

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7687

Petition of Green Mountain Power Corporation for)
approval of its Efficiency Fund 2011 Annual Plan)

Order entered: 1/20/2011

I. INTRODUCTION

In Docket 7213, the Public Service Board's ("Board") investigation into the acquisition of Green Mountain Power Corporation ("GMP") by Northern New England Energy Corporation, the Board approved a plan by GMP to invest approximately \$9.3 million of windfall profits in demand-side management, renewable energy, and energy efficiency programs.¹ GMP refers to the money set aside for these purposes as the "Efficiency Fund."

On November 1, 2010, GMP filed its 2011 Annual Plan for the Residential Energy Services Program ("Residential Program") and Business Energy Services Program ("Business Program");² the Annual Plan is the vehicle by which GMP identifies the efficiency measures that it intends to pursue, utilizing the Efficiency Fund. In this Order, the Board approves GMP's 2011 Annual Plan. As a condition of this approval, GMP is required to file an update to its 2011 Annual Plan with more detailed information on its proposed municipal streetlight replacement pilot program and information regarding financing options available to assist its customers with installing efficiency measures.

1. GMP previously committed \$2.5 million of these funds to a low-income program and a transmission-class program. Docket 7213, Order of 3/26/07 at 4-5.

2. The activities contained in the 2011 Annual Plan are also referred to as "Year Four activities."

II. BACKGROUND

On March 14, 2008, the Board approved GMP's Efficiency Fund 2008 Annual Plan.³ On December 29, 2008, the Board approved the Evaluation and Verification Plan and associated budget for the five-year duration of the programs to be implemented under the Efficiency Fund.⁴ On March 27, 2009, the Board approved GMP's Efficiency Fund 2009 Annual Plan, which describes the activities for the second year of the Efficiency Fund activities ("Year Two activities"). On January 4, 2010, the Board approved GMP's Efficiency Fund 2010 Annual Plan, which describes the activities for the third year of the Efficiency Fund activities ("Year Three activities").

In the 2011 Annual Plan, GMP explains that it will continue to provide a portfolio of services to generate benefits for its business and residential customers. GMP states that there are no significant strategy shifts proposed for the Business Program. GMP will continue to invest in the Efficiency Vermont Business Existing Facilities ("BEF") program using a "mutual-fund" approach. GMP indicates that it will also continue to utilize a "mutual-fund" approach to allocating benefits and costs for the Home Performance with Energy Star Initiative under the Residential Program. Based on the results of an evaluation conducted by the Department of Public Service ("Department"), GMP has terminated the Blueline PowerCost Monitor⁵ pilot program that was initiated in 2009. The evaluation concluded that this particular measure was not cost-effective. In addition, GMP briefly describes its intention to invest \$200,000 in a streetlight replacement program in its service territory.

The Board, after notice to parties in Docket 7213, conducted a workshop on December 22, 2010, to consider GMP's proposal. At the workshop, GMP provided more detail on its proposed municipal streetlight replacement pilot program. The Department raised questions related to this specific program and GMP stated that it had not yet shared the details

3. Docket 7412, Order of 3/14/08 at 3.

4. Docket 7412, Order of 12/29/08 at 2.

5. Blue Line PowerCost Monitors are easy-to-install, high-tech devices that connect to the customer's electric meter and send a radio signal to an in-home display unit. The unit relays the real-time cost of electric use to the customer.

with the Department. GMP indicated that it would consult with the Department on this aspect of its 2011 Annual Plan.

On January 5, 2011, the Department filed a letter stating that it generally supports the implementation of GMP's 2011 Annual Plan. The Department further states that it supports the recommendation made at the December 22 workshop that GMP make a supplemental filing to describe its light-emitting-diode ("LED") streetlight pilot program and provide information on anticipated electric savings and associated benefits. Finally, the Department notes that GMP's presentation discussed a continued emphasis on the provision of financing options for customers; however, this issue was not mentioned in the 2011 Annual Plan. The Department requests that GMP provide a short description of the financing options in its supplemental filing.

No other parties filed comments on the 2011 Annual Plan.

III. FINDINGS

1. GMP proposes to implement the Year Four activities outlined in the 2011 Annual Plan through December 31, 2011. The Efficiency Fund programs will be coordinated with Efficiency Vermont's program planning and delivery, data management, and evaluation and verification activities. 2011 Annual Plan at 3.

2. GMP expects to issue its third Efficiency Fund Savings Claim Summary in April 2011. The report will summarize the highlights from Year Three activities. 2011 Annual Plan at 3.

