



via electronic mail: PSD.ComprehensiveEnergyPlan@state.vt.us

**Comments of Northeast Energy Efficiency Partnerships (NEEP)
Regarding the 2015 Vermont Comprehensive Energy Plan Update
November 9, 2015**

Christopher Recchia, Commissioner
Vermont Department of Public Service
112 State Street
Montpelier, VT 05620

Dear Commissioner Recchia,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ thank you for the opportunity to provide input on Vermont's 2015 Comprehensive Energy Plan Update. NEEP is a regional non-profit whose mission is to serve the Northeast and Mid-Atlantic states to accelerate energy efficiency in the building sector through public policy, program strategies and education.

NEEP is one of six Regional Energy Efficiency Organizations (REEOs), as designated by the U.S. Department of Energy, which works in cooperation with the DOE to support states receiving U.S. Department of Energy Guidance.

NEEP congratulates Vermont for once again putting forth nation-leading policy innovations in its Comprehensive Energy Plan. There are a number of laudable initiatives contained in the plan that will put the state in a strong position to address climate and environmental concerns, modernization of the energy grid, integration of demand resources including renewable energy, storage, and energy efficiency. Vermont has proven that it is possible to have a thriving economy while eliminating ever more energy waste from homes, buildings and industry.

This plan continues that work, as Vermont and the region tackle evolving issues such as the need for increased resiliency and security; improved customer engagement through the use of data, controls and two-way communication; a focus on whole-building energy use; strategic electrification managing geographic and peak load and wider deployment of electric vehicles.

Building upon our general comments submitted on July 24 that touched on heat pump standards, building energy code compliance and weatherization issues,² these comments will focus on two major themes: continued leadership on the issue of strategic electrification, and support for maintaining robust commercial and industrial efficiency programs administered by Efficiency Vermont (EVT).

¹ These comments are offered by NEEP staff and do not necessarily represent the view of the NEEP Board of Directors, sponsors or partners.

² NEEP's preliminary comments were submitted through the DPS Survey Monkey tool.



Support for Existing Programs for Large Customers

Vermont has been a leader in programs offered for commercial and industrial (C&I) customers, in particular those administered by EVT for its largest industrial users. VEIC, as administrator of the programs, has been recognized nationally for its strategies to help customers realize continuous energy improvement through building relationships and trust, understanding the issues and concerns unique to plant managers, and developing flexibility and responsiveness to companies' fiscal limitations and cycles.

EVT account managers and technical staff work with customers to develop a deep understanding of industrial processes. Through state-of-the-art, real-time energy monitoring via its Energy Management Information System "EMIS," EVT helps customers understand how and when energy is being used in order to identify patterns and opportunities. Time and again, the programs have helped customers find deeper savings, even when they believed they had captured it all.

EVT's industrial programs have been highlighted as a best practice by the U.S. Department of Energy's State and Local Energy Efficiency (SEE Action) [Network](#),³ and at national conferences convened by organizations such as the American Council for an Energy Efficient Economy ([ACEEE](#))⁴. VEIC's Greg Baker manages an informal regional working group on continuous energy efficiency in industrial programs, where efficiency program administrators share learning and best practices.

In a recent SEE Action paper, "Sustained Energy Savings Achieved through Successful Industrial Customer Interaction with Ratepayer Programs: Case Studies,"⁵ Efficiency Vermont is described thusly:

"Efficiency Vermont has continuously targeted and proactively engaged commercial and industrial customers for deep energy savings since its first three-year contract cycle beginning in 2000. The energy efficiency utility's longstanding programs for industrial customers involve technical assistance for energy audits, project development, energy management, and employee energy efficiency awareness."

