

STATE OF VERMONT
PUBLIC SERVICE BOARD

Order Establishing an Option for Certain Business)
Customers to Self-Administer Energy Efficiency through)
the Use of an Energy Savings Account)

Order entered: 12/22/2009

I. INTRODUCTION

In this Order, the Vermont Public Service Board ("Board") establishes an option for certain business customers to self-administer energy efficiency through the use of an Energy Savings Account ("ESA"). The ESA option allows eligible customers to use a portion of the Energy Efficiency Charge ("EEC")¹ such customers pay toward the Electric Efficiency Fund to support energy efficiency projects at their facilities. The Board is approving an ESA program that has been proposed by the Vermont Department of Public Service ("Department") with certain modifications, as described below and attached to this Order as Attachment A.

II. BACKGROUND

In 2008, the Legislature removed the provision from 30 V.S.A. § 209 (d)(4) that allowed a customer to apply to the Board for an exemption from paying the EEC if the customer demonstrated that it implemented an extraordinary amount of cost-effective energy efficiency. The Legislature replaced this option with language that requires the Board to establish a process by which certain customers may self-administer energy efficiency.² In 2009, the Legislature amended the statute to require that the Board establish that process by December 31, 2009.³

1. The EEC is a volumetric charge that is assessed on electric bills throughout Vermont. The funds collected via the EEC support cost-effective energy efficiency services delivered by Vermont's Energy Efficiency Utility ("EEU"). Efficiency Vermont delivers the EEU's services throughout most of the State. The City of Burlington Electric Department ("BED") delivers EEU services in its service territory.

2. Public Act 92, § 12 (2008 VT., Adj. Sess.).

3. Public Act 45, § 14a. (2009 VT., Adj. Sess.).

Pursuant to 30 V.S.A. § 209(d)(4), a customer who pays an average annual EEC of at least \$5,000 may apply to the Board to self-administer energy efficiency through the use of an ESA. The statute requires that the Board determine the percentage of a customer's EEC payments allocated to the ESA program, with the remaining portion of the charge required to be used to achieve system-wide energy benefits. The Board is also required to establish criteria for approval of these applications.

On August 12, 2009, the Department filed a proposed design for the ESA program. The Department's proposal includes eligibility criteria, available funding, implementation protocols, and other fundamental aspects of the program. The Department indicated that the proposed program design was the result of significant collaboration with Efficiency Vermont, Associated Industries of Vermont ("AIV"), and BED.⁴

On August 24, 2009, the Clerk of the Board sent a memorandum to the EEU e-mail service list requesting comments and reply comments on the Department's proposal. The memorandum also requested that comments address whether additional Board process would be needed before the ESA program is implemented.⁵ AIV requested an extension of the deadlines, which was granted. Interested parties were given additional time to provide comments and reply comments.

Comments were filed on September 14, 2009, by AIV, BED, Vermont Energy Investment Corporation ("VEIC"),⁶ and on September 28, 2009, by Central Vermont Public Service Corporation ("CVPS"). Reply comments were filed on October 14, 2009, by AIV, BED, VEIC, and the Department.

On November 13, 2009, Board staff held a workshop to discuss the Department's proposed ESA program and the comments filed by stakeholders. At the workshop, several issues were identified that would require additional clarification and discussion by interested parties.

4. Letter from Walter (TJ) Poor, Energy Programs Manager, Department of Public Service, to Susan M. Hudson, Clerk of the Board, dated August 12, 2009.

5. AIV indicated that a workshop to discuss issues related to the ESA program could be helpful. No other party filed comments on whether additional Board process would be needed.

6. VEIC is the entity currently serving as Efficiency Vermont under a contract with the Board.

The Department agreed to file its recommendation on those issues after further discussions with BED, AIV, and VEIC.

On November 30, 2009, the Department filed its revised ESA program design based on the concerns raised at the workshop and subsequent discussions with BED, AIV, and VEIC. The Department represents that AIV, BED, and VEIC support the proposed changes with one exception. The parties did not come to agreement on whether the program design should include a provision to allow a customer to request a change in the amount of funds available for energy efficiency projects. VEIC filed comments on the Department's revised ESA program design on November 30, 2009.

