

**Vermont Department of Public Service  
Electric Energy Efficiency Evaluation  
Plan  
2009-2011**

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## Introduction

Vermont law (30 V.S.A. §209) requires that the Public Service Board (“PSB” or “Board”) “[p]rovide for the independent evaluation of programs delivered” by an Energy Efficiency Utility (“EEU”) funded through an Energy Efficiency Charge (“EEC”). In its Order of 9/30/99 in Docket 5980, the Board approved a Memorandum of Understanding between parties that identified the Department of Public Service (“DPS” or “Department”) as the entity to “provide for formal evaluation of the Core Programs and any other System-wide programs approved by the Board for EEU implementation.” The Department has evaluated the EEU since its inception, from 2000 to 2008. In its Order of 11/24/09 in Docket 7466, the Board approved a change in EEU structure to an Order of Appointment and maintained the role of the Department in regards to energy efficiency evaluation. This document outlines the Department’s plans to evaluate the EEU and Vermont’s efficiency markets for the 2009-2011 three-year performance cycle.

This evaluation plan is applicable to both Vermont’s statewide EEU, Efficiency Vermont (“EVT”), and to Burlington Electric Department (“BED”), who provides the energy efficiency services in their service territory. While the evaluation necessitates cooperation from these entities, primary responsibility for the evaluation described herein remains with the DPS.

In addition to the evaluation required by the Docket 5980 Order, this evaluation plan briefly describes evaluation activities related to the EEUs’ participation in the ISO-NE Forward Capacity Market and Green Mountain Power’s Energy Efficiency Fund, as well as the intent of the Department to conduct an electric energy efficiency potential study. This plan considers only evaluation related to *electric* energy efficiency efforts in Vermont. It does not address any evaluation or verification of unregulated fuel energy efficiency efforts undertaken by EVT, BED, or other entities within Vermont.<sup>1</sup> The Department will issue a separate plan and budget for the evaluation of unregulated fuel efficiency measures that will leverage the plan outlined here.

Finally, the Department is considering two structural changes to its energy efficiency evaluation framework. This first involves the use of the evaluation budget to hire in-house resources that will result in more timely and effective evaluation, and is proposed and discussed in this plan. The second would merge the evaluation and verification work conducted in the context of the Forward Capacity Market with the annual savings claim verification in order to increase confidence in results while reducing administrative inefficiencies. The latter structural change is still under consideration and not proposed herein. The Department expects to explore this idea with the EEU’s and the Department

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<sup>1</sup> Although unregulated fuel efficiency evaluation plans are preliminary depending on the implementation of unregulated fuel efficiency programs, negotiated performance indicators, and other uncertainties, it is likely that evaluation of these initiatives will have a limited budget and necessarily leverage the efforts already underway in the electric sector.

will propose changes, if any, in an addendum to this plan. Any such changes would not take effect until 2011 at the earliest.

The development of this Plan incorporates input Burlington Electric Department and the Energy Efficiency Utility Contract Administrator, but is the sole product of the DPS.

## **Evaluation Goals and Objectives**

The goal of the proposed evaluation under this plan is to provide ratepayers and the Board with an independent evaluation of EEU programs, pursuant to statutory obligations under § 209(e)(10). The implementation of this plan should enable the Department, the Board, and various stakeholders to improve and update their understanding of Vermont's dynamic energy efficiency markets. In addition this plan will verify the direct impacts of the EEU's activities. Toward those ends, this plan has the following overall objectives:

1. Verify the annual energy and coincident peak capacity savings, and total resource benefit (TRB) claims made by the EEU, as provided for in the contract between EVT and the Board;
2. Verify the annual energy and coincident peak capacity savings, and TRB claims made by BED;
3. Conduct market studies to characterize and assess current conditions in discrete energy efficiency markets identified in prior evaluation studies and reports, and in any new markets as may be identified by stakeholders;
4. Perform evaluation activities necessary to evaluate "geotargeting" efforts
5. Assess the impact of specific measures or initiatives where significant uncertainty exists and/or where the savings contribution is large;
6. Benchmark the scope and results of Vermont energy efficiency portfolios and initiatives;
7. Minimize expenses, in part by partnering with other New England jurisdictions where possible and appropriate; and
8. Provide evaluation activities necessary to meet the requirements of participation in the FCM.