Yet, despite a wealth of experiences and case studies from across the country that illustrate the case for continued ratepayer funded investments in commercial and industrial energy efficiency programs, there remain efforts to allow the largest customers to "opt out" of programs — such as EVT's — in favor of self-directed energy efficiency efforts. NEEP does not believe that the successful programs offered by EVT would be possible were the pathway to opt out of the energy conservation charge (ECC) expanded to more customers. This applies to all levels of customers, including those certified as ISO-50001 with

³ The State and Local Energy Efficiency Action Network (SEE Action) is a project of the U.S. Department of Energy (DOE) that advances state and local investment in energy efficiency. Topical working groups include stakeholders and experts from across the country representing state and local governments, associations, business leaders, non-government organizations, and others.

⁴ VEIC presented on its industrial programs at two conferences held by the American Council for an Energy-Efficiency Economy in 2015, The Summer Study on Industrial Efficiency and the Energy Efficiency as a Resource Conference. <http://aceee.org/>

⁵ https://www4.eere.energy.gov/seeaction/system/files/documents/IEE%20Case%20Studies_1002.pdf



Superior Energy Performance (SEP), as is posited in the draft plan.⁶ In fact, feedback from staff from the U.S. Department of Energy involved in administering the SEP program was clear in their intent that the SEP program should be seen as a point of *entry* into the efficiency programs — not one of departure, and that DOE staff expressly opposed customer opt-out programs.

We encourage DPS to carefully consider any changes to the C&I programs that may weaken program delivery structure and funding for all customers, and would shrink the amount of energy efficiency being captured and quantified through rigorous evaluation, measurement and verification as a system resource. Allowing more of the largest commercial and industrial users to opt out of efficiency programs increases the program costs for all other C&I customers that remain in the program, and would in fact present additional burdens on these businesses faced with conducting their own efficiency, as well as harm those that do not have the option of special treatment.

Massachusetts is concluding a three-year pilot⁷ to allow for “accelerated rebates,” a kind of program opt-out for the largest five customers of each electric and gas utility. According to utility program administrators, far less energy has been saved by these very large electric and gas customers than they would have had they stayed in the statewide MassSave[®] energy efficiency programs. Further, those who choose to opt out of the programs and run their own projects were still heavily reliant on the technical support of the utilities and other program administrators.

When faced with the choice, most customers have realized there is far greater value in staying in the Mass Save[®] programs, having the technical support of the program administrators, and avoiding the complexities and uncertainties of running their own programs. As one Massachusetts utility efficiency program employee explained:

“In all cases, without exception, our teams have been in there doing a lot of hand-holding. This is not self-directed. This didn’t spur more energy efficiency activity; in fact there is evidence that it hindered it.”

NEEP believes the EVT programs are highly effective, that there are already ample opportunities for customers to self-direct through the Energy Savings Accounts, Self-Managed and Customer Credit programs. Expanding opt-out would be a step in the wrong direction.

Support for Strategic Electrification

Strategic electrification — adding to overall electric load with a goal of shifting towards more efficient technologies, an increased reliance on distributed renewables and lowering dependence fossil fuels (particularly unregulated heating oil and propane) — has emerged as a key strategy of Vermont and its efficiency utility. NEEP whole-heartedly endorses this strong, continued focus. We believe it is important in terms of the region’s energy mix and larger societal goals that there is policy alignment with efficiency

⁶ http://publicservice.vermont.gov/publications/energy_plan/2015_plan at pg. 190

⁷ Created by Senate Bill 1680, <https://malegislature.gov/Bills/187/Senate/S1680>



program administrators so that they are not penalized for adding to *electric* load if overall *energy use* is reduced — with the end use being cleaner and more efficient. Taking a whole-building, all-fuels approach is something we have long encouraged. The region is looking to Vermont once again for its leadership in this forward-looking policy innovation.

CONCLUSION:

NEEP commends Vermont policy leaders on the update to the state’s Comprehensive Energy Plan, and thank the DPS for the opportunity to provide input at this stage of the process. Please accept these comments in the spirit they are intended: to aid the DPS, and, ultimately, the people of Vermont, in securing a more affordable, reliable, cleaner and sustainable energy future.

Sincerely,

A handwritten signature in blue ink that reads "Natalie H. Treat".

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