III. SUMMARY OF THE DEPARTMENT'S PROPOSED ESA PROGRAM DESIGN

The ESA program allows eligible business customers the option to self-administer energy efficiency efforts instead of participating in the statewide services provided by the EEU. Eligible BED business customers could also participate in the program. The fundamental elements of the Department's revised ESA program design are as follows:

- (1) Eligibility requirements for customer participation that are consistent with the statute;
- (2) Specific criteria that describe and define "Qualified Expenses";
- (3) Allocation of 70% of total EEC paid by a customer to "Available Funds";
- (4) Information necessary to include in a customer's application to participate in the program;
- (5) Clear guidelines on the roles of the Board, the Department, the EEU, and the participating customers in program implementation;
- (6) Dispute resolution procedures;
- (7) Guidance on the circumstances when customer participation may be terminated;
- (8) Obligations for customer confidentiality;
- (9) Requirement for ESA participants to allow the Department to verify all project information;

- (10) Provisions related to assessing the impact of the ESA program on the EEU's performance; and
- (11) Standards for an overall evaluation of the ESA program.

The Department's proposal provides that customers are eligible to participate in the ESA option if they have made EEC payments of at least \$5,000 in the 12 months preceding the customer's request to participate in the program. A business with more than one electric account may combine the EEC amounts paid on multiple accounts to determine eligibility. A customer is also eligible to participate if the average annual EEC amounts paid in the previous three years is equal to or greater than \$5,000. The Department's proposed ESA design includes a provision for customers with new buildings to participate in the program if the Department and the EEU agree that the projected EEC payment will be equal to or greater than \$5,000.

Under the Department's revised proposal, eligible customers who wish to participate in the ESA program must submit a written request to the Board, the Department, and the EEU. The Department's program design requires that customers provide documentation of the EEC paid, identify the premises and electric accounts that would be subject to the ESA, describe the general strategy for acquiring energy efficiency resources, and agree to follow the policies and procedures of the ESA program. Customers must demonstrate eligibility every three years.

The Department proposes that an ESA participant have access to 70% of the EEC it pays to fund efficiency projects at its facilities. Upon enrollment in the program, these Available Funds will consist of EEC payments from the current calendar year and the next two calendar years. Projections for future EEC payments will be based on the most recent full calendar year. Customers are required to use funds within 24 months of the date the EEC contribution amount was allocated to the customer's ESA, and, unless a customer receives a waiver from the Department, the unused funds will be forfeited by the customer. Under the Department's proposal, an ESA participant may apply to the Board to increase its percentage of Available Funds if it demonstrates good performance by successfully executing at least four projects and by completing at least two three-year ESA periods.

ESA participants will continue to pay 100% of the billed EEC. The EEU Fiscal Agent will separately track each participant's ESA funds. When an approved project installation is completed, the customer will provide detailed cost documentation to the EEU for review. The ESA participant will then be reimbursed for its Qualified Expenses associated with the completed project. The Department's proposal describes the specific costs, defined as Qualified Expenses, associated with eligible projects that may be supported with the ESA funds. If the customer's ESA balance is less than the amount of Qualified Expenses at the time of reimbursement, the customer will receive a monthly credit from the EEU Fiscal Agent up to the amount allowed for the project, based on the customer's Available Funds.⁷

Under the Department's proposal, all efficiency measures implemented by ESA participants must pass the same cost-effectiveness screening requirements set by the Board for the EEU and Vermont distribution utilities. The EEU will assist ESA participants in the cost-effectiveness screening process for specific projects when the customer presents the necessary information to the EEU. The EEU will review the project information and notify the customer if the project meets the cost-effectiveness screening criteria.

The Department's ESA program design does not include a role for the EEU Contract Administrator. The Department proposes that the role assigned to the EEU Contract Administrator in analogous "self-administration" situations, such as the existing Customer Credit Program, be the responsibility of the Department.

