REPORT TO THE VERMONT STATE LEGISLATURE

Act 142 of 2024: Energy Cost-Stabilization Study

Submitted by the Vermont Public Utility Commission to the General Assembly

December 1, 2025

VERMONT

PUBLIC UTILITY COMMISSION

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Executive Summary

Energy burden is the percentage of income a household spends on energy-related expenditures, including electric, thermal, and transportation costs. Transportation energy costs are the largest share of Vermonters' energy burden (45%), followed by heating energy costs (35%). Electricity costs are currently a smaller proportion (20%) of Vermonters' energy burden. Recent evidence suggests that an increasing number of Vermonters are struggling with energy costs and falling behind on their energy bills.

Act 142 directs the Commission to make a determination as to whether a statewide program to reduce energy burden for Vermonters with low and moderate income is needed in Vermont. The overall answer to this question is "Yes" because the data show that a significant number of Vermonters with low and moderate income experience substantial energy burden. The good news is that many statewide programs that address energy burden already exist. The most prominent examples of these programs are the Low Income Home Energy Assistance Program ("LIHEAP") and Home Weatherization Assistance Program that are implemented by the five regional community action agencies. The community action agencies are adept at weaving together multiple funding streams to provide specific relief to the Vermonters who need it most.

The issue is not a lack of programs. The main issue is a lack of sufficient funds to address the need. Therefore, the Commission recommends that the Legislature:

- Phase in an increase to the existing fuel tax on heating oil, propane, kerosene, and other dyed diesel fuel delivered in Vermont to provide greater support to the community action agencies' Home Weatherization Assistance Program for Vermonters with low income. These funds should also be made available for weatherization readiness repairs.
- Dedicate general-fund dollars specifically to expand LIHEAP benefits, in particular the community action agencies' Crisis Fuel Assistance Program, and, if necessary, offset losses of federal dollars. The community action agencies should be given flexibility to use these funds to pay arrearages of customers facing disconnection even if electricity is not necessary to run the customer's heating system.
- Adopt a mechanism to make Vermonters with low and moderate income whole for any increases to the fuel tax through a tax credit or other mechanism.

- Continue to fund up-front monetary incentives for high-efficiency vehicles (new and used all-electric and plug-in hybrid electric vehicles) through the State's general fund and transportation fund.
- If the Legislature's intent is to reduce customers' electric bills, then it should dedicate general-fund dollars to continue and expand the electric utilities' existing Affordable Community Renewable Energy ("ACRE") programs, which provide discounted electric bills for Vermonters with low income while simultaneously supporting renewable energy projects.

Given the number and variety of programs currently available, the Commission does not recommend that the Legislature create another statewide program. One of the concerns that the Commission heard in this proceeding and in the Clean Heat Standard discussions is that there is a need for benefit "navigators" to help guide recipients to available programs and to assist with eligibility requirements and application materials.

The Commission also considered whether the Legislature should authorize the electric utilities to raise and pool ratepayer funds so that all utilities, including municipal and cooperative utilities, could offer discounted electric rates to income-qualified customers. The Commission does not recommend requiring the utilities to participate in such a program because it would impose an additional burden on all ratepayers, including Vermonters with low and moderate income and those at the "eligibility cliff," while providing only a modest benefit to those customers who participate. Based on a review of discounted rate programs in Vermont and in other states, a majority of eligible customers do not participate even in well-subscribed discounted rate programs. Additionally, a statewide one-size-fits-all discount program would not provide equitable benefits for all participants because average residential customer bills vary significantly based on utility (*i.e.*, $63 to $123). Green Mountain Power Corporation ("GMP") and the City of Burlington Electric Department ("BED") each have discounted rate programs, which means approximately 70% of Vermonters already have access to such programs. For the remaining utilities, discounted rate programs and other offerings to assist customers with low income may be expanded (*e.g.*, the utilities' ACRE programs) or developed on a case-by-case basis to fit the needs of the utility and its customers with low income.

Creating another statewide energy assistance program funded through electric rates might be relatively easy to mandate, but it would not be the most effective means of assisting Vermonters with low income because it would not address root causes of energy burden. Any efforts to address energy burden will require additional money. The Commission does not recommend creating a new program funded through a new charge on electric bills because it would frustrate the State's goal of electrifying the thermal and transportation sectors. The Commission recommends ensuring appropriate funding levels for existing programs that assist Vermonters with low income in reducing their energy burden.

In summary, electric rates are not the primary reason that Vermonters are struggling with energy costs. Unpaid electric bills are a symptom of the overall cost-of-living crisis facing Vermonters. The Commission believes that creating a statewide discounted electric rate would provide only a modest benefit in terms of energy burden. In contrast, the actions recommended by Commission in this report have the potential to provide a more targeted and meaningful benefit to Vermonters struggling with energy burden without creating new programs.

I. Statutory Basis and Stakeholder Involvement

On May 30, 2024, Act 142, an act relating to miscellaneous changes related to the Public Utility Commission, was signed into law.[1] Among other things, Act 142 directs the Vermont Public Utility Commission ("Commission") to study current and potential future programs and initiatives focused on reducing or stabilizing energy costs for households with low or moderate income and make a recommendation as to whether a statewide program to reduce energy burden is needed in Vermont. The Commission is required to "take into consideration a comprehensive approach that recognizes that electric costs might rise but that total energy costs are expected to decrease because of increased electrification, efficiency, storage, and demand response activities."[2]

Act 142 directs the Commission to review existing programs within and outside Vermont and to develop findings regarding the programs' funding sources, eligibility requirements and procedures, administrative structure, and efficacy. The Commission is also directed to provide recommendations on how to improve coordination among existing programs. If a statewide program is recommended, the Commission is directed to make recommendations on the design of the program.

In preparing this report, the Commission issued an information request in March of 2025 to the stakeholders listed in Act 142 to identify existing programs in Vermont. The Commission then conducted a workshop on July 16, 2025, to discuss the responses to the information request and to hear feedback from stakeholders. Stakeholders were invited to file written recommendations by September 5, 2025. Commission staff conducted five interviews with representatives of the community action agencies and Weatherization Assistance Programs. Additional workshops were held on October 6 and 14, 2025. At the October 6, 2025, workshop the Commission heard from the Weatherization Assistance Programs, the energy efficiency utilities, and the electric

[1] Public Act No. 142 (2024 Vt., Adj. Sess.) ("Act 142").

[2] Previous analyses indicate that while electrification may reduce total energy costs for many customers, not all customers will save money through electrification. In certain areas of the state, such as those served by relatively lower-cost natural gas utilities or by electric utilities with higher rates, the operating and maintenance costs of heat pumps will be higher than fossil-fuel alternatives. Additionally, there are homes that are in such poor condition that there may be no practical way to pursue significant reduction in fossil-fuel use through electrification alone. *See* PUB. UTIL. COMM'N, SECOND CHECKBACK REPORT ON THE CLEAN HEAT STANDARD UNDER ACT 18 OF 2023 § 6(I) at 41-42 (showing increase in heating costs for natural gas customers converting to heat pumps); CLEAN HEAT EQUITY ADVISORY GROUP, FINAL REPORT TO THE VERMONT LEGISLATURE, January 7, 2025, at 50.

distribution utilities about their statewide programs for Vermonters with low and moderate income and how those programs coordinate. At the October 14, 2025, workshop, the Commission heard directly from Vermonters with low and moderate income and from people who work with and advocate for Vermonters with low and moderate income about energy burden and the need for greater support to address energy burden. The Commission also made a survey available for Vermonters with low and moderate income to provide input to the Commission.

All filings and comments submitted to the Commission regarding the drafting of this report can be reviewed online at: https://epuc.vermont.gov/?q=node/64/203565.

II. Energy Burden in Vermont

Energy burden is the percentage of income a household spends on energy-related expenditures, including electric, thermal, and transportation costs. The average total household energy burden in Vermont is roughly 11%, although energy burden by town, based on town median income, ranges from a low of 5% to a high of over 23%.[3] A combined electric and thermal burden of greater than 6% is generally considered high; when transportation costs are excluded, the average electric and thermal burden for Vermont is 5%.[4]

Households with low and moderate income are the most energy-burdened in Vermont. For context, subject to variations based on household size, Vermont households at or below 80% of area median income ("AMI") are generally considered low-income and households earning 80-120% of AMI are considered moderate-income.[5] Approximately 38% of households in Vermont have incomes at or below 80% of AMI, and 20% of Vermont households have incomes within the 80-120% AMI moderate-income range.[6] Together, households with low and moderate income represent roughly 58% of all households in the state.

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[3] EFFICIENCY VERMONT, 2023 VERMONT ENERGY BURDEN REPORT at 22-27 *available at* https://www.efficiencyvermont.com/Media/Default/docs/landing-pages/energy-burden-report/2023-EfficiencyVermont-EnergyBurdenReport.pdf.

[4] *Id*. at 1.

[5] 80% of Vermont household AMI, calculated at the metropolitan statistical area and county levels, for a 2-person household ranges from $66,400 to $83,100 and for a 4-person household ranges from $82,950 to $103,850. U.S. Department of Housing and Urban Development, FY2025 Adjusted Home Income Limits. Data available at https://www.huduser.gov/portal/datasets/home-datasets/files/HOME_IncomeLmts_State_VT_2025.pdf.

[6] *Investigation pursuant to Act 142/creation of statewide program to reduce energy burden*, Case No. 25-0443-INV, Department Comments dated 9/5/25 at 5. All public documents related to the preparation of this report can be found at: https://epuc.vermont.gov/?q=node/64/203565.

Table 1. Average spending by energy category +/- standard deviation in 2023[7]

Energy Type	Average Expenditure (2023)	Range of expenditures (2023)	Proportion of total energy cost (2023)
Electricity	$1,417 ±$209	$619 - $2,073	20%
Thermal	$2,447 ±$390	$1,050 - $4,340	35%
Transportation	$3,217 ±$417	$1,682 - $4,196	45%
Total	$7,071 ±$741	$3,498 - $9,100	-

Energy burden is just one of several significant sources of pressure on the cost of living for Vermonters with low and moderate income. In preparing this report, the Commission has heard about the pressures of increasing costs related to housing, health care, childcare, and food. The causes of these cost pressures are complex and often interconnected. The Joint Fiscal Office's Vermont Basic Needs Budgets and Livable Wage Report provides a useful summary of the cost pressures facing Vermonters.[8] For example, a lack of affordable housing may result in employees traveling farther for work, increasing energy burden due to transportation fuel costs.

There is evidence that energy burden and general financial strain are increasing for Vermonters. In 2022, approximately 1,600 customers faced disconnection of their utility service because they owed arrearage amounts greater than $300. In 2025, the number of customers owing more than $300 has increased by nearly 20% to approximately 1,900.

[7] EFFICIENCY VERMONT, 2023 VERMONT ENERGY BURDEN REPORT at 22-27.

[8] https://ljfo.vermont.gov/assets/Subjects/Basic-Needs-Budgets/WLegislative-Joint-Fiscal-OfficeBasic-Needs-Budgets-and-Livable-Wage-Report1-15-2025.pdf.

III. Recommendations

Act 142 directs the Commission to make a determination as to whether a statewide program to reduce energy burden is needed in Vermont. The overall answer to this question is "Yes" because the data show that a significant number of Vermonters with low and moderate income experience substantial energy burden. The good news is that many statewide programs addressing energy burden already exist. The issue is not a lack of programs. The issue is a lack of funds. Therefore, the Commission recommends that the Legislature adopt a stable, long-term funding source to enhance the existing programs that address energy burden by providing energy assistance, weatherization services, and efficiency services to Vermonters with low and moderate income.

The Commission received feedback from stakeholders that the array of energy assistance programs and incentives can be confusing at times. This complexity arises because assistance comes from multiple funding sources, including federal, state, and local governments, utilities, and third-party organizations. These programs are designed to achieve discrete policy objectives or meet specific regulatory requirements and, therefore, offer different services or have different eligibility requirements. The creation of an overarching statewide program to address energy burden would not solve this complexity and could exacerbate it. The EEUs and the community action agencies are in the best position to provide comprehensive services to Vermonters who need assistance with energy costs. In the case of Vermonters with low income, the community action agencies provide an essential service by drawing on all available funding sources to address an individual's need. Therefore, our recommendations are designed to enhance and expand the community action agencies' existing services so that more Vermonters can receive necessary assistance without creating additional programming.