These goals will be met through a variety of evaluation techniques, including impact assessments, market characterizations and assessments, and process evaluations. They will be carried out largely through the use of independent contractors, however in-house staff will reduce the proportion of contracted efforts relative to past evaluation cycles. Competitive bids for specific identified objectives will be sought through a request for proposals ("RFP") process.

## **Budget**

In the Board’s August 29, 2008 Order, EEU budgets were set for each of the years 2009-2011 at \$30.75 million, \$35.4 million, and \$40.7 million, respectively.<sup>2</sup> The order also set the DPS Evaluation Budget at 2.3% of the total EEU budget, finding it appropriate to keep these evaluation activities at the same percentage of the total EEU budget as the previous EEU funding cycle. Separately, the Board approved the carry over of \$342,335 of unspent funds from the 2006-2008 cycle to be used to carry out 2009-2011 evaluation activities.<sup>3</sup> Thus, the total three year evaluation budget allocated to the Department is approximately \$2.8 million or 2.6%<sup>4</sup> of the total EEU budget. Table 1 shows the amount of available funds for each of the years upon which this plan is proposed.

<b>Table 1: DPS EEU Evaluation Available Funds</b>				
	2009	2010	2011	3-Year Total
Budget	\$708,000	\$814,000	\$936,100	
Carryover	\$342,335			
Cumulative Total	\$1,050,335	\$814,000	\$936,100	\$2,800,435

In the past, the cost of DPS staff time devoted to EEU evaluation activities has been funded by the Department’s general budget, in addition to the energy efficiency evaluation budget approved by the Board. This evaluation plan proposes that two *new* positions at the DPS be funded by the energy efficiency evaluation budget. This proposed structural change will not reduce the amount of evaluation work performed; rather it is expected to increase the timeliness and effectiveness of evaluation reports, while reducing costs to ratepayers. Eventually in-house staff should be able to increase the amount of evaluation activities performed by the DPS. Cost reduction is expected to be achieved through the reduced need to hire outside consultants to perform all necessary evaluation functions. Initially, the Department expects to save \$100,000 per year for 2010 and 2011. It is likely that these cost savings will increase as the Department’s staff gains experience. The Department proposes that these cost savings be returned to ratepayers in the form of reduced EEC collections in 2011.

Although the budget is set individually for each year, the Department looks at the three-year cycle holistically. As has occurred in past funding cycles, the bulk of evaluation spending will occur in year three (2011), largely due to the timing, cost and complexity of the proposed 2011 market characterization and assessments. An estimated budget

<sup>2</sup> Public Service Board Order 8/29/08 Re: Energy Efficiency Utility Budget for Calendar Years 2009, 2010, and 2011

<sup>3</sup> Public Service Board Memorandum of 7/28/09 Re: Board Determination Re 2008 Unspent EEU Funds. This funding included \$90,878 of carryover that was already committed by the Department for activities related to 2006-08 evaluation activities. Most of this amount has been spent and is reflected in the budget allocations in Table 2.

<sup>4</sup> 2.6% of an efficiency program budget to be used for energy efficiency is low by industry standards. The Department of Energy and Environmental Protection Agency’s “National Action Plan for Energy Efficiency” states that “an evaluation budget of 3 to 6 percent of program budget is a reasonable spending range”. (July 2006, page 6-48). In addition, because there are a certain amount of evaluation fixed costs regardless of program size, smaller programs tend to require a higher percentage of the budget for evaluation. Vermont has been able to keep its evaluation budget low due to effective regional partnerships and collaboration with the EEUs.

allocation is presented in Table 2 while details concerning each specific evaluation activity are provided later in this document. The funds in the table are allocated to external contractors, with the exception of staff time and professional development under 'planning and management. The column on the far right contains notes where DPS staff will perform the majority of a particular evaluation activity.