For the 2009-2011 EEU performance period, savings results associated with completed ESA projects will count toward the EEU's contractual performance goals. If the total estimated non-BED service territory ESA funding (expended and available) exceeds one percent of the 2011 EEU budget approved by the Board, the EEU Contractor and the Board will examine the possible effects on the performance goals and adjust the goals if necessary.

7. It appears from the Department's proposal that the monthly credit would be applied only up to the amount of the customer's Available Funds for the three-year period. We have revised the Department's proposal to clarify this limitation.

IV. POSITIONS OF INTERESTED PARTIES

Below, we summarize the comments submitted by interested parties.

Vermont Energy Investment Corporation

In its initial and reply comments, VEIC asserts that the Department's proposal for a separate process to allow ESA participants to seek an increase in the amount of Available Funds is unnecessary. VEIC maintains that any party could petition the Board for changes to this aspect of the program or any other element of the ESA program design at any time. VEIC suggests that the Department's proposal for an evaluation of the ESA program every three years will provide an opportunity to review all aspects of the program, including the determination of the amount of Available Funds, and also to consider policy issues such as the cumulative effect of changes to the percentage of Available Funds. VEIC also emphasizes these concerns again in its comments on the Department's revised ESA program design.

VEIC supports the definition of Available Funds as 70% of the EEC because it is a reasonable balance between customer benefits and system-wide benefits. VEIC believes that the requirement that ESA participants use their Available Funds within 24 months ensures that ratepayer funds achieve efficiency results in a timely manner. VEIC maintains that ESA funds should be used within 24 months of allocation, and if not, that the unused funds should be made available to the EEU for uses authorized by the Board.

VEIC states that the project review process proposed by the Department is a reasonable approach because alternate review procedures (e.g., use of third-party entities) would produce inconsistent results and complicate the savings verification process. In its reply comments, VEIC stresses that the EEU is the most appropriate entity for conducting activities such as cost-effectiveness screening and determinations regarding qualified expenses for ESA participants. VEIC explains that it has an interest in reviewing projects in a timely and efficient manner because the EEU is ultimately claiming savings for the ESA results. Also in its comments on the Department's revised ESA program design, VEIC states that it does not object to the provision that any party can propose third-party screening and certification of projects to the Board at any time. However, VEIC stresses that it continues to have serious concerns with this concept because it is fundamentally incompatible with the remainder of the ESA program design,

contrary to VEIC's current contract and scope of work, and likely to place both VEIC and the State at considerable risk during the EEU and Forward Capacity Market savings-verification process.⁸

VEIC supports the provision allowing interest earned on ESA funds to be available for EEU expenses as determined by the Board. VEIC also supports the Department's proposal that the EEU hold the rights to any electric system capacity credits and environmental credits associated with any ESA project. VEIC also proposes that it would be more consistent for the EEU Contract Administrator to carry out the administrative functions within the ESA program assigned to the Department.

City of Burlington Electric Department

BED generally supports the ESA program design proposed by the Department. BED proposed one modification that would have the EEU Contract Administrator, rather than the Department, perform administrative and implementation functions. BED asserts that the Department's role has been as ratepayer advocate and efficiency-program evaluator rather than program administrator. In its reply comments, BED indicated that it supports the comments filed by VEIC.

Associated Industries of Vermont

AIV supports allowing third-party certification and assessment of ESA projects. AIV maintains that this provision could improve the program design by reducing costs and delays. AIV proposes that the Board authorize the Department to develop third-party certification mechanisms after the program is implemented. AIV maintains that ESA participants should be