Specifically, the Commission recommends that the Legislature:

- Phase in an increase to the existing fuel tax on heating oil, propane, kerosene, and other dyed diesel fuel delivered in Vermont to provide greater support to the community action agencies' Home Weatherization Assistance Program for Vermonters with low income. These funds should also be made available for weatherization readiness repairs.
- Dedicate general-fund dollars specifically to expand LIHEAP benefits, in particular the community action agencies' Crisis Fuel Assistance Program, and, if necessary, offset losses of federal dollars. The community action agencies should

be given flexibility to use these funds to pay arrearages of customers facing disconnection even if electricity is not necessary to run the customer's heating system.

- To mitigate increased heating fuel costs for Vermonters with low income, the Commission recommends that lawmakers consider options to make low-income Vermonters whole. For example, a tax rebate could be issued to income-qualified taxpayers in the amount of the increased cost that a LIHEAP participant would experience from an increase in the fuel tax.
- The Commission recommends that the Legislature continue to fund up-front monetary incentives for Vermonters with low and moderate income to purchase high-efficiency vehicles (new and used all-electric and plug-in hybrid electric vehicles) through the State's general fund and transportation fund.
- If the Legislature's intent is to reduce customers' electric bills, then it should dedicate general-fund dollars to continue and expand the electric utilities' existing Affordable Community Renewable Energy ("ACRE") programs, which provide discounted electric bills for Vermonters with low income while simultaneously supporting renewable energy projects.

The Commission recommends that the primary mechanism for deploying these additional funds would be the community action agencies.[9] These agencies work directly with Vermonters experiencing high energy burden. The agencies are experienced in evaluating the specific causes of a client's energy burden and weaving together multiple streams of funding to develop plans to provide the specific assistance the client needs. Additionally, the agencies always have a greater need than they have funds to serve.

Imagine a scenario where a Vermonter living in a 100-year-old home has had the electricity disconnected and is out of heating fuel. The Community Action Agency could access LIHEAP funds to pay the client's electricity arrearages and have heating fuel delivered. The agency could help the individual sign up for a utility's energy assistance program, ACRE program, or other program to assist with paying electric bills going forward. The agency could then deploy Home Weatherization Assistance Program dollars to insulate the home and, in coordination with funding from the

[9] Additional funding for the ACRE program is the exception. Any additional support for that program should go to the Vermont Department of Public Service to be distributed to the electric distribution utilities.

energy efficiency utility and electric distribution utility, install a heat pump and other efficient electrical appliances. The funding sources identified above would allow the community action agencies to serve more clients and provide greater financial assistance.

A stable funding source is critical because federal funds that supported these activities are no longer available or are time limited. For example, federal funds from the American Rescue Plan Act of 2021 ("ARPA") were used to complete the home repairs needed on some homes before weatherization and beneficial electrification work could be completed. However, ARPA funding has been exhausted. This will leave many low-income Vermonters who need thermal and electric efficiency upgrades unable to access the benefits of the Home Weatherization Assistance Program.

A. Energy Assistance Programs

An energy assistance program ("EAP") is a mechanism for providing a discount on energy costs to income-qualified customers of regulated utilities. EAPs may also provide for the forgiveness of unpaid arrearages. The cost of an EAP is primarily determined by the amount of the discount offered, the amount of arrearage forgiveness provided, and the number of customers who participate in the program.

The majority (~70%) of income-qualified Vermont electric consumers have access to ratepayer-funded EAPs through Green Mountain Power Corporation ("GMP") and the City of Burlington Electric Department ("BED").[10] Vermont Gas Systems, Inc. ("VGS") also offers an EAP for its customers. Several stakeholders advocated that there should be a statewide EAP for all electric customers because the customers of the cooperative and municipal utilities do not have access to an EAP. Their proposed statewide EAP would be funded by a surcharge on the electric bills of every electric customer in the state. The funds raised would be redistributed to the Vermont electric distribution utilities and used to provide a discount and arrearage forgiveness to income-qualified customers.

It is important to understand the reasons why not every Vermont utility offers an EAP. In 2009, the Legislature adopted 30 V.S.A. § 218(e), which provides that the Commission "on its own motion or upon petition of any person, may issue an order approving a rate schedule, tariff, agreement, contract, or settlement that provides reduced rates for low-income electric utility consumers better to assure affordability." In considering a

[10] These programs are discussed in detail in the section of this report about existing programs.

proposed EAP, the Commission must "take into account the potential impact on, and cost-shifting to, other utility customers."[11]

In an investigation spanning from 2009 through 2011, the Commission examined the appropriateness of requiring each Vermont utility to adopt an EAP. In doing so, the Commission considered whether it was permissible to implement a statewide EAP with a unified funding approach. In an order dated July 22, 2011, the Commission concluded that while Section 218(e) may allow the Commission to order each individual utility to adopt identical EAPs, doing so would present significant challenges and costs for small utilities that lack large, diverse customer bases, and the statute did not permit the Commission "to draw upon the State's general fund or to otherwise order the electric utilities to pool their revenues for purposes of funding a 'statewide' low-income rate program."[12]

Ultimately, the Commission directed both of Vermont's investor-owned utilities, GMP and the former Central Vermont Public Service Corporation, to design and adopt an EAP. However, the Commission concluded that "the smaller cooperative and municipal utility companies would need a different approach to help make electric rates more affordable for their low-income customers."[13]

The Commission revisited the issue of whether all Vermont electric utilities should offer discounted rates in an investigation that spanned from 2020 to 2023. The Commission found that all of Vermont's electric utilities "either already have or will soon have programs that provide reduced rates to low-income residential ratepayers."[14] However, the Commission noted that some of the programs had: (1) a short or limited duration, (2) a cap on the number of participants, or (3) a relatively low discount. These programs include the ACRE program, which is described in Section V of this report. However, for the reasons previously identified in the earlier investigation, the Commission declined to require the cooperative and municipal utilities to adopt EAPs.

In summary, the reason that cooperative and municipal utilities have not been required to offer an EAP is because of concerns about the high proportion of customers with low income in these small service territories; the additional costs to non-participating customers, especially non-participating customers who are eligible for the program or

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[11] 30 V.S.A. § 218(e).

[12] Docket 7535, Order of July 22, 2011, at 84.

[13] Docket 7535, Order of July 22, 2011, at 75.

[14] *Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities*, Case No. 20-0203-INV, Order of 6/13/2023 at 1.

at the margin of eligibility; and the administrative burden of such a program. Additionally, the Commission reviewed EAPs from across the country, and while the Commission found several states that adopted a single set of EAP requirements for investor-owned utilities, the Commission did not find any states that imposed a similar mandate on municipal utilities.[15]

EAPs offer an important benefit to participating customers, but that benefit comes at a cost to non-participating customers. This includes customers with low and moderate income who do not participate in the EAP for various reasons. Studies show that even in EAPs with the highest participation rates, fewer than half of qualified customers participate, which means that for every income-qualified customer who benefits from the program, one or more income-qualified customers see an increase in their energy bills, which aggravates energy burden.[16] Additionally, customers who do not qualify, including customers at the margin of eligibility, see an increase in their energy bills.

The Commission considered whether to recommend that the Legislature authorize the Commission to design a statewide EAP that pools money from all utilities. This approach would have the benefit of slightly reducing the program cost for customers of smaller utilities because the costs would be socialized over a larger group of ratepayers. However, the Commission does not recommend that the Legislature establish a statewide ratepayer-funded EAP. A statewide ratepayer-funded EAP would require another entity to collect and redistribute the funds to the utilities. There would also need to be regular regulatory proceedings involving all utilities to forecast the annual revenue needed to fund the program and set the amount of the surcharge on customer bills. This would add a layer of complexity to the administration of all utility billing processes that does not seem justified because not all income-eligible customers will participate in an EAP.

Most importantly, a statewide ratepayer-funded EAP would address only a fraction of the myriad costs that Vermonters with low income are facing because electric costs are

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[15] Many state utility commissions do not regulate municipal and cooperative utilities. Some municipal utilities have elected to adopt discounted rates voluntarily, as BED has.

[16] GDS ASSOCS., INC., ON BEHALF OF THE VT. DEP'T OF PUB. SERV., ASSESSMENT OF THE GREEN MOUNTAIN POWER ENERGY ASSISTANCE PROGRAM, November 2019 at 27 ("GDS Report") *available at*: https://www.google.com/url?sa=t&source=web&rct=j&opi=89978449&url=https://publicservice.vermont.gov/doc/sites/dps/files/documents/GDS%2520Assessment%2520of%2520the%2520GMP%2520Energy%2520Assistance%2520Program%2520Nov%25202019.pdf&ved=2ahUKEwjWiuTYjPePAxUmLFkFHa6bNygQFnoECB8QAQ&usg=AOvVaw19EyyWNcAsnTLLwxB7K0t9

currently the smallest portion of most Vermonters' energy burden.[17] The Commission believes that its proposal to increase funding to the community action agencies will allow for more targeted assistance to the customers who need it most, without shifting costs to other electric ratepayers and without creating new regulatory structures.

The Commission believes strongly that electric ratepayers should not bear the cost of any new statewide program targeting energy burden. Controlling electricity costs for all customers is essential to meeting Vermont's greenhouse gas reduction goals. The Commission does not oppose the creation of a statewide EAP funded by another source of revenue such as the State's general fund. While such a program would still entail additional administrative burden on the utilities and the State, the program would not increase the electric bills of customers with low and moderate income who do not participate in the program.

B. Transportation

Transportation energy costs are a significant driver of energy burden in Vermont.[18] Vermont has implemented several programs intended to help Vermonters with low and moderate income switch to higher-efficiency transportation options, including electric vehicles ("EVs") and plug-in hybrid EVs. However, as described in this report, the funding for these programs has lapsed. The Commission reiterates here a recommendation it previously made to the Legislature in the Act 62 Report and specifically recommends that any funding be used to support reducing transportation energy burden for Vermonters with low and moderate income:

> The Commission recommends that the Legislature continue to fund up-front incentives for vehicle purchases through the General Fund or transportation fund, as it currently does . . . Because up-front incentives are key to moving the market and overcoming one of the primary barriers to electric vehicle adoption (the initial purchase price), this program should continue and should be funded through the General Fund unless and until funding from the fossil-fuel sector . . . is secured.[19]

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[17] Electricity consumption is expected to increase as the heating and transportation sectors are electrified. However, load growth has lagged expectations to date.

[18] PUB. UTIL. COMM'N, ACT 62 – FINAL REPORT ON ALL-FUELS ENERGY EFFICIENCY (2021) at 12 ("Act 62 Report"), *available at*: https://puc.vermont.gov/document/act-62-final-report-legislature-all-fuels-energy-efficiency.

[19] *Id*. At the time it published the Act 62 Report, the Commission recommended that Vermont join the Transportation Climate Initiate ("TCI") to raise funds from the fossil-fuel sector. The TCI no longer

The Commission has previously reported to the Legislature on the progress of Vermont's electric distribution utilities in adopting rates for EV charging and supply equipment ("EVSE") pursuant to Act 55 of 2021.[20] The work contemplated under Act 55 continues. Several distribution utilities received extensions of time under Act 55 and will be filing proposed EV rates in the coming years. The Commission will follow the guidance of Act 55 in these cases and will continue to monitor developments related to EV rates and encourage the utilities to propose updates to their EV and EVSE rates that promote the goals and requirements of Act 55 as opportunities arise.

In addition to the programs discussed in this report, there may be other programs in Vermont that are not explicitly aimed at energy burden but nonetheless affect Vermonters' transportation choices and costs. For example, efforts to promote the construction of housing in village and city centers aren't explicitly intended to address energy burden but could reduce Vermonters' need to drive.

C. Coordination Between the Energy Efficiency Programs and the Utilities' Tier III Programs

Act 142 requires the Commission to identify obstacles and recommend solutions for increasing coordination across electric, thermal, and transportation cost-reduction programs, including through the sharing of best practices and program design and implementation successes.

The information presented to the Commission during the preparation of this report indicates that the many entities involved in delivering assistance—in particular the EEUs, the electric distribution utilities, and the community action agencies—are generally working well together. However, the commission did hear feedback from Vermonters who are participating in and implementing the existing assistance programs that navigating the energy landscape and accessing assistance can be challenging. The Commission has opened a proceeding to investigate how to better coordinate the EEUs' energy efficiency programs and the electric distribution utilities' Tier III programs to ensure that ratepayer dollars are used as effectively as possible.[21]

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appears to be a viable funding source. Vermont will need to investigate alternative multi-state arrangements or consider a Vermont-specific program to fund programs that reduce energy burden and greenhouse gas emissions from the transportation sector.

[20] PUB. UTIL. COMM'N, ACT 55: 2025 REPORT ON ELECTRIC RATES FOR ELECTRIC VEHICLES (January 2015).

[21] This investigation is being processed in Case No. 25-1094-INV.