<b>Table 2: 2009-2011 Evaluation Budget Allocations</b>			
<b>Impact Assessments</b>	<b>\$420,000</b>		
Annual Savings Verification Process		\$410,000	Technical Reference Manual review, Technical Advisory Group participation transitioned to DPS
Energy Savings Accounts		\$5,000	Completed mostly by DPS staff
Customer Credit Program		\$5,000	Completed mostly by DPS staff
<b>Market Characterizations &amp; Assessments</b>	<b>\$1,109,602</b>		
Residential Existing Homes On-Site		\$275,000	
Residential New Construction Baseline Study		\$225,000	
Bus New Construction & Remodeling On-Site		\$245,000	
Bus Existing Buildings On-Site		\$275,000	
Carry-Over from 2008 Mkt Assessments		\$89,602	
<b>Other Impact and Market Assessments</b>	<b>\$170,000</b>		
<b>Geotargeting Evaluation</b>	<b>\$347,500</b>		
<b>Benchmarking</b>	<b>\$50,000</b>		In future plans this to be completed by DPS
<b>Planning &amp; Management</b>	<b>\$357,000</b>		
Expert program evaluation services		\$90,000	
Professional Development		\$19,500	
DPS Staff <sup>5</sup>		\$247,500	
<b>Regional Evaluation Activities</b>	<b>\$77,000</b>		

<sup>5</sup> Staff addition assumptions: Two full time employees including benefits estimated at \$180,000 per year. This plan assumes hiring mid-year 2010. As described in footnote 6, \$22,500 of staff costs in this cycle will be funded by SMEEP participants. Thus the total EEU Evaluation budget proposed to fund DPS staff is \$247,500.

<b>Green Mountain Power EEF cost share</b>	<b>\$69,300</b>		
<b>Total</b>	<b>\$2,600,402</b>		\$200,033 saved from budget due to DPS staff hired.

Available funds do not include funds to be used to verify claims made by the EEU implementers in the ISO-New England Forward Capacity Market (“FCM”). Evaluation related to the FCM will be funded through the revenues received via participation in that market. The DPS energy efficiency potential study, developed as part of the EEU budget setting process, is not funded from the EEU budget. Budget allocations do not reflect these activities. DPS evaluation activities for the FCM and the DPS energy efficiency potential study are discussed further below.

## **Evaluation Activities**

### **Impact Assessments**

Accurate and credible savings estimates are a vital component of the statewide energy efficiency programs operated within Vermont. Impact Evaluation is used to measure the change in usage (e.g. kWh, kW) and the Total Resource Benefit<sup>6</sup> that can be attributed to energy efficiency. The total budget allocated for the impact assessments discussed below is \$420,000.

#### *Annual Savings Verification*

Pursuant to the statutory requirements identified above and the contract with VEIC for EEU services, the DPS is responsible for the annual verification of EVT’s energy and capacity savings and total resource benefits claims. To carry out these responsibilities, the Department conducts a two-month intensive review of the overall EVT savings and TRB claim and provides its report and recommendation to the EEU Contract Administrator in the first week of June. The short deadlines of the verification process combined with the high cost of individual project verification require the design and implementation of a random sample of business custom projects for review. For selected projects, the Department does a comprehensive review, examining all files associated with these custom projects, including billing history, savings analysis tools, and measure level savings claims. Site visits are conducted on a very limited basis. Once savings adjustments are finalized for sampled projects, a realization rate is applied to adjust the remainder of custom projects. A review of the database of prescriptive measures is also undertaken to ensure correct values are applied.

The DPS also plans to conduct annual savings verification activities for BED’s energy efficiency services. This verification was last conducted for savings acquired in 2006. In 2010, the DPS plans to verify the combined 2007 and 2008 claims of BED. The DPS plans annual verification of BED’s claims in the future, to be undertaken in August and September of each year with a final report issued in October.

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<sup>6</sup> Total Resource Benefit includes gross electric benefits, fossil fuel savings, and water savings.

Additionally, an ongoing Technical Advisory Group (TAG) reviews EVT's technical reference manual additions and revisions, follows up on Department findings in its verification processes, and provides a forum for other issues related to EVT's savings estimate procedures. Currently, the Department's TAG participation relies heavily on contractors to provide advice and recommendations to the Department throughout this process. The DPS proposal to add in-house staff resources will reduce (but not eliminate) the need to contract for this advice.

The allocated three year budget for Annual Savings Verification (including both EVT and BED) and the ongoing TAG support is \$410,000.