8. The ISO-New England ("ISO-NE") Forward Capacity Market is a market-based structure designed to ensure that there are sufficient capacity resources to serve New England's peak load. VEIC participates in the Forward Capacity Market on behalf of the State by combining all of the projected demand resources implemented by Efficiency Vermont. VEIC is under contract with ISO-NE to deliver verified savings results. 30 V.S.A. § 209 (d)(7) provides that the net revenues above costs associated with payments from ISO-NE for capacity savings resulting from the activities of the EEU shall be used by the EEU to deliver energy efficiency services to heating and process-fuel customers. If capacity savings are not achieved, penalties are incurred and the State will receive less money to fund efficiency services for heating and process-fuel customers.

able to petition for a waiver of the requirement that Available Funds be used within 24 months due to scheduling or other issues that may arise. AIV also does not support the provision that ESA participants complete four projects and that two three-year ESA periods pass before applying to the Board to increase the amount of Available Funds. AIV emphasized that there should be flexibility in the proposed milestones that must be reached before a participant can request an increase in the percentage of Available Funds.

AIV states that it would appear more appropriate for interest earned to remain in each participant's ESA to help offset administrative costs or to contribute toward Available Funds for projects. AIV states that it is uncertain whether electric system capacity credits and environmental credits associated with an ESA project should be retained by the EEU or by the ESA participant.

Central Vermont Public Service Corporation

CVPS supports the swift introduction of the Department's proposed ESA program. CVPS believes that it may be necessary to involve the participant's distribution utility in situations where it is possible that a proposed efficiency measure could affect service quality for other customers. CVPS asserts that the ESA program should also include projects that would convert an existing non-electric use to a hyper-efficient electric use with resulting societal benefits and savings.

Department of Public Service

The Department responded to each of the issues raised by the parties in their initial comments. The Department maintains that the use of the EEU in performing screening and verification assessments provides for consistent standards that will lead to consistent results. The Department believes that if an ESA participant successfully completes numerous projects and demonstrates long-term experience in the program, the participant should have the opportunity to request an increase in Available Funds. Since different customers will have different levels of success, the Department recommends that these adjustments be made on a case-by-case basis.

The Department asserts that the 24-month deadline for use of Available Funds ensures that ratepayer dollars are used in a timely manner.

The Department maintains that interest earned on ESA funds should remain in the EEU Fund, just as interest earned on the EEC collections remains in the EEU fund, for use to be determined by the Board. The Department also emphasizes that it is important that an ESA be terminated if a participant is not acquiring energy efficiency results in a timely manner. The Department stated that it is in the best interest of ratepayers for capacity and environmental credits to be retained by the associated EEU to be reinvested for the benefit of the State.

The Department agrees with CVPS's statement that the EEU and any ESA participants should work with the distribution utilities to prevent any other customer from being adversely affected by an installed energy efficiency measure. The Department disagrees with CVPS's request to permit ESA participants to install hyper-efficient electric measures because it is not appropriate for electric ratepayer funds to be used to increase the electric demand in the State, regardless of the societal benefits associated with the project. While a customer may invest in such a measure outside the ESA program, the Department recommends that ESA projects be limited to measures that focus on achieving electric benefits.

The Department states that it proposed that the administrative and implementation functions be performed by the Department itself, rather than by the EEU Contract Administrator, in light of discussions in Docket 7466, the investigation into the petition filed by the Vermont Department of Public Service regarding the Energy Efficiency Utility structure. That docket has included discussions on whether the EEU Contract Administrator position would be needed if the Board decided to allow the EEU to operate under an Order of Appointment model.

V. DISCUSSION

The purpose of this Order is to establish the process by which customers who pay an average annual EEC of at least \$5,000 may apply to the Board to self-administer energy efficiency. These customers will continue to participate in Vermont's energy efficiency efforts; however, the customer's EEC contributions will be tracked separately by the EEU Fiscal Agent in

an ESA. The same obligations to meet cost-effectiveness criteria that apply to other EEU programs will apply to customers who elect to participate in the ESA program.

We appreciate the efforts of the Department, AIV, BED, and VEIC, and all others involved with the design of the ESA program. The collaboration among the stakeholders has resulted in a comprehensive design that not only fulfills the criteria in the statute but goes further to explain in depth the details of program participation. With this Order, the Board is implementing the process described in the Department's revised ESA program design proposal with certain modifications.