IV. Past Relevant Studies

Two of the Commission's recent reports to the Legislature are relevant to consideration of whether there should be a statewide program to address energy burden. Act 62 of 2019 directed the Commission to investigate an all-fuels energy efficiency program.[22] Act 18 of 2023 directed the Commission to design a clean heat standard.[23] Both of these previous studies considered programs intended to reduce greenhouse gas emissions and contemplated that electric efficiency, weatherization, and electrification would be mechanisms for achieving the necessary emission reductions.[24] These studies also considered how to achieve these goals in an equitable manner that would prioritize the needs of Vermonters with low and moderate income.[25] Efficiency, weatherization, and electrification are also mechanisms that Act 142 contemplates to mitigate energy burden.[26] Therefore, those previous studies and this report address a common question: How can Vermont raise adequate funds to reduce energy burden for Vermonters with low and moderate income?

In the Act 62 Report, the Commission found that "that the single most important step for Vermont lawmakers to take is to establish stable, sizable, long-term funding for decarbonizing the heating and transportation sectors."[27] At that time, the Commission recommended gradually increasing the fuel tax from $0.02 per gallon to $0.06 per gallon and implementing a Thermal Efficiency Benefit Charge ("TEBC") to fund weatherization and electrification, with an emphasis on programs serving Vermonters with low and moderate income. Based on 2021 figures, the increased fuel tax and TEBC would raise approximately $13-$15 million additional dollars.

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[22] Available at https://puc.vermont.gov/document/act-62-final-report-legislature-all-fuels-energy-efficiency.

[23] PUB. UTIL. COMM'N, SECOND CHECKBACK REPORT ON THE CLEAN HEAT STANDARD UNDER ACT 18 OF 2023, ("Clean Heat Standard Report") available at https://puc.vermont.gov/document/report-vermont-legislature-second-checkback-report-clean-heat-standard-under-act-18-2023.

[24] *See* Public Act 62 of 2019 (Vt. Bien Sess.) § 2(a)(1)(i)-(iii) (directing the Commission to investigate whether an all-fuels efficiency program would further the goals of Vermont's greenhouse gas reduction statutes, the comprehensive energy plan, and energy transformation requirements).

[25] *See* Public Act 18 of 2023 (Vt. Bien Sess.) Sec. 3, 30 V.S.A. § 8121 (requiring that the clean heat standard "enhance social equity by prioritizing customers with low income and moderate income and those households with the highest energy burdens").

[26] *See* Act 142 § 21(d)(1)(C) (directing the Commission to study programs "that are designed to reduce transportation, thermal, or electric energy costs, including through investments in efficiency or electrification measures").

[27] Act 62 Report at 4.

The Commission recognized that increasing the fuel tax and the TEBC would have a disproportionate impact on Vermonters with low income. Therefore, the Commission proposed a tax rebate to make low-income Vermonters whole. The Act 62 Report included an appendix describing numerous prior studies related to addressing thermal-sector emissions.

In January of 2025, the Commission published the Clean Heat Standard Report. In that report, the Commission stated that Vermont "has a long history of implementing innovative and effective programs to reduce energy use; it would be more effective to support this existing work rather than" adopt a clean heat standard.[28] The Commission reiterated that "[t]here have been a number of studies over the past 15 years as to how to reduce emissions from Vermont's thermal sector."

The Commission reiterated its recommendation for increasing the fuel tax and adopting a TEBC. The Commission stated:

> A TEBC could be set in a similar manner to the electric [energy efficiency charge]. The Commission would estimate the anticipated thermal sector GHG reductions that are expected to be achieved under the current programs (and if authorized by the Legislature, a biofuels blending requirement) and the amount of additional reductions that would be needed to achieve the [Global Warming Solutions Act] requirements. The Commission would then establish a TEBC necessary to achieve those additional reductions. The fuel dealers currently pay a fuel tax pursuant to 33 V.S.A. § 2503; the TEBC could be collected at the same time from the same entities as the fuel tax. The Commission would further determine where the funding would be directed — to the low-income weatherization providers or to the EEUs to supplement their existing thermal programs.

With these past reports in mind, the Commission reiterates its longstanding recommendation that the Legislature adopt a stable, long-term funding source to promote weatherization and electrification for Vermonters with low and moderate income. In this report, the Commission has recommended only the increased fuel tax under 33 V.S.A. § 2503 because the fuel tax is a source of funding that is dedicated by law for support of the Low Income Home Weatherization Program. Therefore, this funding mechanism is most consistent with the goal of reducing energy burden for Vermonters with low income.

[28] Clean Heat Report at 5.

In contrast, a TEBC would be an appropriate mechanism for funding additional efficiency measures that would be available to customers of all incomes, including those with low and moderate income. The Commission has not included a recommendation to establish a TEBC as part of this report to keep the Commission's recommendations focused on providing assistance to Vermonters with the highest energy burden. However, the Commission notes that the Legislature has established substantial requirements for greenhouse gas reductions in the thermal sector and a steady source of additional funding will likely be necessary to achieve those requirements.

V. Existing Programs in Vermont

D. Programs Designed to Reduce Transportation, Thermal, or Electric Costs, Including Through Investments in Efficiency or Electrification Measures

1. LIHEAP[29]

Vermont receives more than $20 million in federal LIHEAP funding annually. LIHEAP funds Vermont's Seasonal Fuel Assistance and Crisis Fuel Assistance Programs, which provide benefits to approximately 26,000 Vermont households. Federal LIHEAP guidelines allow states to set their eligibility threshold between 110% and 150% of federal poverty guidelines, or up to 60% of the state's median income adjusted for family size, whichever is greater. Vermont has increased the eligibility ceiling to 185% of federal poverty guidelines for the Seasonal Fuel Assistance Program and 200% of federal poverty guidelines for the Crisis Fuel Assistance Program. State-allocated funding is used to provide the higher eligibility ceilings.

The Vermont Department of Children and Families administers the Seasonal Fuel Assistance Program. The program helps participants pay part of their home heating bills whether they own their home or rent and pay for heat directly or as part of their rent.

The community action agencies administer the Crisis Fuel Assistance Program, which is available to Vermonters who run out of fuel to heat their home or lack the funds to buy more. The program helps participants purchase their primary heating fuel; pay for electricity, if it is required to run their heating system; negotiate payment plans; and work with their electric or natural gas utility to prevent disconnection. The program is available from the last Monday in November through April 30 each year.

The community action agencies also administer the Warmth Program, which is funded through private donations and helps supplement the Seasonal Fuel Assistance and Crisis Fuel Assistance programs. The program provides households whose income is

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[29] https://liheapch.acf.gov/profiles/Vermont.htm; VERMONT JOINT FISCAL OFFICE, REPORT OF THE ANALYSIS OF ADMINISTRATIVE COSTS ASSOCIATED WITH SEASONAL AND CRISIS FUEL AND WEATHERIZATION PROGRAMS, 12/15/16, at 8-9; https://dcf.vermont.gov/benefits/fuel; https://dcf.vermont.gov/benefits/crisis-fuel; and https://www.welch.senate.gov/vermont-congressional-delegation-pushes-hhs-to-protect-low-income-energy-assistance-program/; Case No. 25-0443-INV, Capstone Community Action response 5/9/25.

up to 200% of federal poverty guidelines with funding to purchase a minimum delivery of heating fuel or to stop a disconnection. The program offers a little more flexibility for households just above the income guidelines for other programs and runs from mid-September through mid-May, which helps bridge the gap when other programs are not available.

The future of LIHEAP is uncertain with the elimination of federal LIHEAP staff at the federal Department of Health and Human Services who manage the program and disburse future funds. Vermont's congressional delegation continues to advocate for the reinstatement of federal LIHEAP staff and the protection of this vital program. The Vermont General Assembly should monitor the status of this critical federal program.

Act 142 also directed the Commission to assess the ability of programs addressing energy burden to assist Vermont in achieving its greenhouse gas reduction requirements in a manner that is consistent with State policy on environmental justice. Vermont's Seasonal Fuel Assistance and Crisis Fuel Assistance Programs help ensure that Vermonters in need stay warm. These are crucial anti-poverty programs, but they are not greenhouse gas reduction programs.

2. Home Weatherization Assistance Program ("WAP")[30]

The Home Weatherization Assistance Program, established in 1976 as an anti-poverty program, is an existing statewide program to reduce energy burden administered by the Vermont Department of Children and Families' Office of Economic Opportunity and delivered by the community action agencies (see 33 V.S.A. § 2502). The program improves the homes of low-income Vermonters at no cost to them through thermal efficiency upgrades (*e.g.*, air sealing, insulation, and heating systems), electrical efficiency upgrades (*e.g.*, lighting, appliances, cold climate heat pumps, and heat pump water heaters), and health and safety upgrades (*e.g.*, ventilation to ASHRAE standards, and smoke and CO detectors). These improvements save energy, reduce costs (with appropriate staging of improvements), improve health, and reduce greenhouse gas emissions.

[30] Unless otherwise specified, the following information came from Case No. 25-0443-INV, Vermont Department of Children and Families response dated 4/23/25 and Capstone Community Action response dated 5/9/25; *Investigation to Update and Improve Energy Efficiency Utility and Renewable Energy Standard Tier III Programs*, Case No. 25-1094-INV, Champlain Valley Office of Economic Opportunity presentation 10/1/25; Act 62 Report

The program is funded through the fuel tax and the gross receipts tax established under 33 V.S.A. § 2503. There is a $0.02-per-gallon fuel tax on the retail sale of heating oil, propane, kerosene, and other dyed diesel fuel delivered in Vermont, as well as a 0.75% gross receipts tax on the retail sale of natural gas and coal and a 0.5% gross receipts tax on the retail sale of electricity. The program is also funded using federal dollars. In recent years the program has received additional funding through the American Rescue Plan Act ("ARPA") and the Infrastructure Investment and Jobs Act ("IIJA"). As those federal funds are depleted or no longer available, the program expects to see funding from the Inflation Reduction Act starting in January 2026, which should provide funding for the next 2-3 years. The community action agencies have been told to plan for a flat budget. In 2025, the program spent $21,878,644.

Program eligibility varies depending on the funding sources used. Eligibility is 80% of area median income or 80% of the state median income, whichever is higher, for state dollars, while other funding sources establish 200% of federal poverty guidelines based on household size as the eligibility level. The community action agencies work closely with their clients to determine eligibility.

According to the program, approximately 76,000 homes still need to be weatherized in Vermont. Since 2022, the program has weatherized approximately 1,000 to 1,300 units a year. Overall upgrade costs have drastically increased in recent years. In 2021 the allowable cost per unit was just under $10,000, while in 2026 the program is budgeting $16,000 per unit. This increase is due to increased material and labor costs.

While the Home Weatherization Assistance Program was originally established as an anti-poverty program, the program also reduces greenhouse gas emissions by making the homes of Vermonters with low income more efficient – and it does so in a manner consistent with State policy on environmental justice by ensuring that the most vulnerable Vermonters receive the environmental benefits of more affordable, healthier, and lower-carbon-emitting homes.

3. Energy Efficiency Utility ("EEU") Programs

Vermont's three EEUs – Efficiency Vermont, BED, and VGS – collectively offer a suite of programs to provide electrical and thermal efficiency services for Vermonters of all income levels. While program offerings differ across the three EEUs, all Vermonters have access to EEU programs, and therefore the Commission considers the EEUs an existing statewide program to address energy burden. Additionally, while not created to be an anti-poverty program, each EEU has a low-income spending minimum performance requirement that is measured over a three-year period, and many of the EEU programs are specifically designed for or targeted at Vermonters with low income. The low-income spending minimum requirements for each EEU are as follows:

- Efficiency Vermont's low-income spending minimum performance requirement for electrical efficiency is $13,024,000 for the 2024-2026 performance period, and its low-income spending minimum performance requirement for thermal efficiency is to spend more than 17% of its total thermal-energy-and-process-fuel ("TEPF") budget on customers with low income.[31]
- BED's low-income spending minimum performance requirement for electrical efficiency is $253,237 for the 2024-2026 performance period.[32] BED does not have a low-income spending minimum performance requirement for thermal efficiency.
- VGS's low-income spending minimum performance requirement is $875,240 for the 2024-2026 performance period.[33]

The EEUs are funded through multiple funding streams. The first is the energy efficiency charge ("EEC") established under 30 V.S.A. § 209(d)(3). There is an electric EEC, which funds Efficiency Vermont's and BED's electric efficiency programs, and a natural gas EEC, which funds VGS's thermal efficiency work. The EEC is seen as a line item on customers' utility bills and is set based on the formulas in Commission Rule 5.300, the Energy Efficiency Charge Rule, and the EEUs' budgets approved by the Commission. For 2025, the EEC is forecast to collect approximately $49 million from customers in Efficiency Vermont's territory; approximately $3.4 million from BED customers; and approximately $4.2 million from VGS customers.[34] While the EEC may appear as an added cost on Vermonters' bills, the energy savings provided by these programs cost less than the alternative energy supply.