#### *Energy Savings Accounts*

Some large business customers have expressed a desire to implement electrical energy efficiency measures independently from their EEU. For these customers the Vermont General Assembly passed legislation requiring the Department to develop an Energy Savings Account (ESA) option that would allow customers that have both the interest and capability to self-administer their own energy efficiency efforts to do so. The Department proposed an Energy Savings Account design to the Board on August 12, 2009. Although the final design of the option is not yet approved by the Board, one core concept will be that customers who choose to self-administer using the ESA option will be subject to the same savings verification oversight as an EEU.

Given that this is a new program the Department does not have any basis on which to estimate how many customers will utilize the ESA option, or how many projects will be completed. The Department has proposed a small amount of funding (\$5,000) for contractors to assist in verification of ESA projects, with the remainder of verification to be done by Department staff. If, because of a large enrollment in the ESA option, the funds allocated for ESA option verification are not sufficient, the DPS will either reallocate from another area of evaluation in this plan, or request additional funds from the PSB.

#### *Customer Credit Program and the Self Managed Energy Efficiency Program*

The Customer Credit Program (CCP), created as part of the Memorandum of Understanding between parties in Docket 5980, and later approved by the Board, allows commercial and industrial customers who meet eligibility criteria to use a portion of the funds they have paid to the EEC to invest in energy efficiency projects independent of EVT. In January of 2009 the Department completed a verification of savings claimed in 2007 through this program. The Department intends to verify savings claimed through this program in 2008 and 2009 together (verification will occur in 2010). The Department has allocated \$5,000 for contractor assistance with this verification that will be conducted largely by DPS staff.

The Vermont General Assembly, in Act 45 of 2009, mandated that the Department propose a 3-year pilot program called the Self Managed Energy Efficiency Program (SMEEP). SMEEP is likely to attract all customers that were otherwise eligible for the CCP. It allows a customer the option to self manage energy efficiency – electricity and

other fuels - efforts in their own facility. The legislation enacting the program calls for DPS verification, however, that verification will not be funded through this EEU Evaluation budget, rather it will be paid for directly by SMEEP participants. DPS staff will be used to verify the savings from SMEEP. The verification funds provided with the SMEEP application will reduce the costs to the EEU budget associated with the new DPS staff resources.<sup>7</sup>

### **Market Characterizations & Assessments**

Market studies can document saturation of efficient buildings, equipment, and other appliances, and identify areas of remaining need for energy efficiency improvement. They can also be very useful in providing information to help with program design. Further, after a decade of program implementation experience, these assessments conducted at standard intervals could begin to provide an indication of market transformation in certain areas. As in past three-year performance and contract cycles, the Department intends to conduct market assessment and baseline studies. For this cycle, the Department will place increased emphasis on collecting reliable market share and saturation data. Although still important, relatively less emphasis will be placed on identifying future energy efficiency opportunities for program design. The Department will seek to identify discrete technologies or market areas where market transformation may be measured. A series of four studies will be conducted as described below:

- *Residential Existing Facilities.* Conduct a large scale on-site assessment of existing single family homes to:
  - Document appliance saturation
  - Document home overall efficiency levels.
- *Residential New Construction.* Conduct an on-site assessment of newly constructed homes to:
  - Determine saturation of efficient homes and appliances in those homes
  - Document compliance with Residential Building Energy Standards
- *Business Existing Facilities.* Conduct a large scale on-site assessment of existing commercial and industrial facilities to:
  - Document building and equipment status and efficient equipment saturations
  - Document building overall efficiency levels
- *Business New Construction.* Conduct an on-site assessment of newly constructed buildings to:
  - Document compliance with Commercial Building Energy Standards
  - Determine saturation of above code buildings and efficient equipment

As noted above, these studies will also identify remaining opportunities for energy efficiency improvement. Approximately \$1.1 million is allocated to these market characterization and assessments.

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<sup>7</sup> The DPS estimated costs of approximately \$15,000 per year to verify savings associated with SMEEP. Thus, \$22,500 of estimated DPS staff costs in 2010 and 2011 are proposed to be funded through SMEEP (the other \$7500 is expected to be contracted for expert evaluation assistance related to the first two years of this program's pilot).

