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State of Vermont
Public Service Board

MEMORANDUM

To: Parties in PSB Docket No. 7081 - VELCO IRP Investigation

From: Judith C. Whitney, Deputy Clerk of the Board *JCW*

Re: Deadline for Comments on Request that Board Provide Updated Guidance to the EEU Regarding Planning Assumptions for Forecast 20

Date: January 6, 2009

Pursuant to Paragraph 61 of the Memorandum of Understanding that was approved by the Public Service Board ("Board") in its June 20, 2007, Order in Docket 7081, the Energy Efficiency Utility ("EEU") is required to prepare a 20-year forecast of efficiency savings expected to be achieved from system-wide efficiency programs ("Forecast 20").

On May 29, 2008, after considering comments by interested parties, the Board informed the EEU that, for the purpose of preparing Forecast 20, it should assume an EEU budget of \$30.75 million in 2008 and escalate that amount by inflation in future years.¹ Subsequently, on August 29, 2008, the Board set budgets for the 2009-2011 period of \$30.75 million, \$35.4 million, and \$40.7 million, respectively.²

On December 30, 2008, the Village of Northfield Electric Department ("Northfield") filed a letter requesting that the Board provide updated guidance to the EEU regarding planning assumptions for Forecast 20. Specifically, Northfield asked whether the EEU should continue with the guidance provided on May 29, or whether the EEU should assume current budget levels. A copy of Northfield's letter is attached.

Any party wishing to file comments on Northfield's request should do so on or before January 19, 2009.

cc: Deena Frankel, VELCO, for the Vermont System Planning Committee ✓
encl. (1)

¹Memorandum from Susan M. Hudson, Clerk of the Board, to the EEU Service List, dated May 20, 2008, regarding 20-year energy efficiency forecast assumptions.

²Order of 8/29/08 at 27.

MUNICIPAL OFFICES



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2008 DEC 30 AM 9:07

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December 29, 2008

Susan M. Hudson, Clerk
Vermont Public Service Board
112 State Street
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Re: Request of Parties for the Public Service Board to Provide Updated Guidance to VEIC regarding planning assumptions for Forecast 20

Dear Mrs. Hudson:

Pursuant to Paragraph 61 of the Memorandum of Understanding in Docket 7081 approved by the Public Service Board (Board), the Energy Efficiency Utility (EEU) is required to prepare a 20 year forecast of efficiency savings expected to be achieved from system-wide efficiency programs. Vermont Energy Investment Corporation (VEIC), currently under contract to serve as the state's EEU, is currently in the early stages of completing this forecast, named "Forecast 20."

On May 29, 2008, after notice and comments by interested parties, the Board provided guidance to the EEU, telling them to assume for purposes of developing the forecast an EEU budget that is "\$30.75 million in 2008 and is escalated by inflation."¹ On August 29, 2008, the Board set budgets for the 2009-2011 period of \$30.75, \$35.4, and \$40.7 million, respectively.²

On multiple occasions, the EEU has provided an update to the Vermont System Planning Committee (VSPC) or its subcommittees on the status of Forecast 20. At the December 10th meeting of the Committee, members discussed the budget planning assumptions used to conduct the forecast. It was noted that Forecast 20 is moving forward with the planning guidance provided by the board on May 29th, well prior to the August budget setting order. This raised the question of whether or not the planning assumptions should be changed to reflect the new budgets. The EEU has indicated that a change in budget assumptions would have no impact on the resources required or ability to complete Forecast 20 by the July final completion date, provided that the change is communicated by February 15, 2008.

Given the recent increase in budget and ability of the EEU to accommodate a change, the undersigned parties request that the Board consider providing formal updated guidance to the EEU concerning planning assumptions for Forecast 20: whether to continue with the guidance provided on May 29, or to assume current budget levels. We urge that the Board act on this request as quickly as possible so as to assure that notice can be provided to the EEU well before the February 15 deadline.

Procedural formalities prevented this matter from being voted upon by the VSPC; hence the letter from undersigned parties outside of the auspices of that committee.

Sincerely,


Nanci Allard
Municipal Manager

¹ Public Service Board memo of May 29, 2008 Re: 20-Year energy efficiency forecast assumptions