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[31] Case No. 24-3335-INV; Efficiency Vermont 2025 Update to its 2024-2026 Triennial Plan at pages 72, 75.
[32] Case No. 24-3335-INV; BED's 2025 Update to its 2024-2026 Triennial Plan at page 32.
[33] Case No. 24-3335-INV; Vermont Gas 2025 Update to its 2024-2026 Triennial Plan at page 33.
[34] *Determination of 2026 Energy Efficiency Charge Rates*, Case No. 25-1126-INV, Efficiency Vermont EEC Rates Calculation filed 9/30/25, BED EEC Calculations filed 10/1/25, and VGS EEC Calculations filed 9/30/25.

The next major funding streams are the TEPF funds established under 30 V.S.A. § 209(e)(1). The TEPF funds are used by Efficiency Vermont and BED to deliver thermal-energy-and-process-fuel efficiency services to consumers of unregulated fuels (*e.g.*, propane and fuel oil). Additionally, BED may use TEPF funds to support district heat and certain transportation programs[35] because TEPF funds generally may not be used for regulated-fuel customers and BED's service territory significantly overlaps with VGS's territory.[36] The TEPF funds come from Vermont's participation in the Regional Greenhouse Gas Initiative and the regional Forward Capacity Market. In 2025, revenues from the sale of CO_2 allowances in the four quarterly Regional Greenhouse Gas Initiative auctions are projected to provide approximately $9 million in TEPF funding.[37] In 2024, revenues from the Forward Capacity Market provided more than $4 million in TEPF funding.[38]

Finally, the EEUs also implement programs that are funded through one-time grants of state or federal dollars. For example, the EEUs have administered certain programs funded through federal American Rescue Plan Act ("ARPA") dollars.

As stated above, while the EEUs provide programs and services to Vermonters of all income levels, certain programs are specifically for Vermonters with low or moderate income. For most of these programs, moderate income is defined as at or below 120% of area median income, and low income is defined as at or below 80% of area median income. For many of these programs, eligibility determinations are made by the entity that the EEU is partnering with to provide the program, such as low-income housing and service providers, including the Home Weatherization Assistance Program and 3E

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[35] Section (1)(f) of Public Act 44 (2023 Vt. Bien. Sess.) ("Act 44") provides that BED may use TEPF funds for thermal energy, process fuel efficiency, and transportation measures and programs that reduce fossil-fuel use. Section (1)(f) states, "Notwithstanding 30 V.S.A. § 209(e), a retail electricity provider that is also an entity appointed under 30 V.S.A. § 209(d)(2)(A), may during the years of 2024–2026, use monies subject to 30 V.S.A. § 209(e) to deliver thermal and transportation measures or programs that reduce fossil fuel use regardless of the preexisting fuel source of the customer, including [thermal energy and transportation] measures or programs permissible under this pilot program, with special emphasis on measures or programs that take a new or innovative approach to reducing fossil fuel use including modifying or supplementing existing vehicle incentive programs and electric vehicle supply equipment grant programs to incentivize high-consumption fuel users, especially individuals using more than 1000 gallons of gasoline or diesel annually and those with low and moderate income, to transition to the use of battery electric vehicles."

[36] A time-limited exception to this general rule was allowed under Act 44.

[37] *Proceeding for RGGI Proceeds for 2025 Auctions*, Case No. 25-0681-INV, 5/13/25, 7/24/25, and 9/17/25 Commission Memoranda.

[38] *Efficiency Vermont - Vermont Energy Investment Corporation EEU Fund fiscal agent report - 12/01/2024 - 12/31/2024*, Case No. 25A-0559; *City of Burlington Electric Department 2024 EEU Annual Report*, Case No. 25A-0868.

Thermal; affordable housing funders, including the Vermont Housing Conservation Board and the Vermont Housing Finance Agency; and multifamily housing developers, including Housing Vermont. However, for certain programs the EEU may verify eligibility directly with the participating customer.

In developing this report, the EEUs provided spreadsheets with detailed information about their specific programs. The spreadsheets cover all EEU programs, including the programs and services that are broadly available to Vermonters of any income level. While Vermonters with low or moderate income may access and participate in the programs and services that are available to Vermonters of any income level (and some of those offerings may have increased rebates or incentives available to Vermonters with low or moderate income), this report highlights the major programs specifically designed for Vermonters with low or moderate income. While not summarized below, the spreadsheets also highlight programs that provide low- and moderate-income Vermonters with energy-related education and outreach, energy coaching, home energy visits, loan and financing options with low to no interest rates, and "make ready" services such as electrical panel upgrades.

a) Efficiency Vermont[39]

(1) Vermont Energy Efficiency Modernization Act of 2020 ("EEMA") Fuel Switch Program

In partnership with the electric distribution utilities and their Tier III programs (discussed below), Efficiency Vermont's EEMA Fuel Switch Program provides custom incentives (on average $6,500) to cover the full cost of heat pumps and associated electrical panel work for Vermonters with low income whose current primary heating source is fossil fuel. Participants' homes must have been previously weatherized. The program is funded through the electric EEC and funds from the electric distribution utilities and serves approximately 250 households annually.

(2) Low-Income Electrical Efficiency and Targeted High Use Programs

In partnership with the Home Weatherization Assistance Program, Efficiency Vermont's Low-Income Electrical Efficiency Program and Targeted High Use Program provide free installation of certain appliances for Vermonters with low income.

[39] Case No. 25-0443-INV, Efficiency Vermont response 4/9/25.

Appliances include cold climate heat pumps, heat pump water heaters, refrigerators, clothes washers, dehumidifiers, and custom measures. For the Low-Income Electrical Efficiency Program, services are delivered as part of weatherization work provided by the Home Weatherization Assistance Program. For the Targeted High Use Program, services are available to Vermonters with low income and high electric energy use: for a one-person household >7,500 kWh/year, and for a two-person household >10,000 kWh/year. The programs are funded through the EEC and serve approximately 1,500 households annually.

(3) Appliance Replacement Voucher Program

Efficiency Vermont's Appliance Replacement Voucher Program provides low-income Vermonters with up to $1,200 for the replacement of a refrigerator, freezer, clothes washer, air conditioner, or dehumidifier. The program is funded through the EEC and serves approximately 700 households annually.

(4) Home Performance with Energy Star – Low- and Moderate-Income Program

Efficiency Vermont's Home Performance with Energy Star – Low- and Moderate-Income Program provides rebates for weatherization. The program provides moderate-income Vermonters with up to 75% of project costs (up to $9,500), and low-income Vermonters with up to 90% of project costs (up to $9,500). Rental properties where at least 50% of the units house Vermonters with moderate income are also eligible. The program is funded through federal ARPA dollars through the end of 2026 and serves approximately 600 households annually.

(5) Low-Income Multi-Family Retrofit Program

In partnership with 3E Thermal, Efficiency Vermont's Low-Income Multi-Family Retrofit Program provides technical assistance and custom incentives for weatherization, heat pump technology, and other efficiency measures for rental properties where at least 50% of the units house Vermonters with low income. The program is funded through the EEC and TEPF funds and serves approximately 375 units annually.

(6) Low-Income New Construction Program

In partnership with organizations like Habitat for Humanity, Champlain Housing Trust, and Rural Edge, Efficiency Vermont's Low-Income New Construction Program provides rebates from $5,000 to $7,000 for new homes meeting certain building efficiency performance standards. The program is funded through the EEC and serves approximately 10-20 units annually.

(7) Low-Income Multi-Family New Construction Program

Efficiency Vermont's Low-Income Multi-Family New Construction Program provides custom incentives up to $3,700 per unit for new multi-family construction meeting certain efficiency standards. At least 50% of the units must house Vermonters with low income. The program is funded through the EEC, and annual participation varies.

(8) Low-Income Energy Savings Kit Program

Efficiency Vermont's Low-Income Energy Savings Kit is available to low-income Vermonters at no cost to them and provides 17 LEDs of various wattages, a low-flow shower head, and a faucet aerator. The program is funded through the EEC and serves approximately 500 households annually.

b) BED EEU[40]

(1) Low-Income Single-Family Program with Champlain Valley Office of Economic Opportunity ("CVOEO")

In partnership with CVOEO's Home Weatherization Assistance Program, BED's Low-Income Single-Family Program provides free installation of certain appliances for low-income Vermonters at no cost to them. Appliances include heat pump technology, home appliances, and lighting. CVOEO installs the measures as part of its weatherization work. The program is funded through the EEC and serves approximately 10 households annually.

(2) Home Performance with Energy Star – Low- and Moderate-Income Program

In partnership with Efficiency Vermont, BED's Home Performance with Energy Star – Low- and Moderate-Income Program provides rebates for weatherization. The program provides Vermonters with income at or below 120% area median income with up to 75% of project costs (up to $9,500). The program is funded through TEPF dollars and serves approximately three households annually in BED's service territory.

[40] Case No. 25-0443-INV, BED response dated 4/9/25.

(3) Low-Income Multi-Family Retrofit Program

In partnership with 3E Thermal, BED's Low-Income Multi-Family Retrofit Program provides technical assistance and custom incentives for weatherization, heat pump technology, and other efficiency measures for rental properties where at least 50% of the units house Vermonters with low income. The program is funded through the EEC and TEPF funds and serves a varying number of units annually.

(4) Low-Income Multi-Family New Construction Program

BED's Low-Income Multi-Family New Construction Program provides custom incentives up to $3,700 per unit for new multi-family construction meeting certain efficiency standards. At least 50% of the units must house Vermonters with low income. The program is funded through the EEC, and annual participation varies.

c) VGS[41]

(1) Residential Retrofit Program

VGS's Residential Retrofit Program provides rebates for weatherization services of up to $5,000 for Vermonters with moderate income and up to $9,500 for Vermonters with low income. The program is funded through the natural gas EEC and serves approximately 300 households annually.

(2) Residential Equipment Replacement Program

VGS offers rebates and low-cost financing for highly efficient furnaces, boilers and water heaters, and smart thermostats. The program is funded through the natural gas EEC and serves approximately 2500 households annually.

4. Renewable Energy Standard ("RES") Tier III Programs[42]

GMP, BED, VEC, WEC, VPPSA, and Stowe Electric offer their customers RES Tier III energy transformation measures and projects to reduce fossil-fuel consumption and the emission of greenhouse gases attributable to that consumption.[43] While the explicit

[41] Case No. 25-0443-INV, VGS response 4/9/25.

[42] 30 V.S.A. § 8005(a)(3); Case No. 25-0443-INV, GMP response 4/9/25, BED response 4/9/25, VEC response 4/2/25, WEC response 4/7/25, VPPSA response 4/3/25, and Stowe Electric response 4/9/25; *Renewable Energy Standard compliance for program year 2024*, Case No. 25-0476-INV.

[43] The Village of Hyde Park Electric Department satisfies its Tier III requirements through the retirement of Tier II renewable energy certificates, as allowed by 30 V.S.A. § 8005(a)(3)(A).

purpose of Tier III is to reduce greenhouse gases, not to reduce energy burden, Tier III measures and projects generally result in reductions in energy burden. Additionally, Vermont statute requires that "all ratepayers have an equitable opportunity to participate in, and benefit from, energy transformation projects regardless of … income level,"[44] and the Commission has adopted a low-income equity spending benchmark to establish goals for Tier III spending on customers with low income.[45] To meet these goals, the electric distribution utilities offer certain measures and projects specifically for or in support of Vermonters with low income. Although the measures and projects offered and implemented by the electric distribution utilities differ, virtually all Vermonters have access to Tier III measures. Therefore, the Commission considers Tier III to be an existing statewide program addressing energy burden.