30 V.S.A. § 209(d)(4) requires the Board to: (1) determine the percentage of the EEC payments allocated to the ESA program (referred to in this Order as "Available Funds"); and (2) establish criteria for approval of applications to participate in the ESA program. In its proposed design, the Department includes additional program elements, and several interested parties provided feedback on the proposal. We address these issues, and the process to be followed for minor modifications to the ESA program, below.

Available Funds

The Department is proposing that a customer participating in the ESA program be permitted to use 70% of its EEC for energy efficiency projects at its facilities. The remaining 30% would be used by the EEU to achieve system-wide benefits. We are persuaded that it is appropriate for ESA participants to retain 70% of EEC payments because it will provide a reasonable balance between each specific customer's benefits and the potential cumulative system-wide benefits.

The Department's program design includes a process by which an ESA participant may apply to the Board to increase the percentage of the EEC considered to be Available Funds. The Department proposes that a participant must complete at least four projects with verified savings and at least two three-year ESA periods before making such a request. VEIC maintains that it is unnecessary to include a prescribed process for a participant to request such an increase in Available Funds. We conclude that it is important for a participant to meet the criteria described by the Department and that it is appropriate to include this process in the program design. While

the Board may generally modify the amount of Available Funds for the overall ESA program in the future, participants should have an opportunity to request an increase in Available Funds on a case-by-case basis after consistently demonstrating successful project implementation.

According to the Department's program design, an ESA participant must forfeit Available Funds if unused within 24 months of the date allocated to the customer's ESA. A participant may apply for a waiver from the Board⁹ to extend the 24-month timeframe to avoid forfeiting its Available Funds. We find that the Department's proposal and recommended waiver process (with the modification that the Board must approve any waivers) is a reasonable approach. Waivers will be granted only in extraordinary circumstances; this will result in a minimal impact on the overall energy efficiency goals of the State.

Criteria for Approval of Applications

Pursuant to the statute, the Department proposes that customers be eligible to participate in the ESA program if they have made EEC payments that total at least \$5,000 in the 12 months preceding the customer's request to participate. The Department's proposed program design also allows a single business with more than one electric account to combine the EEC amounts paid on each account to determine eligibility. A business may also be deemed eligible if the average yearly EEC paid for the previous three years is equal to or greater than \$5,000. A customer in a new building may be deemed eligible to participate if the Department and the EEU agree that the projected EEC payment will be equal to or greater than \$5,000. We find that these additional eligibility criteria are consistent with the statute because each of the criteria reasonably implements the \$5,000 threshold contained in 30 V.S.A. § 209 (d)(4).¹⁰

According to the Department's proposed program design, an eligible customer who wishes to participate in the ESA option must submit a written request to the Board that includes:

9. The Department's proposal provided that a participant would apply to the Department for a waiver. Since the customer receives approval from the Board to participate in the ESA program, it is appropriate for the Board to approve such a waiver.

10. If a customer successfully implements energy efficiency projects under the ESA program, the reduced electric bills will also result in reduced EEC contributions which may disqualify the customer from participating in the ESA program in the future.

(a) documentation of the EEC paid that demonstrates eligibility; (b) identification of the premises and electric utility accounts that will be subject to the ESA; (c) a description of the general strategy for acquiring energy efficiency resources at the customer's facility or facilities; and (d) a statement agreeing to the policies and procedures of the ESA program and any other requirements specified by Board Orders or Rules. The customer must also provide copies of its request to the Department and the EEU. This information will provide adequate information for the Board to determine whether a customer qualifies for the program. It is expected that the Department will make a recommendation to the Board on a customer's proposal to participate in the ESA program.

Additional Issues Related to the ESA Program

As described above, interested parties raised several additional issues regarding certain elements of the Department's proposed ESA program design. We address these issues below.