### **Other Impact and Market Assessments**

The Department's verification process often reveals circumstances where additional information is needed to properly verify savings claims. Two particular areas have been identified that account for a significant portion of EEU savings, yet the verification of these savings is accompanied by a relatively high level of uncertainty. Evaluation in these areas, and others that may be identified following future evaluations and/or discussions with EEUs and interested parties, will occur to the extent funding and resources allow:

- Efficiency Vermont continues to improve the efficiency and expand the capabilities of their snowmaking operations and EVT's assistance is extremely valuable to this important segment of Vermont's economy. The ski industry is faced with a difficult operating environment that requires more and more efficient snowmaking due in part to increasing energy costs and to climate change leading to decreased snowfall. This raises the question of whether snowmaking efficiency investments are market opportunities or direct retrofits of existing equipment. The distinction makes a significant difference in the level of savings that efficiency programs encourage. The DPS will consider proposing a market assessment that can provide direction to both EVT and the DPS in characterizing savings from snowmaking efficiency measures in this important industry.
- Assumptions used to estimate savings from lighting products reported in Efficient Products initiatives that are attributed to business customers should be investigated and updated. As more bulbs are moved through the "buy down" process, EVT has less and less information about the disposition of individual bulbs. One related issue is the distribution of bulbs between commercial and residential purchases.
- Other significant impact evaluation issues may develop as this performance cycle progresses. The Department proposes that it should retain the ability to prioritize this category of assessments, and to delay the above assessments and initiate others, if necessary, in order to focus on what is most beneficial to Vermont's energy efficiency evaluation efforts.

The budget allocation for other impact assessments is \$170,000. The Department recognizes that this budget may not be sufficient to complete assessments in all areas noted above, and will prioritize based upon the extent of uncertainty and amount of savings affected, the budget, and other reasonable criteria.

### **Geotargeting**

In August of 2006, pursuant to 30 V.S.A. § 248(b)(2), the Public Service Board modified the 2006-2008 EVT contract to direct a portion of the state's energy efficiency investments to areas where there was a potential for an energy efficiency alternative to a

transmission and distribution (T&D) upgrade.<sup>8</sup> Four geographic areas were “geotargeted” (“GT”) for 2007-2008 within the service territories of Central Vermont Public Service, Green Mountain Power, and the Vermont Electric Cooperative. The Board requested that the Department of Public Service “work with Efficiency Vermont and the Vermont electric utilities to develop evaluation measurements that will verify that geographically targeted energy-efficiency can achieve the intended result of deferring transmission and distribution upgrades.”

As the issues surrounding the planned evaluation of geotargeting (GT) process, programs, and results are complex and multi faceted, the Department intends to submit to the Board a specific geotargeting evaluation plan prior to commencement of the effort. The broad goal for the evaluation is to provide a “proof of concept” to understand what intensive energy efficiency efforts can deliver in a targeted area, the speed with which energy efficiency savings can be attained, and the cost to achieve such savings. A planned impact evaluation will determine the actual results of geotargeted efforts, from the perspective of both the program administrator and the affected distribution utility “at the meter”. A process evaluation will investigate the selection method for areas to target, administrator program implementation, relationships among involved parties, and opportunities to improve the effectiveness of geotargeting effort. Further research issues may emerge through continued collaborative discussion, and will be accommodated as resources allow.

This evaluation will **not** seek to determine if a particular transmission or distribution constraint was deferred or avoided by implemented and planned efficiency efforts. Ultimately, that is the decision of distribution utilities and VELCO, and the Public Service Board when a T&D investment is proposed. However, this evaluation will aid parties in their efforts to determine whether geographic targeting is an effective option for deferring or avoiding transmission and distribution projects and will provide recommendations concerning methods to identify areas where GT can alleviate system stress.

In order to include the first 18 months of GT program activity (the initial GT efficiency program period) in this plan, the Department has been waiting for verified program data to become available for the entire period. Thus, it was not possible for those results to inform policy decisions related to geotargeted programs in 2009. However, it is intended that results of this evaluation will guide future decisions to refine, expand, retarget, or terminate GT efforts. The budget allocation for geotargeting evaluation is estimated at \$347,500.