The electric distribution utilities' Tier III requirements are established in state statute as "7.33 percent of each retail electricity provider's annual load during the year beginning January 1, 2025, increasing by at least an additional two-thirds of a percent each subsequent January 1 until reaching 12 percent on and after January 1, 2032" (savings from fossil-fuel reductions are translated into a MWh equivalent).[46] An electric distribution utility's low-income equity spending benchmark is a percentage of the total incentive amounts that the utility provides to its residential customers.[47] In most cases, this is based on the statewide percentage of Vermonters with low income, which is 31%. The following table details the electric distribution utilities' 2024 spending on Tier III measures and projects for residential customers, including Vermonters with low income.[48]

	Stowe	VPPSA	VEC	WEC	GMP	BED
Total Residential	$137,975	$376,530	$594,725	$137,125	$12,850,353	$980,523

[44] 30 V.S.A. § 8005(a)(3)(F)(vi).
[45] *Renewable Energy Standard 2022 Tier III Plans*, Case No. 21-4080-INV, Order of 3/16/22.
[46] 30 V.S.A. § 8005(a)(3)(B). This is the general standard. However, for a municipal electric utility serving not more than 7,000 customers, the required amount is 6% of the provider's load beginning on January 1, 2025, increasing by an additional two-thirds of a percent each subsequent January 1 until reaching 10.66% on and after January 1, 2032.
[47] The electric distribution utilities also provide incentives for Tier III measures and projects for commercial and industrial customers.
[48] *Renewable Energy Standard compliance for program year 2024*, Case No. 25-0476-INV, Department Verification Report filed 6/13/25, p. 52-53.

Incentive						
LI Spending Target	$41,393	$128,469	$246,286	$51,596	$4,322,029	$303,962
LI Spending Achieved	$9,352	$128,113	$138,066	$46,611	$4,440,264	$195,900
LI Percentage of Total	7%	34%	23%	34%	35%	20%
Residential Incentive						
Percentage of LI Target	23%	100%	56%	90%	102.7%	64%

Tier III measures and projects are embedded in electric rates that everyone pays. The costs of Tier III are not identified as a separate line item on customer bills. However, measures and projects must satisfy certain cost-effectiveness criteria. First, a project must "meet the need for its goods or services at the lowest present value life cycle cost, including environmental and economic costs."[49] Second, fossil-fuel reductions are translated into MWhe, and each MWh of energy savings must cost an electric distribution utility less than the alternative compliance payment.[50]

For purposes of Tier III measures and programs, a customer with low income is defined as a customer whose household income is at or below 80% of Vermont statewide median income.[51] For assessing eligibility for Tier III measures and programs for customers with low income, income verification is provided either through self-

[49] 30 V.S.A. § 8005(a)(3)(C)(iii).
[50] 30 V.S.A. § 8005(a)(3)(C)(iv).
[51] Commission Rule 4.413(b)(2)(A).

verification or by the entity that an electric distribution utility is partnering with to provide the measure or program.

In developing this report, the electric distribution utilities provided spreadsheets with information about their specific programs. The spreadsheets cover the Tier III measures available to Vermonters with low income.[52] Most utilities provide specific monetary incentives or rebates to Vermonters with low income for various heat pump technologies, new and used all-electric and plug-in hybrid electric vehicles and electric vehicle chargers, as well as some other beneficial electrification measures (*e.g.*, electric bikes, yard-care equipment, and induction cooktops). The type and value of incentives vary by electric distribution utility. Additionally, some electric distribution utilities provide custom Tier III projects that benefit Vermonters with low income (*e.g.*, providing funding for beneficial electrification at multifamily housing developments for Vermonters with low income). Custom projects vary from year to year and by utility.

Regarding environmental justice, as stated above, RES Tier III is a program to reduce greenhouse gases. However, the extent to which the program meets those requirements in a manner that is consistent with State policy on environmental justice could be improved upon.[53]

5. Vermont Agency of Transportation ("VTrans") Programs[54]

Transportation costs are the largest component of Vermonters' energy burden at approximately 45% of total energy burden (see Table X). Additionally, transportation is the largest contributor of greenhouse gas emissions in the state, making up approximately 40% of total emissions in Vermont.[55] Unfortunately, there are no active VTrans programs to address energy burden for Vermonters with low or moderate income. The Legislature previously authorized four statewide vehicle incentive programs, which helped address transportation energy burden. However, funding for

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[52] Detailed summaries of the utilities' 2024 Tier III programs are also available at: *Renewable Energy Standard compliance for program year 2024*, Case No. 25-0476-INV.

[53] Being able to participate in Tier III energy transformation projects is an environmental benefit, and proportionate spending on environmental benefits for environmental justice focus populations (which include Vermonters with low income) is a goal of Vermont's Environmental Justice law.

[54] https://vtrans.vermont.gov/climate/incentives.

[55] Buildings represent approximately 34%, agriculture represents approximately 16%, electricity represents approximately 2%, and other non-energy emissions (industrial process and waste) represent approximately 8% of total greenhouse gas emissions in Vermont. Initial Vermont Climate Action Plan, December 2021, p. 65.

those programs has been exhausted. Therefore, VTrans' programs are closed until further funds are appropriated. The four programs are briefly discussed below.

Regarding environmental justice, all of the programs discussed below helped Vermonters with low and moderate income transition to more efficient transportation options, lowering both greenhouse gases and their energy burden.

a) <u>MileageSmart High Efficiency Used Vehicle Incentive Program</u>

VTrans' MileageSmart High Fuel Efficiency Used Vehicle Program, in collaboration with the community action agencies, provided financial assistance to Vermonters with income at or below 80% of state median income to purchase vehicles with fuel efficiency higher than 40 miles per gallon as rated by the Environmental Protection Agency when new (*i.e.*, electric vehicles, plug-in hybrids, and hybrids). MileageSmart contributed up to 25% of the vehicle purchase price, with a maximum of $5,000. Program funding consisted of $600,000 VW Settlement, $1.1 million transportation fund, and $4.725 million general fund. From October 2020 through October 2024, the program helped 1,277 Vermonters purchase high-efficiency vehicles.

b) <u>Incentive Program for New Plug-In Electric Vehicles</u>

VTrans' Incentive Program for New Plug-In Electric Vehicles, in collaboration with the Center for Sustainable Energy, provided incentives for the purchase or lease of a new plug-in electric vehicle on a first-come, first-served basis for income-qualified individuals, with greater incentives available for those with lower incomes and for those who chose an all-electric vehicle over a plug-in hybrid electric vehicle. For Vermonters with low income, incentives were $5,000 for an all-electric vehicle and $2,500 for a plug-in hybrid electric vehicle. For Vermonters with moderate income, incentives were $3,000 for an all-electric vehicle and $1,500 for a plug-in hybrid electric vehicle. Program funding consisted of $1.1 million VW Settlement, $2 transportation fund, and $12 million general fund. Approximately 1,000 income-eligible Vermonters participated annually during the course of the program, which ended in October 2024.

c) <u>Replace Your Ride Incentive Program</u>

VTrans' Replace Your Ride Program, in collaboration with the Center for Sustainable Energy, encouraged owners of old (10+ years) internal combustion engine vehicles to switch to cleaner transportation options by offering an incentive of $5,000 for Vermonters with low income and $2,500 for Vermonters with moderate income for: (1) the purchase or lease of a new or used all-electric or plug-in hybrid electric vehicle, or (2) the purchase of a bicycle, electric bicycle, or fully electric motorcycle; and/or shared mobility services that reduce the need for vehicle ownership (such as public transit fares, car sharing, or bike sharing). Participants who chose the latter option received a clean mobility card, which is a pre-paid debit card that can be used at eligible businesses that help reduce or avoid vehicle miles traveled in single-occupancy automobiles. Program funding consisted of $1.5 million transportation fund and $1.155 million general fund. Approximately 150 income-eligible Vermonters participated annually during the course of the program, which ended in October 2024.

d) Electric Bicycle Incentive Program

VTrans' Electric Bicycle Incentive Program, in collaboration with the Center for Sustainable Energy, was the nation's first statewide electric bicycle incentive program. The program offered Vermonters with low income a $400 incentive for a standard e-bike or $800 for a cargo or adaptive e-bike. Program funding consisted of $170,000 transportation fund and $155,000 general fund. Approximately 150 Vermonters with low income participated annually during the course of the program, which ended in June 2025.

6. VGS Low-Income Assistance Program

VGS's Low-Income Assistance Program provides a 20% monthly discount on participating customers' natural gas bills.[56] The program is available to customers with household incomes at or below 185% of federal poverty guidelines, which aligns with other state assistance programs. The Vermont Department of Children and Families provides income verification. The program is funded by ratepayers through the Low-Income Assistance Program fee. From 2022 to 2024, the average rate impact of the fee was 0.48%.[57] Presently, approximately 1,800 customers participate in the program.

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[56] GMP is proposing to allow for up to two instances of arrearage forgiveness when funds allow. *Tariff filing of Green Mountain Power Corporation for approval of proposed changes to its Residential Electric Assistance Program Rider*, Case No. 25-2300-TF.

[57] *Vermont Gas Systems, Inc. Low-Income Assistance Program 3-Year Review*, Report 25A-1682, filed 8/8/25.

E. Electric Energy Cost-Reduction Programs for Customers with Low Income

1. Energy Assistance Programs ("EAPs")

a) Green Mountain Power Corporation[58]

GMP has an EAP, which provides one-time arrearage forgiveness to new program participants and a 25% monthly discount on the customer charge and energy charge.[59] The program is available to customers with household incomes at or below 185% of federal poverty guidelines, which aligns with other state assistance programs. The Vermont Department of Children and Families provides income verification. The program is funded by ratepayers as follows: residential customers $1.50/month, commercial customers $3/month, and industrial customers $75/month. Presently, just over 11,000 customers participate, which is approximately 23% of eligible customers.[60] Participating customers may also enroll in GMP's ACRE and Shared Solar Programs, discussed below, and receive up to a 40% discount in total.

In 2023, GMP expanded program eligibility from 150% of federal poverty guidelines to 185% of federal poverty guidelines while simultaneously implementing an auto-enrollment process with the Vermont Department of Children and Families through which LIHEAP recipients are automatically enrolled in the program. The Commission expected that these changes would lead to increased enrollment in GMP's EAP, but enrollment has remained consistent since 2023, with just under 11,000 customers enrolled in 2023 and just over 11,000 customers enrolled in 2025. The Commission will continue to work with GMP and the Vermont Department of Children and Families on how auto-enrollment processes could be improved to ensure that a greater percentage of eligible GMP customers are enrolled in the program.

Regarding environmental justice, while bill-assistance programs such as GMP's do not reduce greenhouse gases, ensuring that electricity is affordable for low-income

[58] Unless otherwise specified, the following information came from: Case No. 25-0443-INV, GMP responses 4/9/25 and 9/5/25; *Green Mountain Power Corporation 2024 Electric Assistance Program Annual Report – Reduced Rates for Low-Income Customers*, 25A-0592, Report filed 3/31/25 and Response to Commission Hearing Officer questions filed 10/15/25.
[59] GMP is proposing to allow for up to two instances of arrearage forgiveness when funds allow. *Tariff filing of Green Mountain Power Corporation for approval of proposed changes to its Residential Electric Assistance Program Rider*, Case No. 25-2300-TF.
[60] GDS Report at 29-30.

customers may encourage electrification of their vehicles, home heating systems, and other home appliances and tools that rely on fossil fuels.

b) The City of Burlington Electric Department[61]

BED has an Energy Assistance Program, which provides a 12.5% monthly discount on the customer charge and energy charge. The program is available to customers with household incomes at or below 185% of federal poverty guidelines, which aligns with many other state assistance programs. BED verifies customer income. Customers must provide documentation of participation in the Vermont Seasonal Fuel Assistance Program, 3SquaresVT, VGS Energy Assistance, or Vermont Section 8 Assistance, or they may work with BED to provide an alternative verification method. The program is funded with American Rescue Plan Act ("ARPA") funds. Once those funds are depleted, BED will fund the program from its operating budget and there will be no rate impact until BED seeks to recover these costs in rates. Presently, approximately 776 customers participate, which is approximately 12% of eligible customers.

BED has been implementing this program since 2022. It transitioned the program from a pilot to a formal tariff in 2024. Since 2024, enrollment has increased from approximately 219 customers to approximately 776 customers, or from approximately 3% to approximately 12% of eligible customers.[62] The increase in enrollment is largely due to BED automatically enrolling customers who participate in the Vermont Department of Children and Families' Seasonal Fuel Assistance Program. BED projects that 17% of eligible customers will be enrolled by December 2026. The Commission will continue to follow the level of program participation in this new and growing program.

Additionally, BED makes a direct donation of $10,000 annually to the Champlain Valley Office of Economic Opportunity's Warmth Program to assist income-eligible customers with paying past-due utility bills.

Regarding environmental justice, while bill-assistance programs such as this one do not reduce greenhouse gases, ensuring that electricity is affordable for low-income

[61] Unless otherwise specified, the following information came from: Case No. 25-0443-INV, BED responses 4/9/25 and 9/4/25; *Tariff filing of the City of Burlington Electric Department to convert its Energy Assistance Program pilot to tariff to be effective January 29, 2024*, Case No. 23-4266-TF, Order of 5/21/24.