Role of the EEU Contract Administrator

_____The Department proposes that it, rather than the EEU Contract Administrator, perform the administrative and implementation functions of the ESA program design. On November 24, 2009, the Board issued an Order in Docket 7466 determining that the role of the EEU Contract Administrator would no longer be required under the Order of Appointment model.¹¹ Accordingly, rather than assign the EEU Contract Administrator a role in this new program, only to transition shortly to another entity filling that role when the change in the EEU's structure takes effect, it is appropriate for the Department to perform the roles as described in its revised proposed ESA program design.¹²

11. In Docket 7466, the Board altered the structural model of the EEU from a contract-based model to an Order of Appointment model as authorized by 30 V.S.A. § 209 (d)(5). The new structure retains the essential functions of the existing EEU but changes the relationship of the EEU with the Board and other entities. The Board concluded that moving to a new model will provide additional benefit to Vermont ratepayers.

12. We have amended the Department's proposal to provide that after the EEU reviews an ESA participant's final project installation and cost information, it will inform the Board and the Department that the funds associated with the Qualified Expenses for the project may be released. Since the EEU Fiscal Agent is under contract with the Board, it is appropriate for the Board to authorize the release of the funds. If the Department has concerns with the

Customer Confidentiality

The Department's proposal indicates that the EEU and the Department will be obligated to maintain customer confidentiality under the same terms as are established for customer information provided by distribution utilities to the EEU. For program administration purposes, the Board will not consider the names of ESA participants to be confidential. Additionally, the Department's proposal provides that the EEU may execute a separate confidentiality agreement at the request of the customer. The Board will work with the Department, the EEU, and interested parties to develop a more detailed process for treating information as confidential under the ESA program.

Project Review

The Department's revised ESA program design includes a provision to allow any party to propose to the Board a method of third-party certification of the energy efficiency project elements if that method appears likely to provide benefits to ratepayers. Although that provision was included in its revised proposal, the Department states in its reply comments that the use of the EEU in project certification "allows for consistent standards in DPS review of ESA projects and those undertaken by the EEUs, and will lead to consistent results that can be interpreted clearly." While we will permit any party to propose that project certification be performed by an entity other than the EEU, we will only approve such a change if the party can demonstrate that the result will maintain overall consistency in the screening and verification processes and will not negatively impact those processes in any way.

Impact on the EEU's Contractual Performance Goals

At this time, the number of eligible electric customers who will opt to participate in the ESA program is unknown. The Department's proposed design provides that if the total non-BED service territory ESA funding (expended and available) for the 2010-2011 time period exceeds

EEU's recommendation regarding the release of funds to an ESA participant, it should alert the Board at that time.

one percent of the 2011 EEU budget¹³ as approved by the Board, the EEU Contractor and the Board will examine the possible effects of the ESA program on the Contractor's performance goals. We are persuaded that it is important to monitor the impact of the ESA program on the EEU's contractual performance goals and to adjust those goals if necessary. We are adopting the threshold proposed by the Department.

Interest Earned on ESA Funds

Under the Department's proposal, any interest earned on funds in an ESA account will remain in the Electric Efficiency Fund and be available for use as determined by the Board. According to 30 V.S.A. § 209 (d)(3), interest earned on the Electric Efficiency Fund shall remain in the Fund. The EEC paid by an ESA participant will be tracked separately but is still considered to be part of the Electric Efficiency Fund. Therefore, interest accrued on ESA accounts will be treated the same as interest accrued on general EEC collections.

Capacity and Environmental Credits

The Department's proposal provides that the EEU will hold the sole rights to any electric system capacity credits and/or environmental credits. Pursuant to 30 V.S.A. § 209(d)(7), the EEU is required to use the net revenues from its participation in the ISO-NE Forward Capacity market "to deliver fossil fuel energy efficiency services to Vermont heating and process-fuel consumers on a whole-buildings basis to help meet the state's building efficiency goals established by 10 V.S.A. § 581." It is appropriate for the EEU to retain responsibility for claiming the electric system credits and environmental credits in order to reinvest any revenues from such credits for the benefit of the State. We find that it is in the best interest of ratepayers to have the EEU aggregate savings claims for all ESA projects as part of its overall savings claim for the State.

