



October 26, 2011

Elizabeth Miller
Commissioner
Department of Public Service
c/o Edward Delhagen, Energy Program Specialist
112 State Street
Montpelier, VT 05620-2601

Re: 2011 Comprehensive Energy Plan Comments

Dear Commissioner Miller,

For the past several months, members of the Lake Champlain Regional Chamber of Commerce and GBIC have met to review and consider the state's draft comprehensive energy plan. As you know, many businesses in Vermont have been affected by the economic recession and despite that, have sought to grow. Our businesses are under many cost pressures, only one of which is energy prices. We offer the following comments with the hope that energy planning in Vermont emphasizes affordability, allows our businesses to create jobs and to remain competitive nationally and internationally.

Efficiency and Conservation

The draft plan discusses energy efficiency and conservation as being the first priority. We agree that more efficient use of our resources, whether they be electric or fossil fuels, can save money since the unit of energy you don't use is the cheapest. We also believe that a more efficient and comprehensive multi-modal transportation system should be a high priority. With regard to All Fuels energy efficiency, we support the department's plan to review all state-supported efficiency programs with a focus on administrative efficiencies in order to maximize the funds available for program application. More generally, we believe that performance-based compensation models are one way of ensuring that energy saving goals are met in the most cost-effective manner possible.

All Fuels Utility Funding and Education

The draft plan also suggests that Vermont avoid using funds exclusively derived from a surcharge on electric bills for the All-Fuels utility. We generally oppose cross-subsidization. As we think about expanding to fossil fuel efficiency programs, the total cost of our efficiency efforts should be considered and a balance between funding for electric and fossil fuel efficiency should be achieved that will not add costs to our businesses. We also note that the state already collects a tax on heating fuels in order to invest in energy efficiency, and the amount of money

collected through that tax is much higher than expected due to the increased cost of home heating oil. Further, in learning about the state's investment in electric energy efficiency, our committee felt that a barrier to implementation was lack of education and exposure on the resources currently available to businesses and residents for improvements. As the largest business group in Vermont, we have recommitted ourselves to helping the entities that provide these services get the word out about the economic benefits of the measures currently available.

Standard Offer Program

As you know, Vermont is a leader in both electric energy efficiency and low-carbon electric energy sources. Our members support additional, cost-effective, renewable energy projects and in-state generation and recognize the economic value that both utility-owned and private in-state generation can bring. Electric energy is a large portion of the cost of doing business for many of our member businesses and an emphasis on affordability needs to be perpetually considered. As such, expanding Vermont's Standard Offer program by another 50 megawatts would be of concern, especially if the current pricing for renewables is maintained since the initial program had a considerable impact on rates. With the possible loss of existing low cost, base load power, we believe that an emphasis should be placed on finding and developing sources of this kind of affordable, reliable base load power.

Renewable Portfolio Standard

Vermont's utilities have exceeded the goals set for them by the state under the SPEED program and have recently negotiated a significant low/zero-carbon emission purchases from Hydro-Quebec thus demonstrating their commitment to cost effective low-carbon power sources. While a Renewable Portfolio Standard (RPS) for Vermont could have the potential to streamline our existing programs, we are concerned that an RPS would also require our Vermont utilities to purchase expensive power just to meet a goal, in turn raising rates. Any new program to foster renewable energy development must emphasize affordability. If an RPS is established, then there should be an obligation to communicate transparently to Vermont residents and businesses, the commensurate cost impacts.

ISO New England and Non-Transmission Alternatives

In meeting with representatives from several electric utilities, it is our understanding that Vermont's portion of bulk transmission upgrades in New England will place upward pressure on rates in the next few years. As such, we would support additional focus by the department to ensure that Vermont's expenses are kept to a minimum and that projects in other states use dollars wisely. Encouraging ISO New England to place more emphasis on non-transmission alternatives (where they can maintain system reliability at a lower cost than transmission) and as part of that, including new generation as an option, could have benefits for Vermont, and New England, ratepayers.

Heating, Electric Vehicles and Smart Grid

The draft plan emphasizes reducing our reliance on fossil fuels in areas like transportation and heating. We believe this is an appropriate goal since our vehicle miles travelled and heating costs per capita are higher than most other states. While the draft plan does not discuss how measures like incenting electric vehicles or reshaping our transportation infrastructure would be paid for, we would emphasize the need for creative financing that would not place an undue financial

burden on businesses or residents. We also see an opportunity within the smart-grid investments already being made in Vermont, to incent low-cost use of lower carbon electric power which could speed the deployment of electric vehicles. Additionally, we are supportive of Vermont Gas Systems' goal of expanding service as we believe the expansion could have regional and statewide economic development benefits, help businesses in the new service territory to reduce their costs and reduce greenhouse gas emissions.

Transportation

More must be done to discourage single occupancy vehicle use and encourage a complete multi-modal transportation system. We are very supportive of the draft plan's suggestion for tripling the number of park and ride spaces in commuter lots by 2030. The Chamber and GBIC worked during the 2011 Legislative Session to secure additional funding for commuter lot expansion. Our members see this as a low-cost way of decreasing fuel usage and saving Vermonters money. We would encourage the Department to continue to look for additional opportunities for more efficient movement of people and goods via rail, transit and transportation paths.

Land Use and Infrastructure

The draft plan also discusses encouraging development in urban and town centers in order to reduce our vehicle miles travelled and increase access to alternative means of transportation. Currently, our regulatory process and the costs associated with developing in more urban areas are acting as disincentives to building in those areas. Therefore, development in green fields and rural areas is often less costly and easier and as a result, contributing to less sustainable and desirable development patterns. There is some support for more stringent standards and thresholds for development review in rural areas as long as there are significant changes to the local and state regulatory systems that provide a more efficient and timely review process in designated growth areas. Along with these changes, more funding of infrastructure such as water, wastewater, storm water and transportation amenities is needed in order to enable growth in our town centers.

Affordability

Overall, the draft plan sets Vermont on a course to continue our leadership in efficiency, renewable power, and distributed generation. While we support these admirable goals, we also believe that the plan should emphasize the creative use of existing resources, the need for economic analysis of new proposals and give full consideration to any additional costs which new programs may place upon Vermont residents and businesses. The state's energy plan must pursue its objectives in a manner which is affordable for all Vermonters and ensures that Vermont businesses can successfully compete in the global marketplace.

Sincerely,



Don Baker
Chair
LCRCC/GBIC Energy Committee
Senior Vice President, KeyBank



Tom Torti
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Frank Cioffi
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