[62] The percentage of eligible customers participating was determined using figures from*: Tariff filing of the City of Burlington Electric Department to convert its Energy Assistance Program pilot to tariff to be effective January 29, 2024*, Case No. 23-4266-TF, BED response 1/5/24 at 3.

customers may encourage electrification of their vehicles, home heating systems, and other home appliances and tools that rely on fossil fuels.

2. Affordable Community Renewable Energy ("ACRE") Programs

In 2021, the Vermont General Assembly appropriated $10 million of federal money to the Vermont Department of Public Service ("Department") as part of the Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021.[63] The money was "to be used on the Affordable Community-Scale Renewable Energy Program, consistent with the parameters of the Clean Energy Development Fund, to support the creation of renewable energy projects for Vermonters with low-income."[64] The Department issued a request for proposals for programs that would help meet these goals and would increase the installed capacity of renewable energy in Vermont, provide on-bill credits to reduce electric costs for low-income Vermonters, and be fully subscribed by December 31, 2026.[65] Ultimately, the Department awarded grants for programs at GMP, Vermont Electric Cooperative, Inc. ("VEC"), Washington Electric Cooperative, Inc. ("WEC"), the Vermont Public Power Supply Authority ("VPPSA"), and the Town of Stowe Electric Department ("Stowe Electric").

These ACRE programs were funded by one-time federal dollars, so the length of these programs is finite, and the number of participants is limited. Originally, the Department intended to expand the ACRE Program by using a portion of the $62.45 million originally awarded to the State for the Vermont Solar for All Program.[66] As of August 7, 2025, all work and activities related to Vermont's Solar for All Program are on pause; on that date the federal Environmental Protection Agency ("EPA") notified Vermont that its Solar for All award was terminated due to language in U.S. House Bill 1 (H.1) of 2025 that was signed into law by the President on July 4, 2025.[67]

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[63] https://publicservice.vermont.gov/sites/dps/files/documents/Renewable_Energy/CEDF/Funding_Opportunities/07-19-2022%20-%20RFP%20Affordable%20Community%20Renewable%20Energy.pdf.
[64] Public Act 74, § G.600 (2021 Vt.).
[65] https://publicservice.vermont.gov/sites/dps/files/documents/Renewable_Energy/CEDF/Funding_Opportunities/07-19-2022%20-%20RFP%20Affordable%20Community%20Renewable%20Energy.pdf.
[66] https://publicservice.vermont.gov/renewables/solar-all-vermont.
[67] Since receiving the termination notice, Vermont has been in communication with other Solar for All awardees regarding what Vermont, along with many other states and awardees, sees as a wrongful termination of a signed grant agreement funded by congressionally obligated funds. The Vermont Department of Public Service, under the direction of Governor Scott, has submitted a notice of administrative dispute and a notice of objection to the EPA regarding its attempt to terminate Vermont's Solar for All award. The Vermont Department of Public Service is working with the Attorney General's Office to identify other actions the State can take to regain access to the $62

Regarding environmental justice, by providing direct support for the development of renewable electric generation facilities while simultaneously providing low-income customers with ownership shares or sponsorship of those facilities at no cost to them – with the associated reduced electric bills -- the utilities' ACRE programs can help the State meet its greenhouse gas reduction requirements in a manner that is consistent with Vermont's environmental justice policies.

a) GMP's ACRE Program[68]

The Department awarded GMP approximately $5 million for its ACRE Program. Under GMP's program, participants are subscribed to a share of a specific in-state community solar array that has a power purchase agreement with GMP. Shares are available between 100 and 600 kWh per month and are matched to a participant's average usage. Participants receive a fixed on-bill credit each month of $0.04/kWh for their share of the array. The program is available to customers currently enrolled in GMP's Energy Assistance Program. Enrollment began in January 2025, and approximately 1,200 customers are currently enrolled. GMP aims to enroll up to 6,750 customers once all participating solar projects with power purchase agreements are commissioned.

b) VEC and WEC's ACRE Program[69]

The Vermont Department of Public Service awarded approximately $2.5 million to VEC and WEC jointly for their joint ACRE Program. Under VEC and WEC's program, participants sponsor a share in a community solar project at no cost to them. Participants receive a $45 monthly discount on their electric bills for five years (for a cumulative total of $2,700). The program is available to customers at or below 185% of federal poverty guidelines, which aligns with many other state assistance programs.[70] The Vermont Department of Children and Families provides income verification. Approximately 365 VEC customers and approximately 140 WEC customers are currently enrolled. The utilities aim to enroll approximately 900 customers in total.

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million award, including joining litigation seeking to overturn the EPA's termination of the program. https://publicservice.vermont.gov/renewables/solar-all-vermont.

[68] Case No. 25-0443-INV, GMP responses 4/9/25; *Green Mountain Power Corporation Affordable Community Renewable Energy (ACRE) Pilot Notice*, Case No. 23A-0109.

[69] Case No. 25-0443-INV, VEC response 4/2/25, WEC response 4/7/25; Case No. 20-0203-INV, VEC response 3/2/23, WEC response 3/3/23.

[70] 3SquaresVT, Essential Person, Fuel Assistance, Reach Up (Reach First, Reach Ahead, PSE).

VEC also has a second similar program funded through a federal grant obtained by the Northeastern Vermont Development Association. Under this program, participants sponsor a share in a community solar project at no cost to them. Participants receive a $43.52 monthly discount on their electric bills for ten years (for a cumulative total of $5,222.40). The program is available to customers at or below 185% of federal poverty guidelines, which aligns with many other state assistance programs.[71] The program is available to 20 VEC customers.

c) VPPSA's ACRE Program[72]

The Vermont Department of Public Service awarded approximately $1.5 million to VPPSA for its ACRE Program. Under VPPSA's program, which is still in development, participants with low income will pre-buy an "ownership share" of a community solar project at no cost to them. Participants will receive a monthly discount of approximately $12 to $27 on their electric bills for the life of the power purchase agreement for the solar facility, which will likely be 25 years.[73] VPPSA aims to enroll approximately 700 customers.

d) Stowe Electric's ACRE Program[74]

The Department awarded the remainder of the funding to Stowe Electric for its ACRE Program. Under Stowe Electric's program, which is in development, participants with low income will have a share of a community solar or hydroelectric project at no cost to them. Participants will receive a monthly discount of $20 on their electric bills for five years. Stowe Electric aims to enroll approximately 180 customers.

3. GMP's Shared Solar Tariff[75]

GMP's Shared Solar Tariff will provide bill assistance for customers with low income by taking advantage of 2023 and 2024 tax incentives available under the federal Inflation

[71] 3SquaresVT, Essential Person, Fuel Assistance, Reach Up (Reach First, Reach Ahead, PSE).
[72] Case No. 25-0443-INV, VPPSA response 4/3/25; Case No. 20-0203-INV, VPPSA response 3/3/23.
[73] The level of savings for individual participants will vary depending on a participant's utility's existing tail-block rate and the participant's monthly electric usage, as the program will provide reduced-cost electricity at a fixed price.
[74] Case No. 25-0443-INV, Stowe Electric response dated 4/9/25; Case No. 20-0203-INV, Stowe Electric response 3/3/23.
[75] Case No. 25-0443-INV, GMP responses 4/9/25 and 9/5/25; *Tariff filing of Green Mountain Power Corporation for a shared solar program tariff to be effective on bills rendered on or after February 24, 2023*, Case No. 23-0071-TF, Order of 2/24/23.

Reduction Act ("IRA").[76] GMP will enter into power purchase agreements with up to 25 MW of solar projects for purposes of the program. Under GMP's tariff, the solar projects must be smaller than 5 MW and located in GMP territory. Only projects that receive the federal tax credit will supply the program. Through the tax credit, GMP will be able to procure power from the projects that participate in the program at a lower per-kilowatt-hour cost compared to other local distributed solar sources and current wholesale market prices, which will create a financial benefit that can be passed along to participating customers, consistent with the requirements of the IRA.

Under GMP's tariff, participating customers will receive a discount of at least $0.02/kWh or 50% of the combined "financial benefit" of all projects in the program, whichever is greater, on their average monthly energy use, up to 600 kWh per month. The tariff will be available to customers enrolled in GMP's Energy Assistance Program. GMP plans to enroll up to 11,000 customers. Participating customers will begin receiving credits as soon as the first participating projects start operating, which GMP anticipates will likely be in 2025.

Regarding environmental justice, by providing direct support for development of renewable electric generation facilities while simultaneously providing low-income customers with a discount on their electric bills, GMP's tariff can help the State to meet its greenhouse-gas-reduction requirements in a manner that is consistent with Vermont's environmental justice policies.

4. Budget Payment Plans

The Commission has adopted rules requiring all electric and gas utilities to offer budget payment plans to residential customers.[77] These plans must be designed to reduce fluctuations in customers' bills due to seasonal patterns of consumption and seasonal rates. The rule provides that any customer who applies for the plan and has a delinquent balance must have the right to pay the delinquency in an extended

[76] 26 U.S.C. 48(e). The IRA amended federal law to provide an additional 20% tax credit for solar facilities that are smaller than 5 MW and part of a "low-income economic benefit project." For a solar facility to qualify as a "low-income economic benefit project" and receive the enhanced tax credit, at least 50% of the financial benefits of the electricity produced by the facility must be provided to households with income of less than 200% of the federal poverty level or less than 80% of area median gross income. GMP's Shared Solar Program meets the requirements of a "low-income economic benefit project."

[77] Commission Rule 3.302(D).

repayment plan concurrent with the budget plan. This rule is an important tool for helping customers stabilize their energy costs.

VI. Existing Programs Outside Vermont

F. LIHEAP Implementation in Other States

Every state and four U.S. territories implement their own LIHEAP program. LIHEAP provides funding for states to assist residents with their energy bills, weatherization of their homes, and repairing or replacing heating or cooling equipment. The four categories of potential assistance are: heating, cooling, crisis, and weatherization. Eligibility for LIHEAP varies by jurisdiction. Federal law requires that the maximum household income eligible for LIHEAP may not be less than 110% of the federal poverty income guidelines. Some jurisdictions use the federal poverty income guidelines to determine eligibility ("FPG") and some use the state (or territory) median income ("SMI"). Some jurisdictions also use what is called categorical eligibility, in which the household is automatically eligible for LIHEAP if at least one person in the household receives assistance through certain programs. Some of the programs that confer categorical eligibility in certain states are Temporary Assistance for Needy Families, the Supplemental Nutrition Assistance Program ("SNAP"), Supplemental Security Income ("SSI"), or certain veterans' programs. In Vermont, the only program that confers categorical eligibility for LIHEAP is SNAP. Both the level of assistance provided to households and which of the four categories of assistance is offered vary by jurisdiction. The table below describes the range of income eligibility for each assistance category and whether the assistance category is offered across the 54 U.S. jurisdictions listed in the LIHEAP clearinghouse. The table also lists Vermont's eligibility requirements for each offering.

Assistance Type	**Lowest limit of Income Eligible**	**Highest limit of Income Eligible**	**Number of Jurisdictions That Do Not Offer Assistance Type**	**Vermont Upper Limit of Income Eligible**
Heating	50% SMI or 110% FPG	60% SMI or 200% FPG	3	60% SMI

Cooling	60% SMI or 110% FPG	60% SMI or 150% FPG	24	Not offered
Crisis	50% SMI or 110% FPG	60% SMI or 200% FPG	0	200% FPG (winter only)
Weatherization	50% SMI or 110% FPG	60% SMI or 200% FPG	1	60% SMI

G. Energy Assistance Programs in Other States

A number of states require EAPs of investor-owned electric utilities, and some also require EAPs of cooperative utilities. The Vermont Public Utility Commission is unique because it regulates municipal utilities in addition to investor-owned and cooperative utilities; most other state utility regulators do not. Because of this, the concept of a statewide EAP in Vermont is different from a statewide EAP in other states because it would apply to municipal utilities.

Energy assistance programs take several forms. EAPs are commonly grouped into seven types: (1) rate models, (2) flat discount models, (3) tiered discount models, (4) prepayment programs, (5) budget billing, (6) percentage-of-income payment programs, and (7) arrearage management.

1. Rate models

A rate-model EAP refers to an EAP that is directly incorporated into a utility's rate structure, as opposed to other types of EAPs that are riders on existing utility rate structures. Utility rate structures typically contain at least two elements: a fixed, or customer, charge and a volumetric, or usage, charge. The fixed charge is considered regressive in the sense that a household with lower income pays a larger proportion of its income than a household with higher income. Utilities can reduce or eliminate this regressivity by reducing or eliminating the fixed charge for households with lower income that meet eligibility requirements. The usage charge can be reduced for eligible households as well, although this is less common.

