

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 19-0302-INV

Investigation to establish an Energy Savings Account partnership pilot program, establish a methodology for evaluation, measurement, and verification of Self-Managed Energy Efficiency Program and Energy Savings Account projects, and review the Customer Credit Program	
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Order entered: 07/23/2021

ORDER ADDRESSING IMPLEMENTATION OF ESA PILOT PROGRAM

In a May 16, 2019, Order, the Vermont Public Utility Commission (“Commission”) established the Energy Savings Account (“ESA”) pilot program.

On July 2, 2021, Efficiency Vermont filed several clarifying questions addressing the implementation of the ESA pilot program. The questions were developed at the request of program participants. The filing included proposed responses developed by Efficiency Vermont and the Vermont Department of Public Service (“Department”).

We provide below our determinations with respect to the clarifying questions.

- 1. The May 16 Order states “projects under the ESA pilot program may be completed after the July 30, 2022, program end date, as long as the project funds have been committed before the program end date.”¹ What is required for funds to be considered “committed”?**

Answer: Committed funds are those funds that are designated for a specific project or purpose and that are officially obligated through a contract, grant, loan, or other arrangement. Funds may be considered committed provided there is a written agreement of some type obligating payment.

- 2. The May 16 Order directs qualified expenses recoverable through the use of energy efficiency charge funds to include “up to 100 percent of the costs associated with implementing an eligible project” under the ESA pilot program. The Order defined qualified expenses as the “full costs associated with identifying, investigating, analyzing, designing, implementing, and/or installing cost-effective efficiency projects at facilities owned, operated, or controlled by the participating customer.” Qualified expenses may also “include planning costs associated with development of an Energy Management**

¹ See *Order Re Energy Savings Account Pilot Program*, Case No. 19-0302-INV, Order of 5/16/19 at 27.

Plan and costs for a customer's internal or external project design and engineering expenses associated with an eligible project.”² Can the cost of equipment that is purchased, but not installed by the June 30, 2022, program end date be reimbursed out of ESA funds?

Answer: The costs that are incurred and committed in advance of the June 30, 2022, program end date are eligible for reimbursement, even if the equipment is not installed or the project is not completed by June 30, 2022.

3. Are a program participant's costs associated with the use of internal labor for planning, design, engineering, or installation eligible for reimbursement from ESA funds?

Answer: These costs are eligible for reimbursement. This reimbursement is consistent with the Commission's previous implementation of the ESA program.³

4. Can ESA funds be used for planning expenses associated with projects that are expected to be implemented during the period after the pilot period has ended?

Answer: ESA funds are intended to be used for planning and implementation of projects during the pilot program time frame (July 1, 2019, through June 30, 2022). They are not intended to be used to plan for projects that are expected to be implemented in a future period after the ESA pilot program ends.

5. If a project is terminated before completion, and an ESA pilot program participant has received project planning or implementation expense reimbursements out of ESA funds, will the participant be required to pay back those reimbursed funds?

Answer: The Commission will determine on a case-by-case basis whether ESA funds reimbursed to an ESA participant for uncompleted projects should be returned by the participant. The Commission expects that projects started with ESA funds should be completed – and if not, that the funds would be returned. However, while the intent of the ESA pilot program and related funds is to complete projects, there may be unforeseen circumstances that could cause a project to be terminated prematurely. If a participant has received ESA funds for a project that is later terminated before completion, the participant may file a letter with the Commission explaining the situation and requesting a determination on whether any ESA funds should be paid back. Before filing a request, a participant may contact this proceeding's Hearing Officer,

² See Order 5/16/19 at 28-29.

³ See *Order Approving Modifications to the Design of the Energy Savings Account Program*, Case No. EEU-2014-02, Order of 6/6/14.

Mary Jo Krolewski, at 802-828-2358, with questions on making such a filing with the Commission.

