

## Vermont's Recent Energy Efficiency Activities

- In 2000, Vermont created a statewide Energy Efficiency Utility (“EEU”) that was funded through a non-bypassable wires charge. Efficiency Vermont delivers EEU services throughout most of Vermont; one municipal electric utility delivers EEU services in its service territory.<sup>1</sup> The EEU’s budget ramped up over time, reaching the statutory cap of \$17.5 million in 2005.
- In 2005, the Vermont legislature removed the statutory cap on the EEU’s budget. In addition to directing the Board to adjust the budget “. . . as necessary in order to realize all reasonably available, cost-effective energy efficiency savings,” the legislature specified certain objectives for the Board to balance when determining the budget.<sup>2</sup> These objectives include: reducing the size of future power purchases; reducing the generation of greenhouse gases; limiting the need to upgrade the state’s transmission and distribution infrastructure; minimizing the costs of electricity; providing efficiency and conservation as a part of a comprehensive resource supply strategy; providing the opportunity for all Vermonters to participate in efficiency and conservation programs; the value of targeting efficiency and conservation efforts to locations, markets or customers where they may provide the greatest value; and the impact on retail rates of the EEU’s programs.
- In 2005 and 2006, the Board conducted an extensive open workshop process to implement the new legislation. In the course of these proceedings, the Vermont Department of Public Service developed an energy-efficiency-potential-study that all participants had the opportunity to comment on. The study found that: (1) the technical potential savings for electric energy efficiency measures in Vermont is 35% of projected 2015 kWh sales in the State, and the cost effective achievable potential is 19% of projected 2015 kWh sales; (2) the EEU would have to spend an average of \$34.8 million (in 2006 dollars) per year for the next 10 years to achieve such results (assuming the EEU pays 50% of measure incremental costs); and (3) the net present savings for Vermont from implementation of energy efficiency programs over the next decade are \$964 million.
- In 2006, the Board established the following new budgets for the EEU: 2006 - \$19.5 million; 2007 - \$24 million; and 2008 - \$30.75 million (this equals approximately 4.7 percent of Vermont’s 2006 retail electric revenues of \$653 million). The Board determined that the incremental funds (above the previous annual level of \$17.5 million) would be targeted, initially toward peak capacity savings statewide, and ultimately toward energy and capacity reductions in four targeted geographic areas, with the expectation that targeted efficiency would defer the need for transmission and distribution upgrades in those areas. In order to defer the need for upgrades, some areas need winter peak capacity reductions while others need summer peak capacity reductions.
- Results of Efficiency Vermont’s activities:
  - Efficiency Vermont’s 2000-2006 activities have reduced Vermont’s rate of load growth by two-thirds (from 1.4 percent to 0.5 percent).
  - By the end of 2006, savings delivered by Efficiency Vermont met 5.3 percent of Vermont’s electrical energy needs.
  - Since 2000, more than 50 percent of Vermont ratepayers have participated in Efficiency Vermont’s activities.
  - In 2006, the savings acquired by Efficiency Vermont cost approximately 3.6 cents/kWh.<sup>3</sup>

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<sup>1</sup> All municipal and cooperative utilities had the opportunity to deliver EEU services in their service territories; only one chose to do so.

<sup>2</sup> 30 V.S.A. § 209(d)(4).

<sup>3</sup> This calculation includes Efficiency Vermont’s costs, customers’ and third-party contributions to the costs of efficiency measures, and customer costs or savings associated with fossil fuel use, water use, and/or building operation and maintenance.