In 2024, the California Public Utilities Commission approved a billing structure that will use the rate-model EAP approach. The billing structure does three things: (1) it significantly increases the fixed-charge element of customer utility bills, (2) it reduces the usage charge by five to seven cents per kilowatt-hour for all residential customers, and (3) it provides income-based discounts on the fixed charge.[78]

2. Flat discount models

A flat discount model offers all qualifying households the same percentage discount. There are at least two ways to enact a flat discount for lower-income households. Utilities can offer either a simple percentage discount on eligible customer bills or a discount on usage up to a specific amount. Several states require investor-owned utilities to offer a flat discount, including California and all New England states.[79] This simple percentage discount is the discount model used by Vermont utilities that provide an income-based discount. For example, VGS provides an EAP with a flat discount of 20%.

3. Tiered discount models

A tiered discount model adjusts the discount applied to a customer's bill based on that household's income. The discount is greater for households with the lowest incomes and decreases as a household's income rises. For example, New Hampshire requires investor-owned utilities to offer a tiered discount. The discount ranges from an 86% discount for households with income at or below 75% of the federal poverty level to a 5% discount for households with income above 150% of the federal poverty level but below 60% of the state median income, adjusted for household size.[80]

4. Prepayment

Prepayment of utility service allows customers to manage their usage by paying for it ahead of time instead of receiving a potentially surprising bill after usage. A notable prepayment program in the United States is Salt River Project's SRP M-Power plan.[81] Prepayment programs are more common abroad, particularly in England and Ireland.

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[78] https://www.cpuc.ca.gov/news-and-updates/all-news/cut-residential-electricity-prices.

[79] See such programs as the California Alternate Rates for Energy (CARE) (https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/income-qualified-assistance-programs) and Massachusetts' Home Energy Assistance Program (HEAP) (https://www.mass.gov/how-to/apply-for-home-heating-and-energy-assistance).

[80] https://www.energy.nh.gov/consumers/help-energy-and-utility-bills/electric-assistance-program.

[81] The Salt River Project is Phoenix, Arizona's municipal utility. https://www.srpnet.com/price-plans/residential-electric/m-power.

5. Budget billing

Levelized, smoothed, or budget billing is a practice in which the volatility of energy bills is reduced by providing the customer with a bill for the same amount each month for an extended period of time. Often this involves averaging customer usage over the last 12 months to determine a bill amount for each of the next 12 months. Periodically, costs are calculated from customers' actual usage, then overpayment is credited and underpayment is collected. The customer's budget bill may then be recalculated.

Most distribution utility companies in the United States appear to offer budget billing programs. The five largest electric distribution utilities in the country and the largest natural gas distribution utility all offer budget billing.[82] In Vermont, Commission Rule 3.302(D) requires that all Vermont electric distribution utilities provide budget billing as an option for customers. VGS also offers budget billing.

6. Percentage-of-income payment program ("PIPP")

As Act 142 notes, energy burden is generally quantified in the context of household income. PIPPs operationalize this concept by charging customers an amount equal to what is considered to be a reasonable percentage of their income for utility bills. In Colorado, investor-owned utilities must offer a program to eligible households that limits combined electricity and natural gas bills to 6% of household income.[83] PIPPs most directly address household ability to pay, but they come with administrative difficulties and the potential for significantly increased usage by participants as their bills are completely detached from their usage. It is resource-intensive to determine eligibility and the correct bill amount for each household. Funding such a program can also be difficult. Colorado's PIPP, the Utility Bill Help program, is ratepayer funded.

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[82] Florida Power & Light: https://www.fpl.com/account/bill/budget-billing.html
Southern California Edison: https://www.sce.com/save-money/rebates-financial-assistance/bill-assistance-programs/budget-billing-plan
Commonwealth Edison: https://www.comed.com/my-account/my-dashboard/billing-options/budget-billing
Consolidated Edison Company of New York: https://www.coned.com/en/accounts-billing/payment-plans-assistance/budget-billing
Georgia Power: https://www.georgiapower.com/residential/billing-payment-options/budget-billing.html
Southern California Gas: https://www.socalgas.com/billing-payment/assistance-programs/payment-plans
[83] https://puc.colorado.gov/utilitybillhelp

7. Arrearage management

Arrearage management programs can take many forms: some provide one-time complete arrearage forgiveness upon joining the program, some allow for arrearage forgiveness more than once, some provide less than 100% arrearage forgiveness, and some forgive a portion of arrearages as customers stay current on bills. Many distribution utilities in the United States offer some form of arrearage management program. For example, investor-owned electric and natural gas distribution utilities in Massachusetts are required to offer an arrearage management program. National Grid Massachusetts offers a program in which a customer enrolled in an income-eligible discount rate may enter into a payment plan that forgives one-twelfth of their total arrearage at the time of enrollment for each on-time payment made, up to $12,000 per year, for natural gas or electric customers[84] In Vermont, GMP is required to provide arrearage forgiveness as part of its EAP. GMP's arrearage management program allows for two instances of arrearage forgiveness while a customer participates[85] VGS is not required to and does not.

VII. Conclusion

Energy burden is a significant issue for a growing number of Vermonters. Vermont's community action agencies have a history of providing much-needed services and financial assistance to Vermonters in need. The Commission recommends providing increased support to the community action agencies so that they may provide more support to more Vermonters. Specifically, the Commission recommends that lawmakers:

- Phase in an increase to the existing fuel tax on heating oil, propane, kerosene, and other dyed diesel fuel delivered in Vermont to provide greater support to the community action agencies' Home Weatherization Assistance Program for Vermonters with low income. These funds should also be made available for weatherization readiness repairs.
- Dedicate general-fund dollars specifically to expand LIHEAP benefits, in particular the community action agencies' Crisis Fuel Assistance Program, and, if

[84] Electric: https://www.nationalgridus.com/MA-Home/Bill-Help/Arrears-Management-Program
Gas: https://www.nationalgridus.com/MA-Gas-Home/Bill-Help/Arrears-Management-Program
[85] GMP has filed a petition to change its EAP to, among other things, allow for two instances of arrearage forgiveness while a customer participates in the program. *See* Case No. 25-2300-TF.

necessary, offset losses of federal dollars. The community action agencies should be given flexibility to use these funds to pay arrearages of customers facing disconnection even if electricity is not necessary to run the customer's heating system.

- Adopt a mechanism to make Vermonters with low and moderate- income whole for any increases to the fuel tax through a tax credit or other mechanism.
- Continue to fund up-front monetary incentives for high-efficiency vehicles (new and used all-electric and plug-in hybrid electric vehicles) through the State's general fund and transportation fund.
- If the Legislature's intent is to reduce customers' electric bills, then it should dedicate general-fund dollars to continue and expand the electric utilities' existing Affordable Community Renewable Energy ("ACRE") programs, which provide discounted electric bills for Vermonters with low income while simultaneously supporting renewable energy projects.

Appendix

Survey

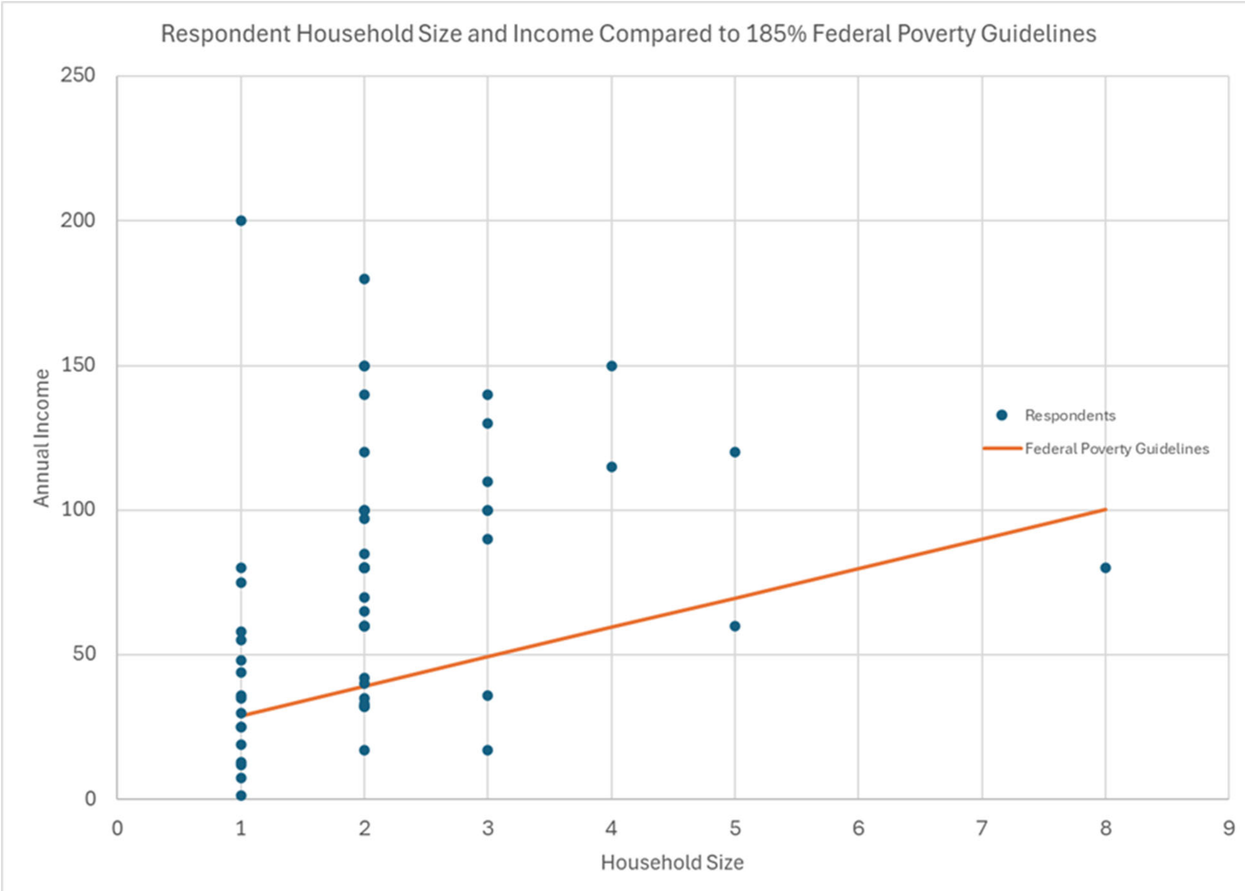
Stakeholders in this proceeding requested that the Commission provide opportunities for Vermonters with low income to weigh in on the topic of energy burden. In response, the Commission prepared a survey and distributed it to Vermonters to gather input on some of the topics of this report. Respondents were asked about energy costs, energy cost reduction, participation in energy cost-reduction programs, household size, and income. Respondents were also asked to provide general comments regarding the topics addressed in this report. The survey results are summarized below.

Please note that the purpose of this survey was community outreach and engagement, not to produce statistically significant results. Therefore, the results are not intended to and do not represent Vermont as a whole.

In addition to the public hearing and the ability to file public comments in ePUC, the survey provided an opportunity for Vermonters to provide the Commission with input based on their own experiences with energy costs and existing cost-reduction programs. To produce statistically significant results, the survey would have required higher participation from a representative random sample of Vermonters. Act 142 did not allocate any funds for the Commission to conduct more robust community engagement or a statistically significant survey.

