

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Wednesday, January 28, 2015 7:00 PM
To: Tony Klein; Rebecca Ellis
Subject: More Detail on Tier Three - for tomorrow

Hi Tony and Rebecca,

In light of our conversation today, I wanted to provide a little more detail from Asa's analysis as to what a Tier Three obligation looks like for a utility like Washington Electric.

As you know, utilities have all of 2015, 2016, and 2017 to ramp up and work with customers to install qualifying projects in Tier Three to meet their first year goal of 2% of sales equivalent in 2017. Then there is a gradual increase over 15 years so that the program reaches 12% by 2032.

For Washington Electric, they could meet their first year 2017 obligation by helping (through lease, on-bill finance, investment, or other partnerships) customers install:

- A total of 15 cold-climate heat pumps over three years;
- Or by weatherizing 28 homes over three years;
- Or by installing 9 wood pellet heating systems over three years;
- Or any mix of these or other qualifying measures.

These are just some examples, and at least in some instances like with heat pumps or electric vehicles these measures could help utilize the grid more efficiently as David Hallquist pointed out today, and benefit all WEC customers.

The Department does not support making Tier Three voluntary because we lose the guarantee of customer savings and ratepayer benefits as well as carbon benefits that the Tier Three projects offer. We also do not support diverting or increasing the energy efficiency charge to absolve utilities of the program's goal of providing Tier Three projects to their customers.

Please let us know if you need more info on any of this. Asa would be happy to provide a deeper dive on what Tier Three looks like for individual utilities and statewide for the Committee at any time.

Thanks,
Darren