

PSD Verification of Vermont Gas Systems 2020 Energy Efficiency Savings Claim and Assessment of VGS Performance During the 2018 to 2020 Performance Period

Executive Summary

Introduction

The Department of Public Service has completed its annual verification of the savings claims and evaluation of the performance of VGS energy efficiency programs for program year 2020, and for the 2018 - 2020 performance period. An independent third-party evaluation and the Department's review of the VGS EEU's 2020 performance and results has verified that VGS has achieved all six quantifiable performance indicator (QPI) targets set by the PUC for the performance period except for QPI #1 – annual incremental natural gas savings – for which VGS fell less than one percentage point below the target. The Department has also found that VGS has made satisfactory progress toward all minimum performance requirements (MPRs) and other non-quantifiable obligations described in VGS' *Order of Appointment*.

VGS has shown continued improvements in program implementation and savings estimation. The Department has compared VGS spending to performance and found that the spending during 2020 was appropriate and proportional to the goals set by the PUC. VGS has implemented its EEU programs competently and efficiently while achieving or exceeding all its three-year performance goals and requirements within budget.

Summary of Results

The objective of savings verification is to compare claimed savings with independently verified savings after careful review of a representative sample of projects. The results of the verification are summarized in Table 1, below:

Table 1. VGS 2020 Reported and Verified Annual Mcf* Savings

Sector	2020 VGS Reported Annual Mcf	2020 Verified Annual Mcf	2020 Annual Mcf Realization Rate**
Residential Sector total	23,337	22,386	96%
C/I sector total	50,809	49,505	97%
Portfolio Total	74,146	71,891	97%

*Mcf signifies one thousand cubic feet of natural gas

**Realization rate is simply the percentage of the *claimed* savings that was verified by this third-party evaluation

Quantifiable Performance Indicators

VGS is responsible for meeting six Quantifiable Performance Indicators (QPI) and seven Minimum Performance Requirements (MPR) ordered by the PUC for the 2018 to 2020 performance period. After careful review, the Department found that VGS has shown satisfactory performance in achieving the PUC ordered QPI targets for the three-year performance period.

Table 2, below, compares performance for QPIs #1-3 with budgets and expenditures over the three-year performance period. QPI #1 measures the annual verified natural gas savings due to VGS efficiency programs. QPI #2 measures the gas savings over the lifetime of the efficiency improvements made through VGS EEU programs, and QPI #3 measures the reduction in natural gas usage on a day with peak load, usually the coldest day of the winter.

Expenditures for the three-year performance period were on budget for the residential sector and four percent below budget the C&I sector. The verified performance for QPI #1 was below target for the C&I sector (84% of the three-year goal) and exceeded the target for the Residential sector (127% of three-year

goal). Verified performance was well above the three-year goal for QPIs #2 and #3 in the Residential sector (144% and 127% of the three-year goal respectively). Performance on the QPI #2 goal was below target in the C&I sector at 88% of the three-year goal, but nearly double the three-year goal for QPI #3.

Table 2. 2020 and Three-Year Spending vs. Budget and Performance vs. Goals for QPIs #1, #2 and #3

Program	Budget and Expenditures				QPI #1: Annual Natural Gas Savings	QPI #2: Lifetime Natural Gas Savings	QPI #3: Peak Day Natural Gas Savings
	2018-20 Three-Year Budget	2020 Spending	2018 -2020 Three-Year Spending	Three-Year Spending as % of Three-Year Budget	2018-2020 Three-Year Incremental NG Savings as % of Goal	2018-2020 Three-Year Lifetime NG Savings as % of Goal	2018-2020 Three-Year Peak Day Mcf Savings as % of Goal
Residential Sector	\$ 6,879,259	\$2,676,141	\$6,891,461	100%	127%	144%	127%
C&I Sector	\$ 2,054,844	\$748,008	\$1,977,842	96%	84%	88%	195%
Portfolio Total	\$ 8,934,103	\$3,424,149	\$8,869,304	99%	99%	109%	146%

VGS also met or exceeded the PUC targets for QPI #4, Residential Single-Family Comprehensiveness, QPI #5, Long-term Market Transformation, and QPI #6, Business Comprehensiveness of Savings.

Minimum Performance Requirements

VGS is also responsible for meeting certain Minimum Performance Requirements (MPR) for the three-year Performance Period. The Department’s review has determined that VGS has satisfied each of these MPRs, including minimum cost benefit ratio for VGS efficiency programs, equity for residential, low-income and small business customers, administrative efficiency and total resource benefits. VGS also exceeded its minimum requirement for participation rate in energy efficiency programs for customers in the new Addison County pipeline extension territory.

VGS is required to meet certain other responsibilities beyond QPIs or MPRs. The Department’s qualitative assessment of the performance of the natural gas EEU confirms that VGS is also meeting those responsibilities, including:

- Providing technical support and training with the development and implementation of state energy codes and standards.
- Promoting customer participation in and market awareness of EEU services and initiatives; increasing consumer demand for energy-saving products and services; and influencing consumer decision-making in energy efficiency choices.
- Providing a toll-free number for its customers; a web page describing services available to customers; and effective customer response and referral.
- Providing general information to the public to increase consumer awareness and understanding of the benefits of reducing energy use, inform consumers of the best technologies available to them and refer consumers to information and service resources other than the EEU

Conclusion

VGS has continued to improve program delivery, service quality and the accuracy of savings estimates as evidenced by the consistent and high realization rates across programs. The Department concludes that VGS met all its QPI targets with the minor exception of falling one percentage point below target for QPI#1. VGS also satisfactorily met all of its MPR and exceeded those minimum requirements by a wide margin for low-income, small business and residential equity metrics. The Department also concludes that the spending by VGS on EEU activities during the three-year performance period was appropriate and proportional to the goals set by the PUC.