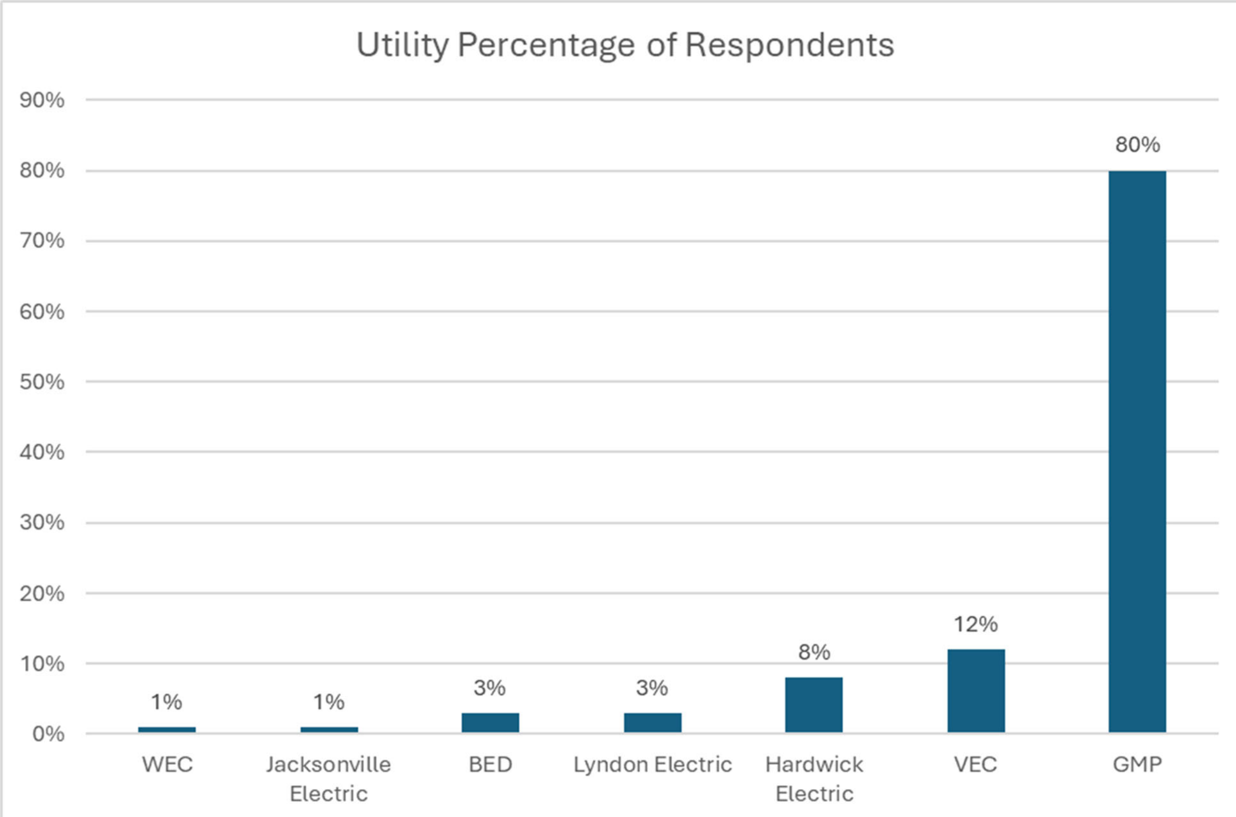
Respondent summary

Fifty-nine Vermonters responded to the survey. Two respondents did not provide a household income. Of the 57 who did, 16 have a household size and income combination that positions them below 185% of the 2025 federal poverty guidelines (“FPG”) and the remaining 41 have a household size and income combination that positions them above it. Several are just barely above that guideline. The chart below represents the respondents’ distribution of household size and income and includes the 2025 185% FPG. Respondent households (blue dots) below the 185% FPG (orange line) are considered Vermonters with low income.



Electric Utilities

Represented electric distribution utilities include GMP (41 respondents, 80% of respondents), BED (2, 3%), VEC (7, 12%), WEC (1, 1%), the Town of Lyndon Electric Department (2, 3%), the Village of Jacksonville Electric Company (1, 1%), and the Town of Hardwick Electric Department (5, 8%).



<u>Relative energy costs</u>

Respondents were asked to rank vehicle fuel cost, including electricity cost for EVs and plug-in hybrid electric vehicles, electric bill cost, and heating fuel cost from highest cost to lowest cost. All 59 respondents answered this question. Heating fuel was ranked as the largest energy cost overall. Electric bill cost was a distant second, while the cost of vehicle fuel was slightly lower than electric bill cost. These data do not precisely match other available data, which reflect transportation as the highest of these three costs in Vermont.[86] This could be due to the income and energy cost characteristics of those who chose to respond to the survey, known as selection bias. The respondents may have lower vehicle fuel costs in relation to heating fuel or electricity costs than Vermonters do on average. It is also possible that because vehicle fuel is only one component of transportation costs, the true cost of transportation overall is obscured in our survey. Transportation costs could include additional components such as vehicle insurance, registration fees, state inspection fees, maintenance, and tires, as well as transportation costs that are not based on the use of a personal vehicle, such as public

[86] EFFICIENCY VERMONT, 2023 VERMONT ENERGY BURDEN REPORT at 6-7.

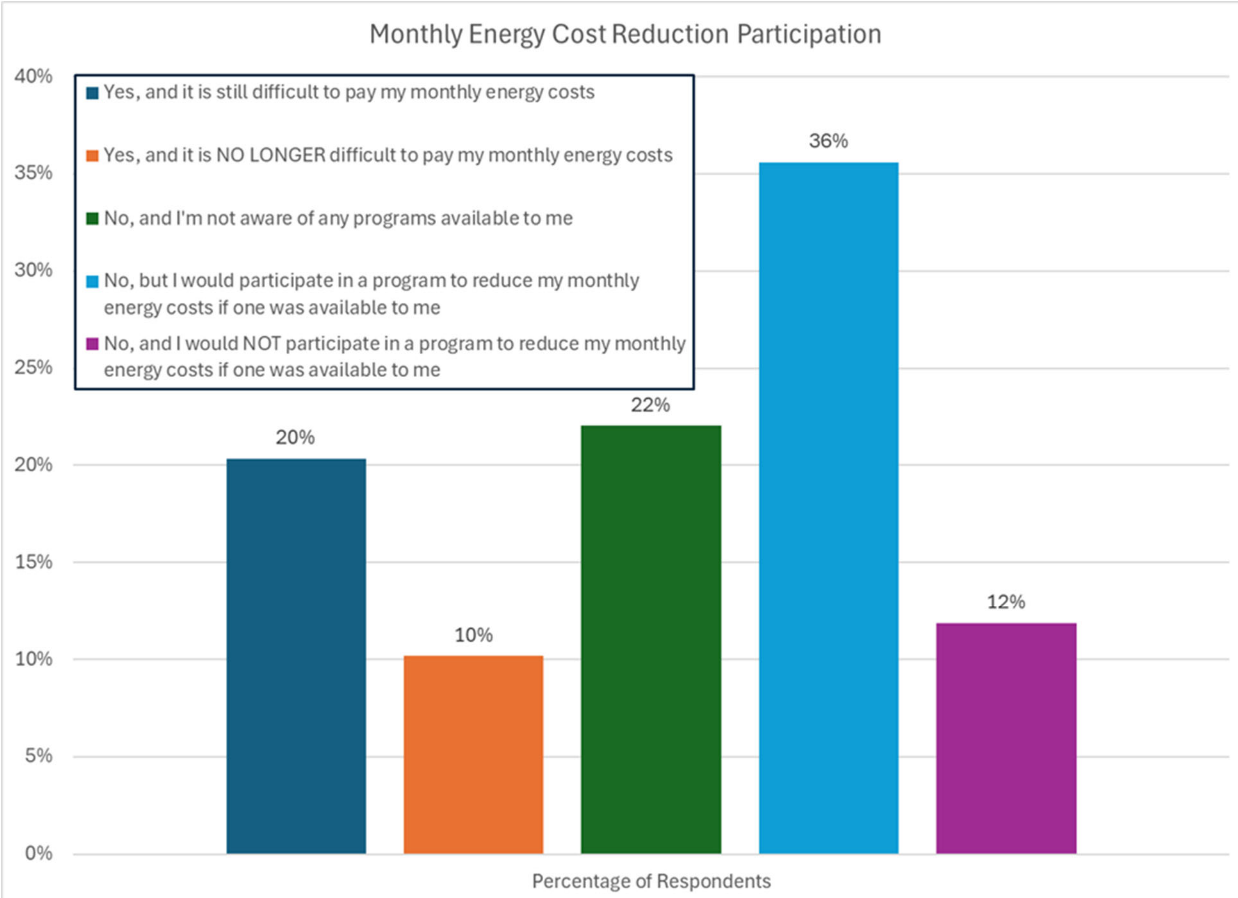
transportation, bicycles, or air travel. Heating fuel and electricity costs, by comparison, are a more complete encapsulation of the costs related to heating and electricity use.

Financial assistance to reduce long-term household energy costs

Respondents were asked to rank the helpfulness of financial assistance to aid in purchasing products and services to reduce long-term household energy costs. All 59 respondents answered this question. The products and services included home weatherization, an electric vehicle, an electric heat pump, and electric appliances other than a heat pump. The methodology was similar to the previous question; respondents ranked these products and services from most helpful to least helpful. There was broad agreement among respondents that electric heat pumps and home weatherization would be more helpful than electric vehicles or non-heat-pump electric appliances. This result underscores the importance of heating as a component of Vermonters' costs.

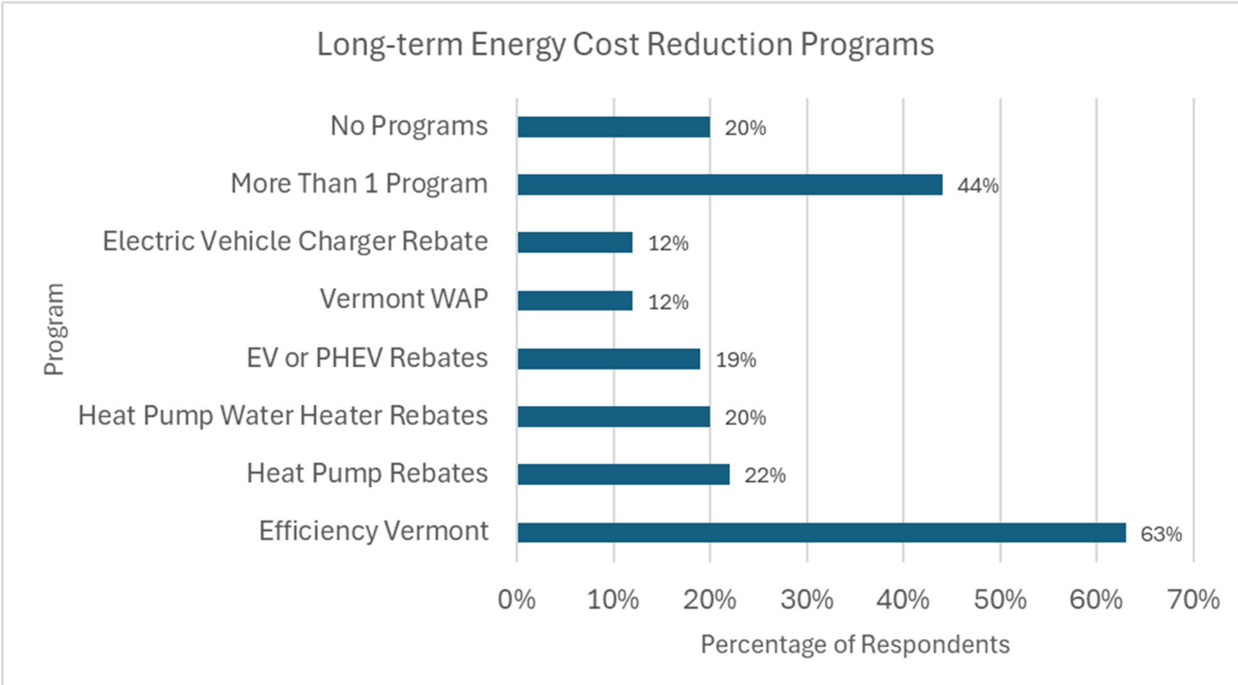
Monthly energy cost-reduction programs

Respondents were asked about their participation in any program or programs to reduce their monthly energy costs. 10% (6) of respondents reported that they participate and that it is no longer difficult to pay their monthly energy costs. 20% (12) reported that they do participate and that it is still difficult to pay their monthly energy costs. 22% (13) reported that they are not aware of any programs available to them. 36% (21) reported that they do not participate in any programs, but they would if one were available to them. 12% (7) reported that they would not participate in such a program even if it were available to them; most also noted that they would not participate because they did not feel they needed the assistance or that others need it more than they do.



Long-term energy cost-reduction programs

Respondents were asked if they participate in any longer-term energy cost-reduction programs. Multiple options could be selected, so the percentages do not sum to 100%. Respondents reported participation in the following programs: 63% (37) Efficiency Vermont programs, 22% (13) heat-pump rebates, 20% (12) heat-pump water heater rebates, 19% (11) EV or PHEV rebates, 12% (7) Vermont Weatherization Assistance Program, 12% (7) electric vehicle charger rebate, 44% (26) participated in more than one of the programs, and 20% (12) did not report participating in any program.



Respondents who did not participate in any of the programs were asked why they have not participated. Of the 29 who responded, 7 were not aware of any programs. Several noted that renting or other housing issues prevented them from applying. A few noted that they were not income-eligible.

Respondents were also asked about their experience with the energy cost-reduction programs. Most of the respondents who chose to answer felt that the programs were useful, with only a few noting frustration with the application process for some programs.

Additional Comments

Lastly, respondents were asked to provide any additional comments regarding this report. The Commission appreciates the public's participation and has reviewed the comments. It is difficult to extract any broad themes from the comments aside from this: Energy costs are high, and many Vermonters, especially those with low income, are struggling to afford these costs.