3. No significant changes are proposed in the services to be offered under the Business Program for 2011. These services include high-efficiency upgrades as equipment reaches the end of its service life and retrofit efficiency improvements. 2011 Annual Plan at 4.

4. Benefits delivered under the Business Program will continue to be allocated to the Efficiency Fund through the mutual-fund approach. Under this approach, eligible GMP customers are those that are located outside of the areas geographically targeted by Efficiency Vermont. 2011 Annual Plan at 4.

5. In 2011, the Residential Program will continue the following initiatives:

- A comprehensive, in-home, fuel-blind retrofit initiative ("In-Home Retrofit Initiative") that provides financial incentives for customers

who install recommended measures. GMP will continue to invest in the expansion of Efficiency Vermont's Home Performance with Energy Star program in its service territory. GMP will also continue to offer prescriptive rebates for customers for high-efficiency furnaces at the time of replacement but will shift the focus to promote early replacement furnaces with efficient fan motors through the Home Performance with Energy Star program.

- Energy-education workshops, combined with fundraisers using standard and specialty compact fluorescent lamps ("CFLs"), based on the Vermont Energy Education Program's curriculum in schools within the GMP service territory.

2011 Annual Plan at 6-7.

6. GMP will not continue to offer incentives on Blue Line PowerCost Monitors. Based on the results of an evaluation conducted by the Department in 2010, this particular measure was not deemed to be cost-effective and the pilot was terminated. 2011 Annual Plan at 7.

7. GMP will analyze the feasibility of investing \$200,000 in a streetlight replacement pilot program in its service territory. The pilot would assist towns in replacing older inefficient light fixtures with new LED fixtures. The new fixtures have a longer life, lower energy use, and a better lumens per-watt ratio than existing types of streetlights. 2011 Annual Plan at 9.

IV. DISCUSSION

We have determined that the 2011 Annual Plan provides sufficient benefits to GMP ratepayers to allow us to approve the plan.

GMP has not proposed any modifications to the services it provides to business customers. We continue to find the Business Program plan to be acceptable.

In general, GMP has not proposed any modifications to the Residential Program. However, GMP terminated the Blueline PowerCost Monitor program due to poor return-on-investment performance as determined by the Department's evaluation. GMP states that it will continue to monitor the performance of the Residential Program, with a special focus on improving electrical energy efficiency performance in the Home Performance with Energy Star program.⁶

6. 2011 Annual Plan at 10.

In our March 14 Order, we approved the 2008 Annual Plan for Year One. However, we were concerned that the proposal would utilize electric ratepayer funds for non-electrical efficiency measures and that residential customers would not receive a proportionate share of savings. A portion of the 2009 budget was dedicated to research and development on new ways to provide GMP's residential customers with services and measures that focus on electric savings.

We recognize that it is difficult for GMP to achieve savings for residential customers that supplements rather than supplants Efficiency Vermont services within GMP's service territory. We acknowledge GMP's continued efforts to address our concerns regarding increasing electric efficiency savings for residential customers, including the LED streetlight replacement program, which will provide electric efficiency savings for municipalities and benefit all taxpayers of participating municipalities.

As a new initiative, GMP is proposing to invest \$200,000 in a streetlight replacement program in its service territory. At the workshop, GMP indicated that it had not yet shared the details of its plan for this initiative with the Department. Accordingly, we direct GMP to work with the Department to address the Department's concerns and questions related to program details. After the collaboration, GMP is required to file an update to its 2011 Annual Plan to reflect the implementation and tracking of costs and savings associated with the initiative. In addition, the supplemental filing shall provide information regarding the financing options that GMP intends to provide to its customers. GMP shall provide this filing, for Board approval, by February 8, 2011; GMP shall not initiate the streetlight replacement program prior to Board approval.

V. CONCLUSION

For the foregoing reasons, we approve GMP's Efficiency Fund 2011 Annual Plan.

VI. ORDER

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

1. Green Mountain Power Corporation's Efficiency Fund 2011 Annual Plan, filed on November 1, 2010, is approved.
2. Initiatives under Green Mountain Power Corporation's Efficiency Fund 2011 Annual Plan shall be implemented through December 31, 2011.
3. Green Mountain Power Corporation shall file an update, by February 8, 2011, to its Efficiency Fund 2011 Annual Plan to reflect a plan to implement the streetlight replacement pilot in its service territory. GMP shall not initiate the streetlight replacement program prior to receiving Board approval.

Dated at Montpelier, Vermont, this 20th day of January, 2011.

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

OFFICE OF THE CLERK

FILED: January 20, 2011

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.