

Legislature's energy efficiency program is important, a veto override is needed

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By Jon Anderson

In the upcoming meeting of the Legislature, I will vote to override the governor's veto of H.520 unless the governor proposes a well-supported plan for funding the proposed energy efficiency utility ("EEU").

H.520 creates an EEU by expanding on the successful Efficiency Vermont, which saves all Vermonters money by assisting businesses, municipalities and homeowners in reducing their electric demand. Almost half of all Vermont ratepayers have partnered with Efficiency Vermont to save electricity. From its inception in March of 2000 through the end of 2006, Efficiency Vermont has saved over 321 million kilowatt hours. The cost of saving electricity has been approximately 3.6¢/kWh, substantially less than the 9.6¢/kWh that utilities would have paid to purchase a comparable electric supply.

We need to build on this successful model to reduce the amount of fuel we burn for heating and to address global warming. I believe global warming is leading to an environmental catastrophe, the severity of which depends on how soon we act to control it. We can do little now to reverse the present effects of global warming, but, if we act now, we will reduce the impact of climate change that will occur during our children's lifetimes.

Climate changes naturally. Ten thousand years ago, Vermont was covered by a mile-deep layer of ice. A portion of the current warming trend might be attributed to natural causes; however, the additional concentration of carbon dioxide in our atmosphere poses an additional risk. The level of carbon dioxide in our atmosphere is increasing, trapping heat and contributing to global warming.

We need to reduce carbon emissions so that the level of carbon dioxide in the atmosphere will at least stabilize. In Vermont, we can do so most easily by focusing on heating efficiency, which is responsible for 18 percent of our carbon dioxide emissions. The new EEU will focus on heating efficiency.

In the next 10 years, Vermont could realize a benefit of \$645 million by spending only \$160 million to implement cost-effective energy efficiency improvements. The benefit-to-cost ratio is 4 to 1.

Our society needs to invest money to save it. So far, H.520 proposes a tax on Vermont Yankee to finance efficiency improvements. It is fair to increase Vermont Yankee's property taxes from the \$4.6 million it has paid since 2002 because it has increased its electricity-generating capacity, which creates added value for Vermont Yankee. Furthermore, the value of this electricity has increased. Therefore, increasing property taxes because a property has become more valuable is fair, as this is what commonly happens for all other taxpayers.

All of the tax increases proposed by H.520 for Vermont Yankee may not be justified solely on the increased value of the plant. My first choice, therefore, would be a funding proposal that does not rely so heavily on the Vermont Yankee tax increase. A revolving loan fund supported through state-issued bonds and paid for through recovery of costs from homeowners and businesses that save money would provide the economic incentives to ensure that EEU is a financially sound strategy. If more taxes are necessary, I would prefer imposing a gas guzzler tax or increasing the gasoline tax. This would have the additional benefit of further addressing global warming by reducing gasoline usage. A gas tax would also support smart growth by making it relatively cheaper to live closer to work, discouraging sprawl.

In short, there may be better ways to finance an EEU. In the absence of an alternative well-supported plan, however, I will vote to override the governor's veto of H.520. It is important that we push the EEU forward now.

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