### **Benchmarking of Vermont Electric Energy Efficiency efforts**

Past cycles of evaluation and verification activities have provided a detailed review of Efficiency Vermont’s savings claims (and to a lesser extent, BED’s savings claims). However, these valuable studies have not sought to determine Vermont’s standing relative to its peers regarding overall portfolio and program results. The DPS will

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<sup>8</sup> Order at 3, Order Re Geographic Targeting of EEU Funds. January 8, 2007. See: [publicservice.vermont.gov/energy-efficiency/orderregeographictargetingoriginal.pdf](http://publicservice.vermont.gov/energy-efficiency/orderregeographictargetingoriginal.pdf)

conduct a benchmarking study that seeks to compare Vermont's electric energy efficiency programs with other jurisdictions, with attention to differences in program maturity, state demographics, economic conditions, electricity rates, and other important variables. This study will be used to inform the Overall Performance Assessment to be conducted in 2010 as a result of the Public Service Board Order in Docket 7466. The budget allocation for this benchmarking study is estimated at \$50,000.

### **Planning and Management**

The Department has recognized the need to increase its resources to successfully fulfill its role to provide independent evaluation of the Energy Efficiency Utilities. As such, it proposes that the EEU Evaluation budget be used to fund two full time staff positions. The Department does not view this structural change as a reduction in the evaluation budget; rather it will foster more effective use of that budget. Cost savings are expected through the reduction in funds allocated to outside consultants, who charge the state at a much higher billable rate than in-house employees. As noted previously in this plan, the development of Department expertise and knowledge will enhance communication between the Department and the EEUs, while improving the overall quality of program design. The Department expects that funding two new staff positions will *save* \$200,000 over two years from budgeted evaluation needs, and continue to create savings in future budget and performance periods.

Further evaluation support will continue through this period through a contract for expert energy program evaluation services, including evaluation design and technical quality control.<sup>9</sup> The current contract extends through 2009, and the Department expects to issue an RFP to solicit these services under a two-year contract that will extend through the 2009-11 performance cycle. In addition to these services, the DPS has allocated additional funds to support staff professional development, including training and attendance at various industry conferences.

The budget allocation for DPS staff resources is estimated at \$247,500 over two years, as described above in footnotes 5 and 7. The total budget allocation for professional services is estimated at \$30,000 per year. The budget allocation for professional development is estimated at \$6,500 per year. Total planning and management activities are estimated to be \$357,000 for the 2009-11 contract and performance cycle.

### **Regional Evaluation Activities**

Vermont's relatively small evaluation budget creates challenges for effectively monitoring and verifying energy efficiency programs. Impact and Market assessments quickly become expensive activities. The underlying goal of this DPS evaluation plan is to accomplish sound and credible estimates of energy efficiency impacts at a reasonable cost. To maximize available funds, the DPS plans to where appropriate, partner with other New England and Northeastern jurisdictions for evaluation studies.

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<sup>9</sup> Currently, these services are performed by Dr. Martin Kushler.

Northeast Energy Efficiency Partnerships has created the Northeast Evaluation, Measurement and Verification Forum to “serve Northeast states and interested stakeholders to develop and use common regional protocols to estimate, evaluate, track and report energy-related savings, costs and emission reductions from demand-side resources.”<sup>10</sup> The Department of Public Service, along with EVT and the Public Service Board, has participated in the Forum. Total costs for Vermont’s participation in the forum for 2009-2011 are approximated at \$138,000. These funds sponsor some of the forum’s operational costs, along with jointly funded evaluation studies. As this forum was created, in part, as a response to the ISO-NE Forward Capacity Market (FCM), the Department proposes that half of the costs associated with forum participation be funded through the revenues from FCM participation. The other half, or approximately \$69,000, should be funded through the EEU Evaluation Budget.

In addition, the Department is a member of the Consortium for Energy Efficiency, an association of energy efficiency program administrators who work together on common approaches to advancing energy efficiency. A small amount of budget is allocated to membership dues and cost sharing for specific studies that are relevant to Vermont energy efficiency programs.

In total \$77,000 of the EEU Evaluation budget is allocated to regional evaluation activities.

