



128 Lakeside Avenue, Suite 401
Burlington, VT 05401 USA

Tel: (802) 658-6060
Toll-free: (800) 639-6069

veic.org

August 26, 2016

Mr. Shawn Enterline
Green Mountain Power Corporation
163 Acorn Lane
Colchester, VT 05446

Re: GMP CEED Fund Proposal for 2017

Dear Shawn,

In response to GMP's call for proposals for sustainable energy services under the GMP Community Energy and Efficiency Development (CEED) fund for 2017, the Vermont Energy Investment Corporation (VEIC) is pleased to propose a single, 6-month project with estimated Net Societal Benefits of approximately \$830,000 for a GMP investment of \$500,000. This project and level of GMP investment are scalable (upward or downward) to meet the needs of GMP.

The proposed project is a continuation of the Business Existing Facilities (BEF) program that was launched through GMP's Energy Efficiency Fund (2008-2013), and continued in the first years of CEED funding (since 2013). VEIC believes delivery of the program over the first 6 months of calendar year 2017 will optimize customer benefits and offer administrative efficiency for GMP in this final year of CEED funding for such projects.

VEIC is fully committed to providing these services. If the proposed project is selected for funding, we will enthusiastically work with GMP to achieve its goals for the CEED funds and provide high value to GMP's customers in the former CVPS territory. As in the past, the BEF program offers GMP flexibility and scalability to meet its CEED investment targets. The proposed BEF project goes beyond the scope of ratepayer-supported programming that is provided by Efficiency Vermont.

We look forward to discussing this project with you. If it is selected for funding, we also look forward to working with you to make it successful and to achieve the customer Net Societal Benefits it is designed to provide.

Sincerely,

A handwritten signature in blue ink that reads "Scott Johnstone".

Scott Johnstone
Executive Director



2017 CEED FUND PROPOSAL QUESTIONNAIRE

BUSINESS EXISTING FACILITIES PROJECT

2017 CEED FUND PROPOSAL QUESTIONNAIRE

Efficiency Vermont Business Existing Facilities (BEF)

Organization Name:	Vermont Energy Investment Corporation (VEIC)
Mailing Address:	128 Lakeside Avenue, Suite 401 Burlington, VT 05401
Contact Name:	Carol Weston
Primary Phone #:	802-540-7727
Cell Phone #:	
Email Address:	cweston@veic.org

Program and Customer Information

1. What type of project is being proposed?

A continuation of the “mutual fund” for the Business Existing Facilities program (BEF) operated by Efficiency Vermont—designed for delivery in the first 6 months of 2017. VEIC proposes to continue a 4-year-long partnership between Efficiency Vermont and GMP that promotes investments in BEF, with a share of the eligible program benefits allocated to GMP CEED. This high-value / high-impact program began under the GMP Energy Efficiency Fund (EEF; see **Response to Question 11**), and has been implemented in the first four years of CEED funding. The 2017 proposed program also contains a “direct billing” portion, as it has in the past (see **Response to Question 5**).

VEIC proposes this project only for the first 6 months of 2017, rather than for the full calendar year of GMP’s final phase of the CEED Fund program. Thus, GMP can be sure that benefits will accrue to its customers in a timely manner, and that the funding will be spent well within CEED’s implementation window.

Business customers will benefit from services that support two types of energy efficiency investments:

- Replacement of equipment reaching the end of its service life—with high-efficiency equipment.
- Retrofit efficiency improvements: (1) early retirement of existing equipment and replacement with high-efficiency equipment; and / or (2) supplemental measures, such as lighting, motor, or other controls.

Relevant 2017 services and strategies for the Efficiency Vermont BEF market are:

- **Continued Account Management of Vermont’s largest C&I customers.** Account Management allows for long-term, personalized customer service, which is an important success factor in effective and timely project development and implementation.
- **Account Management for medium-sized businesses and key partners.** Beyond offering Account Management services to Vermont’s largest customers, Efficiency Vermont will extend these services to medium-sized businesses, trade allies, and supply chain and business association partners that influence business decision making. Well-supported business partners will increase the likelihood that customers will access the market with confidence and commit to undertaking and completing energy efficiency projects.

- **Outreach and marketing campaigns for small- to medium-sized businesses.** Given the large number of small-business customers in GMP territory, successful outreach to this market segment will involve clear messaging about the value of efficiency, and offer straightforward ways for customers to access the technical, installation, and financial assistance they need to complete projects. Customer and market research will continue in 2017, so that programs and services can be designed to optimally overcome existing customer barriers to implementing efficiency improvements.

2. Which customer segment(s) is targeted?

All existing business facilities in former CVPS territory and outside Efficiency Vermont’s Geographic Targeting areas. Because Geographic Targeting will not be a feature of Efficiency Vermont programming in 2017, businesses in all former CVPS territory will be eligible for BEF services.

3. How many customers will participate?

Customer participation in 2017 is expected to be at a similar proportion, relative to prior levels of GMP investment: approximately 190.

4. Which geographic areas of the legacy CVPS service territory will be served?

All portions of former CVPS territory will be served. No Geographic Targeting is expected in 2017; therefore all business customers in existing facilities throughout the GMP CEED territory will be eligible for BEF services.

