JAMES H. DOUGLAS
Governor

State of Vermont
OFFICE OF THE GOVERNOR

March 19, 2009

The Honorable Steven Chu
Secretary
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: State Energy Program Formula Grants
        Governor's Assurance

Dear Secretary Chu:

Pursuant to the guidance provided by the U.S. Department of Energy in its March 12, 2009 Solicitation for State Energy Program Formula Grants under the American Recovery and Reinvestment Act (ARRA) of 2009, I am providing the attached preliminary "Governor's Assurance" as part of the State of Vermont's initial application.

Vermont is committed to robust improvements in energy efficiency and renewable energy, as well as a balanced State energy policy. I want to assure you that, within the limits of my authority, we will move forward in these critical areas.

Sincerely,
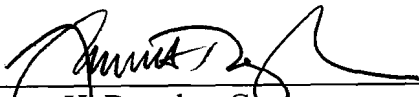
James H. Douglas
Governor

cc: Gil Sperling, Director, Office of Weatherization and Intergovernmental Programs
        U.S. Department of Energy
        James Volz, Chair, Public Service Board
        David O'Brien, Commissioner, Vermont Department of Public Service
        Ron Berhns, State Energy Director
        David Terry, Executive Director, National Association of State Energy Officials

ATTACHMENT 3 -- GOVERNOR'S ASSURANCE

I, James H. Douglas, Governor of the State of Vermont, do hereby certify that I will comply with Section 410 of Title IV of the American Recovery and Reinvestment Act (ARRA) of 2009 and will "notify the Secretary of Energy in writing that the Governor has obtained necessary assurances" as required by that section. This is to further certify that I have, as a first step towards compliance, requested assurances from the appropriate State regulatory authorities, as follows:

(1) The applicable State regulatory authorities will seek to implement, in appropriate proceedings for each electric and gas utility, under its rate-making authority a general policy that ensures that utility financial incentives are aligned with helping their customers use energy more efficiently and that provide timely cost recovery and a timely earnings opportunity for utilities associated with cost-effective measurable and verifiable efficiency savings, in a way that sustains or enhances utility customers' incentives to use energy more efficiently; and

(2) The State entity with authority to adopt building codes will implement the following:

(A) A residential building energy code (or codes) that meets or exceeds the most recent International Energy Conservation Code, or achieves equivalent or greater energy savings.

(B) A commercial building energy code (or codes) throughout the State that meets or exceeds the ANSI/ASHRAE/IESNA Standard 90.1–2007, or achieves equivalent or greater energy savings.

(C) A plan to achieve 90 percent compliance with the above energy codes within eight years. This plan will include active training and enforcement programs and annual measurement of the rate of compliance.

(3) The State will to the extent practicable prioritize the grants toward funding energy efficiency and renewable energy programs, including –

(A) the expansion of existing energy efficiency programs approved by the State or the appropriate regulatory authority, including energy efficiency retrofits of buildings and industrial facilities, that are funded by the State or through rates under the oversight of the applicable regulatory authority, to the extent applicable;

(B) the expansion of existing programs, approved by the State or the appropriate regulatory authority, to support renewable energy projects and deployment activities, including programs operated by entities which have the authority and capability to manage and distribute grants, loans, performance incentives, and other forms of financial assistance; and

(C) cooperation and joint activities between States to advance more efficient and effective use of this funding to support the priorities described in this section.

Dated at Montpelier, Vermont this 20th day of March, 2009.

James H. Douglas, Governor
State of Vermont