13. We interpret that the Department is referring to Efficiency Vermont's portion of the 2011 budget.

Role for Interconnected Distribution Utilities

CVPS recommends that an ESA participant's distribution utility be involved in circumstances where it is possible that a proposed efficiency project could affect service quality for other customers. The Department agrees, and states that it "is interested in working with distribution utilities, the EEU, and any ESA customers to ensure no other customer is adversely affected by an energy efficiency measure." Since customers eligible for the ESA program are large electricity consumers, significant reductions in a customer's load could impact the local electric system. Accordingly, we concur with CVPS and the Department and encourage the EEU, ESA participants, and distribution utilities to work together as necessary to ensure that other customers do not experience service quality issues as a result of energy efficiency implementation activities.

Electro-technologies

CVPS recommends that ESA projects should include "measures where a customer might convert an existing non-electric use to a hyper-efficient electric use with resulting societal benefits and savings." The Department disagrees with CVPS's recommendation. The Department states that such a measure may be considered as part of an overall portfolio of energy savings measures when the EEU offers both electric and non-electric efficiency measures, but the ESA program involves only the EEC, and therefore electric efficiency. The Department asserts that "it is not appropriate for electric ratepayer funds to be used to increase the electric demand in the state, however great the societal benefit may be."

We are persuaded at this time that ESA projects should be limited to measures that focus on achieving electric benefits. In the second phase of Docket 7466, we have directed the Hearing Officer to explore the benefits of the EEU offering services and initiatives that consider both electro- and non-electro technologies when assessing the cost-effectiveness of consumer end uses. Any changes implemented by the EEU as a result of the Docket 7466 proceeding regarding cost-effectiveness assessments of both electro-and non-electro technologies may also apply to the projects implemented under the ESA program. When we make the final determinations in Docket 7466, we will revisit the issue under this program.

Process for Minor Modifications

We anticipate that some minor adjustments to the program design may be necessary when customer implementation begins. We expect that those changes can be addressed by the Board more informally, such as in memoranda to the EEU e-mail service list, unless a party requests a more formal procedure and the Board deems it necessary.

VI. CONCLUSION

In this Order, we are implementing the Department's revised ESA program design proposal filed on November 30, 2009, with certain modifications. In accordance with the program design, customers may begin to apply to the Board to participate in the ESA option. Following the customer's application, certification of eligibility, and Board approval, the date that a customer's EEC will begin to be applied to its ESA, on a bills-rendered basis, will be either April 1 or October 1, whichever is first.

We adopt the Department's recommendation that a program evaluation of the ESA option be conducted no later than three years after initial Board approval. We envision that a comprehensive and formal review will be carried out at that time.

VII. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Pursuant to 30 V.S.A. § 209(d)(4), a customer who pays an average annual Energy Efficiency Charge ("EEC") of at least \$5,000 may apply to the Public Service Board to self-administer energy efficiency through the use of an Energy Savings Account ("ESA").
2. Seventy percent (70%) of the EEC contributions that an ESA participant pays shall be allocated to that customer's ESA. The remaining thirty percent (30%) of the customer's EEC shall be used to achieve system-wide energy benefits.
3. The ESA program design, as set forth in Attachment A of this Order, shall be implemented upon issuance of this Order.

4. Customers who wish to participate in the ESA option shall follow the application process described in the ESA program design attached to this Order.

5. Following the customer's application, certification of eligibility, and Public Service Board approval, the date that a customer's EEC shall begin to be applied to its ESA, on a bills-rendered basis, shall be either April 1 or October 1, whichever is first.

Dated at Montpelier, Vermont, this 22nd day of December, 2009.

<u>s/James Volz</u>)	
)	PUBLIC SERVICE
)	
<u>s/David C. Coen</u>)	BOARD
)	
)	OF VERMONT
<u>s/John D. Burke</u>)	

OFFICE OF THE CLERK

FILED: December 22, 2009

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

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