#### **Green Mountain Power Energy Efficiency Fund Evaluation Cost-share**

Green Mountain Power Corporation (GMP), pursuant to a PSB Order in Docket 7213, has established an Energy Efficiency Fund (EEF) to invest in energy efficiency projects that deliver significant and incremental benefits to GMP ratepayers. On September 11, 2008, GMP and the DPS jointly submitted an evaluation plan that proposed funding evaluation of the GMP EEF with \$106,000 from EEU evaluation budgets, “with the understanding that information gathered through EEF evaluation has significant relevance to *statewide* efficiency efforts.”<sup>11</sup> The PSB approved the plan in an Order dated 12/29/08.

The DPS, under the GMP EEF Evaluation plan, will conduct evaluation activities as necessary to document impacts and improve the implementation and delivery of new residential programs, including Blue Line power-use monitors, energy education in schools programs, and GMP’s In-home retrofit program. Specific activities are discussed in more detail in the evaluation plan. The portion of GMP EEF evaluation costs to be funded by the EEU Evaluation Budgets is described below in Table 3.

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<sup>10</sup> “Northeast Evaluation, Measurement and Verification Forum for Demand-Side Resources Three Year Plan” April 28, 2008. Northeast Energy Efficiency Partnerships, Inc.

<sup>11</sup> “Evaluation and Verification Plan for the Green Mountain Power Energy Efficiency Fund” Filed jointly by GMP and DPS on 9/11/2008, Page 2

<b>GMP EEF Evaluation Budget<sup>12</sup></b>						
	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
GMP Evaluation Costs	\$39,000	\$58,000	\$28,000	\$40,000	\$80,000	\$245,000
EEU Evaluation Budget Cost Share	\$26,000	\$26,000	\$6,000	\$14,000	\$34,000	\$106,000
<b>Total Evaluation Cost</b>	<b>\$65,000</b>	<b>\$84,000</b>	<b>\$34,000</b>	<b>\$54,000</b>	<b>\$114,000</b>	<b>\$351,000</b>

Again, although the budgets are broken down year by year, the DPS views the evaluation budgets holistically. Year One (2008) incurred evaluation costs of \$2693.26. The remainder of the EEU cost share is likely to be borne in year two (2009). Thus, it allocates approximately \$69,300 (the 2008-2011 budget above minus the year one evaluation costs) of the 2009-2011 EEU budget to work associated with the GMP EEF Evaluation.

**Other relevant work and issues**

*DPS Energy Efficiency potential study*

The Department anticipates it will require additional planning and management services in the fall of 2010 through mid-2011 to prepare a DPS report identifying remaining energy efficiency potential and costs to achieve such potential. This study will result in a recommendation to the Board concerning the 2012-2014 EEU Budget. Under the MOU associated with Docket 5980, costs for preparation of such potential studies may be allocated directly to the State’s distribution utilities. These costs are recoverable in accordance with traditional cost recovery mechanisms.<sup>13</sup>

*FCM Measurement & Verification*

The Department is responsible for conducting independent evaluations of energy efficiency services bid into New England’s Forward Capacity Market (“FCM”). The EEUs, on behalf of ratepayers with Board approval have bid “Other Demand Resources” (energy efficiency related system capacity) into the FCM. As part of the independent evaluation required by ISO New England for participation in the FCM, metered verification and analysis of selected project performance is necessary. ISO-NE verification requirements are different, and in many cases more stringent, than those previously required by the DPS. However, many of the tasks necessary to complete this verification must also be undertaken for the Department’s annual verification, and thus the Department has sought to coordinate efforts and reduce costs wherever possible. The FCM Measurement and Verification will be funded from the revenues generated by the EEUs participation.

*Unregulated Fuels Initiatives*

<sup>12</sup> Id. Page 6

<sup>13</sup> Docket 5980, Paragraph 11 of the Memorandum of Understanding approved by the Board 9/30/99.

EVT has been charged with designing and implementing “unregulated” fuel efficiency initiatives using revenues associated with participation in the FCM and revenues associated with the Regional Greenhouse Gas Initiative. Initiatives are not yet fully designed, and performance metrics have not yet been agreed upon. The Department proposes to file an addendum to this plan describing its evaluation activities related to unregulated fuels initiatives, and how those activities will coordinate with those undertaken under this plan.