- 6. In accordance with Section 2(b) of Act 150, the Commission determined that the ESA pilot program would begin on July 1, 2019, and end on June 30, 2022.⁴ Recognizing that projects may be completed after the June 30, 2022, end date, is there a deadline by which projects must be completed and all measures installed? Similarly, is there a deadline by which project post-installation evaluation, measurement, and verification of savings must be completed?**

Answer: Participants are encouraged to complete projects as soon as possible after the June 30, 2022, end date if they are not able to complete a project by that end date. At this time, there is not a specified deadline by which all projects must be completed and all measures installed. There is also not currently a specified deadline by which project post-installation evaluation, measurement, and verification must occur. The Commission is required by Act 150 to evaluate the ESA pilot program and submit a recommendation to the Vermont Legislature by January 15, 2023, on whether or not to continue the program. The Commission's evaluation and recommendation will be informed, in part, by the evaluation, measurement, and verification of completed projects.

- 7. In accordance with Section 2(b)(1) of Act 150, the Commission determined that “a customer in the ESA pilot program be able to receive funds that match its energy efficiency charge payments made during the three-year program period.” This payment includes a portion that would pay for technical assistance and other services from Efficiency Vermont, and for “evaluation, measurement, and verification activities by the Department and Efficiency Vermont.”⁵ Will funds estimated for project post-installation evaluation, measurement, and verification costs be “held back” from a participant's available ESA funds?**

Answer: The estimated amount of evaluation, measurement, and verification costs identified in a participant's Energy Management Plan will be held back from ESA funds available for participant reimbursements. This will ensure that evaluation, measurement, and verification costs are paid for out of ESA funds as required by the May 16 Order. After evaluation, measurement, and verification costs have been paid, if there are remaining ESA funds, the funds should be reimbursed to the ESA pilot program participants for any project-related expenses not

⁴ See Order of 5/16/19 at 25.

⁵ See order of 5/16/19 at 9.

yet reimbursed. If there are no remaining expenses, the ESA funds will revert to use for statewide energy efficiency programs and measures, consistent with Act 150.⁶

- 8. The Commission required that Energy Management Plans identify the specific projects and expected annual budgets for the three-year pilot period, as well as the specific program design details and qualified expense for eligible measures. This requirement was consistent with Section 2(e) of Act 150, which directs each program customer, working with Efficiency Vermont, to “develop an energy management plan for the three-year period of the pilot with projects to be implemented, energy savings targets, and a timeline for projects and investments.”⁷ Can an ESA pilot program participant update an Energy Management Plan that has been filed with the Commission?**


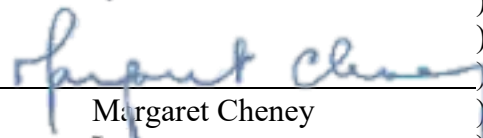
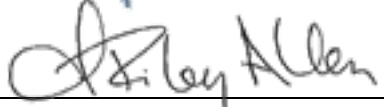
Answer: An ESA pilot program participant may update an Energy Management Program filed with the Commission to change existing projects or add new projects as new information or plans become available. An Energy Management Plan is intended to be a comprehensive plan for each program participant that includes all projects at all locations. Any updated Energy Management Plan that is filed with the Commission will replace the previously filed plan.

SO ORDERED.

⁶ Section 2(h) of Act 150 (H.739) signed into law on May 21, 2018.

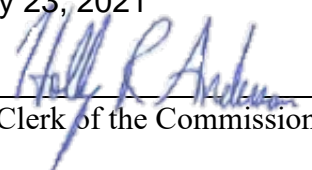
⁷ See Order of 5/16/19 at 18.

Dated at Montpelier, Vermont, this 23rd day of July, 2021

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Anthony Z. Roisman)	PUBLIC UTILITY
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Margaret Cheney)	COMMISSION
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)	
J. Riley Allen)	OF VERMONT

OFFICE OF THE CLERK

Filed: July 23, 2021

Attest: 
Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Commission within 30 days. Appeal will not stay the effect of this Order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Commission within 28 days of the date of this decision and Order.

PUC Case No. 19-0302-INV - SERVICE LIST

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