Investment and Benefits Information

5. What is the investment schedule being proposed?

Proposed: \$500,000, most of which would be allocated under the “mutual fund” model. The smaller, direct-billing amount will cover program management and supplemental, CEED-specific, targeted marketing / outreach. Of the total amount, we propose the following allocations, which will be invoiced in alignment with Efficiency Vermont monthly spending and savings reports:

- Mutual fund activity \$450,000
- Direct billing to GMP \$50,000

The level of annual investment can be modified as conditions change for projects, especially if those changes affect Net Societal Benefit levels that will be achieved. See also **Response to Question 13** for details about the direct-billing line item. In addition, the mutual fund allocation percentage between Efficiency Vermont and GMP CEED investments can be modified and scaled up or down to account for modest Efficiency Vermont budget changes, so that GMP’s investment is maximized in 2017. Efficiency Vermont will share information about such budget changes in a timely manner, to the extent they arise.

6. When are customer benefits first achieved?

Customer benefits will begin upon installation of energy efficiency measures.

7. What are the Net Societal Benefits (NSB) that will be achieved per dollar invested?

Estimated NSB factor: 1.7. NSB for the GMP CEED portion of the BEF mutual fund are estimated at \$828,300 for a \$500,000 investment by GMP in 2017 (the ratio is therefore 1.7: 1). Historically, this project has yielded an NSB factor of between 1.6 and 2.0

8. How will the NSB be calculated?

Using the current formula for BEF under GMP CEED, VEIC will use values from the State Screening Tool to calculate a project's present value of societal benefits, from which the present value of societal costs will be subtracted. Final NSB values will represent a collective value from the GMP portion of the mutual fund, in addition to the GMP directly billed costs and Development and Support Services (DSS) costs associated with BEF.

9. What % of NSB will the program achieve in electric benefits?

Estimate: At least 90 percent. Historically, BEF electric benefits from energy and demand savings have accounted for more than 90 percent of GMP's EEf benefits. We anticipate that 2017 BEF benefits from electric savings will be at a similar level to that of prior years.

10. What are other non-electric benefits?

Expected non-electric benefits: improvements to occupant comfort, building durability, lighting quality, air quality, and process control. Many electric efficiency projects have other well-recognized resource benefits, such as fossil fuel and water savings. For this market, the other non-electric benefits pertain, too, because of how the buildings are used. Upgraded technologies also often yield operations and maintenance savings.

Start-Up Information

11. Is this a new or established program?

Established program. Efficiency Vermont's BEF program has been in existence since 2000. Efficiency Vermont established the concept of a mutual fund model to promote greater customer participation and project completions for business customer groups in 2008 for the GMP EEf. The model has been in operation since that time, and has been successfully used in GMP CEED Fund investments from 2013 through 2016. The structure of the program is well established, and, as mentioned in **Response to Question 7**, consistently offers and delivers NSB factors between 1.6 and 2.0.

12. How does this program meet the "But/For" test?

Additional funding for technical assistance, incentives, customer outreach, and promotion will allow **more project completions and greater energy savings to occur in former CVPS territory** than would happen with only Efficiency Vermont resources.

13. What are the expected costs of the program? (see cost table below for additional guidance)

Proposed: \$500,000. The structure behind the pricing for this proposal enables flexible scaling, depending on GMP CEED funding levels and priorities of GMP.

Costs for the GMP CEED portion of Efficiency Vermont's BEF activity will accrue largely from application of the mutual fund model. Thus, the costs associated with implementing this program will contain a pro-rated share of all statewide efforts for program outreach, marketing, technical assistance, incentives, technical review, and quality assurance. In addition to these essential costs, there will be supplemental, GMP, CEED-specific costs for work that will be billed directly to GMP, and thus not allocated across the entire statewide BEF program. We expect these costs to be targeted for outreach and customer engagement to former CVPS customers, direct marketing efforts, and program management support to ensure that BEF CEED targets and activities are being adequately monitored and managed. See **Response to Question 5** and the **Direct Cost Breakdown** for details on the investment for the two budget line items: Mutual fund and direct billing.

14. Can the program be easily scaled up or down within 2017 to use the remaining CEED funds if necessary?

The mutual fund model of BEF allows great flexibility to scale up or scale down the level of GMP investment, to match GMP's needs. This flexibility also allows GMP's investment to be achieved over the first half of the calendar year, supporting full and final implementation of CEED in its last funding cycle.

15. When is the proposed start date of the program?

January 1, 2017, or upon Board approval of the GMP CEED Annual Plan.

16. How long will customer benefits persist after the initial benefit is achieved (in years)?

Approximately 13 years. Individual measure lives can vary significantly, from 1 year to 40 years, but most are between 10 and 20 years.

17. How will program results be measured and evaluated?

VEIC will produce reports containing savings for electric energy use (kWh) and demand (kW), Total Resource Benefits (TRB), and Net Societal Benefits (NSB). All are part of annual Efficiency Vermont reporting, and therefore subject to verification by the Vermont Public Service Department.

18. How will program costs and benefits be reported to GMP?

Monthly reports of costs and benefits for GMP CEED BEF will contain annual and cumulative results since program inception.

19. How often will reports be provided to GMP?

Reports will be provided monthly to GMP.

Direct Cost Breakdown

<i>Cost Element</i>	<i>Start-Up Costs</i>	<i>Program Cost Allocation</i>		<i>Total Program Costs</i>
	Mutual Fund	Mutual Fund	Direct Billing	
Planning and reporting		\$5,000	-	\$5,000
Administration		\$12,000	\$5,000	\$17,000
Technical assistance		\$150,000	\$20,000	\$170,000
Incentives		\$225,000		\$225,000
Marketing and customer outreach		\$50,000	\$25,000	\$75,000
Information technology		\$8,000		\$8,000
Participant share of costs				
<i>Total Costs</i>	\$0	\$450,000	\$50,000	\$500,000

Total GMP investment: \$500,000