established by this section.~~

19 ~~(C) Any other monies that are appropriated to or deposited in the~~  
20 ~~Electric Efficiency Fund for the delivery of thermal energy and process fuel~~  
21 ~~energy efficiency services.~~

1           (2) ~~If a program combines regulated fuel efficiency services with~~  
2 ~~unregulated fuel efficiency services supported by funds under this section, the~~  
3 ~~Commission shall allocate the costs of the program among the funding sources~~  
4 ~~for the regulated and unregulated fuel sectors in proportion to the benefits~~  
5 ~~provided to each sector.~~

6           (3) In this subsection:

7           (A) “Biomass” means organic nonfossil material constituting a  
8 source of renewable energy within the meaning of section 8002 of this title.

9           (B) “District heat” means a system through which steam or hot water  
10 from a central plant is piped into buildings to be used as a source of thermal  
11 energy.

12           (C) “Efficiency services” includes the establishment of a statewide  
13 information clearinghouse under subsection (g) of this section.

14           (D) “Fossil fuel” means an energy source formed in the earth’s crust  
15 from decayed organic material. The common fossil fuels are petroleum, coal,  
16 and natural gas. A fossil fuel may be a regulated or unregulated fuel.

17           (E) “Regulated fuels” means electricity and natural gas delivered by a  
18 regulated utility.

19           (F) “Unregulated fuels” means fuels used by thermal energy and  
20 process fuel customers other than electricity and natural gas delivered by a  
21 regulated utility.

1 (f) Goals and criteria; all energy efficiency programs. With respect to all  
2 energy efficiency programs approved under this section, the Commission shall:

3 (1) Ensure that all retail consumers, regardless of retail electricity, gas,  
4 or heating or process fuel provider, will have an opportunity to participate in  
5 and benefit from a comprehensive set of cost-effective energy efficiency, and  
6 electrification, and energy storage programs and initiatives designed to  
7 overcome barriers to participation.

8 (2) Require that continued or improved efficiencies be made in the  
9 production, delivery, and use of energy efficiency services, including the use  
10 of compensation mechanisms for any energy efficiency entity appointed under  
11 subdivision (d)(2) of this section that are based upon verified greenhouse gas  
12 emission reductions, savings in energy usage and demand, and other  
13 performance targets specified by the Commission. The linkage between  
14 compensation and verified savings in energy usage and demand (and other  
15 performance targets) shall be reviewed and adjusted not less than triennially by  
16 the Commission.

17 \* \* \*

18 (g) Thermal energy and process fuel efficiency programs; additional  
19 criteria. With respect to energy efficiency programs delivered under this  
20 section to thermal energy and process fuel customers, the Commission shall:



1           (1) Ensure that programs are delivered ~~on a whole buildings basis to~~  
2 help meet the State's ~~building~~ efficiency goals established by 10 V.S.A. § 581  
3 and to reduce greenhouse gas emissions ~~from thermal energy and process fuel~~  
4 use in Vermont ~~pursuant to 10 V.S.A. § 578.~~

5           (2) ~~Require the establishment of a statewide information clearinghouse~~  
6 ~~to enable effective access for customers to and effective coordination across~~  
7 ~~programs. The clearinghouse shall serve as a portal for customers to access~~  
8 ~~thermal energy and process fuel efficiency services and for coordination~~  
9 ~~among State, regional, and local entities involved in the planning or delivery of~~  
10 ~~such services, making referrals as appropriate to service providers and to~~  
11 ~~entities having information on associated environmental issues such as the~~  
12 ~~presence of asbestos in existing insulation.~~

13           (3) ~~In consultation with the Agency of Natural Resources, establish~~  
14 ~~annual interim goals starting in 2014 to meet the 2017 and 2020 goals for~~  
15 ~~improving the energy fitness of housing stock stated in 10 V.S.A. § 581(1).~~

16           (4) Ensure the monitoring of the State's progress in meeting the goals of  
17 10 V.S.A. § 581(1). This monitoring shall be performed according to a  
18 standard methodology and on a periodic basis that is not less than annual.

19           \* \* \*

20           Sec. 2. EFFECTIVE DATE

21           This act shall take effect on July 1, 2025.