

# **REPORT TO THE VERMONT LEGISLATURE**

## **2021 Energy Efficiency Utility Program Revenues and Expenditures**

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**Submitted by the Vermont Public Utility Commission pursuant to 30 V.S.A. § 209(d)(3)(A)**

**February 24, 2023**

## I. Introduction and Statutory Basis

In accordance with 30 V.S.A. § 209, the Vermont Public Utility Commission (“Commission”) is providing the Vermont Legislature with a final report (“Report”) on the Energy Efficiency Utility Fund (“EEU Fund”) revenues and expenditures for activity through December 31, 2021.<sup>1</sup> The vast majority of the expenditures support the energy efficiency services provided by Efficiency Vermont, the City of Burlington Electric Department (“BED”), and Vermont Gas Systems, Inc. (“Vermont Gas”).<sup>2</sup> This Report includes information summarizing the results of the activities paid for by the EEU Fund in 2021.<sup>3</sup>

The EEU program is funded through an energy efficiency charge on electricity and natural gas customer bills. In addition, thermal energy and process fuel (“TEPF”) efficiency services are funded through a combination of proceeds from Vermont’s participation in the Regional Greenhouse Gas Initiative (“RGGI”) and the electric EEUs’ participation in the regional grid’s Forward Capacity Market.<sup>4</sup>

As this Report shows, the EEUs are providing substantial benefits to the state’s electricity, natural gas, and TEPF consumers by reducing participating customers’ energy consumption. Energy efficiency investments lead to societal benefits and financial savings for all Vermonters. When Vermonters save energy through energy efficiency investments, utilities generally need to buy and deliver less energy. In certain circumstances this reduced demand for electricity or natural gas may also avoid or delay the need for additional utility transmission or distribution infrastructure. When additional utility infrastructure investments are avoided or delayed, utility costs are less than they otherwise would be, and therefore the rates paid by all consumers are typically less than they otherwise would be. The customers who participate in the EEU programs accrue additional savings as a result of their reduced electricity or natural gas consumption. In addition, reduced energy consumption decreases adverse effects on the environment.

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<sup>1</sup> The statute reads as follows: “The Commission will annually provide the General Assembly with a report detailing the revenues collected and the expenditures made for energy efficiency programs under this section.” 30 V.S.A. § 209(d)(3)(A).

<sup>2</sup> Vermont Energy Investment Corporation (“VEIC”) serves as a statewide EEU, known as Efficiency Vermont. BED provides EEU services in its service territory. Vermont Gas provides natural gas EEU services in its service territory.

<sup>3</sup> This Report is for the 2021 program year because the EEU Fund has not yet been audited and the program savings have not yet been verified for 2022. There is a necessary lag in reporting this information to the Legislature because the program savings verification by the Vermont Department of Public Service (“Department”) and the independent audit of the EEU Fund must both be completed during the calendar year following the program year.

<sup>4</sup> Pursuant to 30 V.S.A. §§ 209(e)(1)(A), 209(e)(1)(B), and 255(d), proceeds from the ISO-New England Forward Capacity Market and RGGI auctions are used, in part, to provide TEPF efficiency services.

## II. 2021 Revenues and Expenditures

Each energy efficiency utility serves as its own Fiscal Agent, and Efficiency Vermont was designated to serve as the RGGI Trustee. The financial figures related to the EEU Fund in this Report are based on the Fiscal Agents' year-end reports. The firm BST & Co. was engaged by the Commission to perform an independent audit of the EEU Fund's revenues and expenditures. The attached Independent Auditor's Report provides additional information on the revenues and expenditures of Vermont's EEU programs that coincide with the State's Fiscal Year 2022.<sup>5</sup> A brief summary of the EEU Fund follows.

Total revenues collected by the EEU Fund during calendar year 2021 were \$64,297,129 (including revenues collected through the energy efficiency charge on electric and natural gas customers' bills, Efficiency Vermont's and BED's participation in the Forward Capacity Market, Vermont's participation in the RGGI program, taxes, and interest income accrued).<sup>6</sup> The following table shows the sources of these revenues.

Electric EEC	\$50,805,893
Natural Gas EEC	\$3,408,790
Forward Capacity Market	\$6,493,822
RGGI	\$3,565,877
Interest Income	\$22,747

Total expenditures from the EEU Fund during calendar year 2021 were \$59,621,954. Most of the expenditures were for the implementation of electric, natural gas, and TEPF efficiency programs. The remainder of expenditures were for other necessary cost categories, including monitoring and evaluation activities undertaken by the Department, administrative costs (such as the services of the EEU Fiscal Agents, and the EEU Fund audit), and taxes. It is expected that revenues and expenditures will be closely matched over the life of the three-year budget cycle for the EEU services.<sup>7</sup>

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<sup>5</sup> In the past, the Commission has engaged the auditor to perform two audits of the EEU Fund: one to coincide with the calendar year activities of the Fund and of the EEUs, and the second to coincide with the State of Vermont fiscal year. The Commission has eliminated the calendar year audit to conserve Vermont ratepayer funds.

