

1 H.338

2 Introduced by Representative Dickinson of St. Albans Town

3 Referred to Committee on

4 Date:

5 Subject: Energy efficiency; public service; energy efficiency charge

6 Statement of purpose: This bill proposes to reduce, gradually by 2014, the
7 amount raised by the energy efficiency charge to its 2007 level adjusted for
8 inflation, and in subsequent years to cap the charge at that level.

9 An act relating to the energy efficiency charge

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. FINDINGS

12 The general assembly finds that:

13 (1) In accordance with 30 V.S.A. § 209(d)(3) and (4), the funds to
14 support the budget of the energy efficiency utility (EEU) are raised through the
15 energy efficiency charge (EEC), which is collected through the utility bills of
16 Vermont electric consumers.

17 (2) In 2007, the EEU's budget was \$24,000,000.00.

18 (3) Since 2007, the EEU's annual budget has increased at a distinctly
19 upward rate, rising to \$30,750,000.00 in 2008 and then, after being
20 level-funded during 2009, increasing to \$38,500,000.00 for 2011. As a result,

1 consumers have experienced significant increases in the EEC during this
2 period.

3 (4) In contrast, the 2011 EEU budget would be approximately
4 \$25,500,000.00 if, since 2007, it had increased with inflation according to the
5 consumer price index.

6 (5) The public service board (PSB) previously reduced the EEU budget
7 in a time of economic hardship. In 2002, the PSB reduced the EEU budget for
8 2003, stating in its order of December 20, 2002 in docket no. 6777:

9 Our state is currently experiencing a significant economic
10 downturn and the next year will prove to be a difficult economic
11 climate for doing business. The economic downturn is putting
12 serious stress on the Vermont business community, and we have
13 heard its concerns about how any increase in short-term costs
14 will make the economic environment even more difficult for the
15 business community over the next year. During tough
16 economic times, businesses will have great difficulty making
17 investments on their own even if those investments (such as
18 installing efficiency measures) may save money in the
19 long-term. However, it is hard to appreciate the value of
20 long-term investments when today's bills cannot be paid. In
21 recognition of these concerns, the Department, which is the

1 state's statutorily-designated public advocate, has proposed a
2 reduction in the funding of the EEU.

3 (6) Starting in 2008, the state and the nation have experienced an
4 economic downturn far more serious than the challenges faced in 2002 and
5 2003, a downturn that some have called the "Great Recession." While the
6 state's economy is beginning to recover from this downturn, the recovery
7 remains slow. The logic of the PSB's 2002 reduction in the EEU budget
8 applies with even greater force today than in 2002. That logic will continue to
9 apply to Vermont's economic circumstances for several years to come.

10 Sec. 2. 30 V.S.A. § 209(d)(4) is amended to read:

11 (4) The charge established by the board pursuant to subdivision (3) of
12 this subsection shall be in an amount determined by the board by rule or order
13 that is consistent with the principles of least cost integrated planning as defined
14 in section 218c of this title. ~~As circumstances and programs evolve, the~~
15 ~~amount of the charge shall be reviewed for unrealized energy efficiency~~
16 ~~potential and shall be adjusted as necessary in order to realize all reasonably~~
17 ~~available, cost effective energy efficiency savings. In setting the amount of the~~
18 ~~charge and its allocation, the board shall determine an appropriate balance~~
19 ~~among the following objectives; provided, however, that particular emphasis~~
20 ~~shall be accorded to the first four of these objectives: reducing the size of~~
21 ~~future power purchases; reducing the generation of greenhouse gases; limiting~~

1 ~~the need to upgrade the state's transmission and distribution infrastructure;~~
2 ~~minimizing the costs of electricity; providing efficiency and conservation as a~~
3 ~~part of a comprehensive resource supply strategy; providing the opportunity~~
4 ~~for all Vermonters to participate in efficiency and conservation programs; and~~
5 ~~the value of targeting efficiency and conservation efforts to locations, markets~~
6 ~~or customers where they may provide the greatest value to raise no more than~~
7 ~~\$34,000,000.00 in 2012, \$29,500,000.00 in 2013, and \$25,500,000.00 in 2014~~
8 ~~and each year after 2014. Starting in 2013, the board may adjust these~~
9 ~~amounts for inflation since January 1, 2012 in accordance with the U.S.~~
10 ~~consumer price index for goods and services consumed by urban consumers.~~

11 No later than December 31, 2009, the board, by rule or order, shall establish a
12 process by which a customer who pays an average annual energy efficiency
13 charge under subdivision (3) of this subsection of at least \$5,000.00 may apply
14 to the board to self-administer energy efficiency through the use of an energy
15 savings account which shall contain a percentage of the customer's energy
16 efficiency charge payments as determined by the board. The remaining
17 portion of the charge shall be used for systemwide energy benefits. The board
18 in its rules or order shall establish criteria for approval of these applications.

19 Sec. 3. EFFECTIVE DATE

20 This act shall take effect on July 1, 2011 and shall apply to the energy
21 efficiency charge commencing on and after January 1, 2012.