<sup>6</sup> The revenue and expenditure figures in this paragraph are presented on an accrual basis.

<sup>7</sup> The Commission established the EEU budgets for 2021-2023 in orders issued in Case No. 19-3272-PET. The EEU program is operated on a three-year performance cycle, and expenses can outpace revenue in a given year but are capped by the three-year budget approved by the Commission. (The associated energy efficiency charge revenue collections are enough to cover only 35 of 36 months of the three-year budgets; the 36th month of collections occurs after the end of the three-year budget period. As determined by a Commission Order issued on March 29, 2013, in EEU-2011-06, the EEU Fund includes an additional \$1.6

### III. Program Achievements

While the statute does not require the Commission to report on the program activities of the EEUs, this Report summarizes the EEUs' key accomplishments in 2021. Additional information on these activities can be found in the EEUs' annual reports.<sup>8</sup>

#### *Efficiency Vermont*

The electric efficiency investments made by Efficiency Vermont in 2021 are projected to provide Vermonters a total resource benefit of approximately \$70,604,671 over the 13.3-year weighted lifetime average of the investments.<sup>9</sup> The TEPF investments are projected to provide a total resource benefit of approximately \$39,182,448 over the 16-year weighted lifetime average of the investments. Efficiency Vermont provided efficiency services to 42,052 Vermonters in 2021 (35,354 households and 6,698 businesses). Efficiency Vermont's electrical savings were 69,503 MWh, while its savings for TEPF efficiency, primarily associated with the Home Performance with Energy Star service, totaled 133,326 MMBtu in 2021.

#### *BED*

The electric efficiency investments in EEU services made by BED in 2021 are projected to provide BED customers a total resource benefit of approximately \$4,548,233 over the 15-year weighted average lifetime of the investments.<sup>10</sup> BED provided efficiency services to 1,328 customers in 2021 (343 business customers and 985 residential customers). BED's electrical savings totaled 2,677 MWh, while its residential savings for TEPF efficiency, primarily associated with the Home Performance with Energy Star service, totaled 18 MMBtu in 2021.

#### *Vermont Gas*

Vermont Gas's 2021 investments in its energy efficiency programs are expected to result in lifetime savings of 931,243 Mcf of natural gas with a total resource benefit of approximately \$10,557,727. The Residential sector achieved approximately 58% of the savings and the commercial and industrial sector approximately 42%.

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million collected through the energy efficiency charge during 2014 and 2015 to address the one-month lag between energy efficiency charge collection and program expenditures.)

<sup>8</sup> See BED's 2021 Annual Report at <https://epuc.vermont.gov/?q=node/64/168524>, Efficiency Vermont's 2021 Annual Report at <https://epuc.vermont.gov/?q=node/64/177149>, and Vermont Gas's 2021 Annual Report at <https://epuc.vermont.gov/?q=node/64/177403>.

<sup>9</sup> Unless otherwise noted, the kWh savings and benefits figures included in this Report have been verified by the Department as part of its evaluation activities.

<sup>10</sup> BED's kWh savings and benefit figures have not yet been independently verified. The Department's verification report on BED's 2021 savings and benefits claims will be filed soon.

## IV. Conclusion

This report, the attached auditor's report, and the EEU annual reports and fiscal agent reports referenced within show: (1) the EEU Fund is being managed appropriately; and (2) the energy savings achieved by Efficiency Vermont, BED, and Vermont Gas in 2021 benefitted all Vermonters, whether or not they directly participated in EEU programs.

Please keep in mind that with this Report, the Commission is not reporting on all electric or natural gas energy efficiency initiatives that are being implemented throughout the state; instead, this report is limited to describing the use of the funds received pursuant to 30 V.S.A. § 209(d)(3) and the statewide efficiency services delivered by Efficiency Vermont, BED, and Vermont Gas. Vermont's electric and natural gas utilities continue to consider opportunities to implement energy efficiency initiatives as part of distributed utility planning and may choose to offer such initiatives as a service to their customers.

Additional information about the various EEU-related oversight activities that the Commission and other entities conduct is available on the Commission's website.<sup>11</sup>

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<sup>11</sup> <http://puc.vermont.gov/energy-efficiency-utility-program>.