

2026 Tier III Plan – Vermont Electric Cooperative

November 1, 2025

The Energy Transformation (Tier III) provision of Act 56, passed by the Vermont Legislature in 2015, set targets for utility-led or utility-partnership projects that will reduce fossil fuel usage. The legislated target starts at 2 percent of sales (BTU equivalency) in 2017, rising by two-thirds of a percent each year until it reaches 12 percent in 2032.

A utility can satisfy this requirement through additional distributed renewable generation (Tier II), by implementing “energy transformation projects,” or by paying an Alternative Compliance Payment (ACP). In order to be eligible, an energy transformation project must have commenced on or after January 1, 2015, must provide delivery of energy goods or services other than electric generation, and must result in a net reduction in fossil fuel consumption by a utility’s customers.

The statute does not mandate any particular product or service and allows for flexibility in how each distribution utility will meet its targets. The statute includes the following project criteria, which will influence our implementation strategy. Projects must:

- Meet the lowest present value life cycle cost, including environmental and economic costs;
- Be evaluated against alternatives that do not increase electricity consumption;
- Cost less per megawatt-hour (MWh) than the ACP;
- Be implemented in a partnership with others unless exclusive delivery can be shown to be more cost-effective or because no others have the expertise;
- Ensure “an equitable opportunity to participate in, and benefit from, energy transformation projects regardless of rate class, income level, or provider service territory.”

Annual Planning and Evaluation

In 2016, the Public Utility Commission ruled that Tier III annual plans must include a description of the estimated Tier III compliance obligation for the following year and a description of the overall implementation strategy.

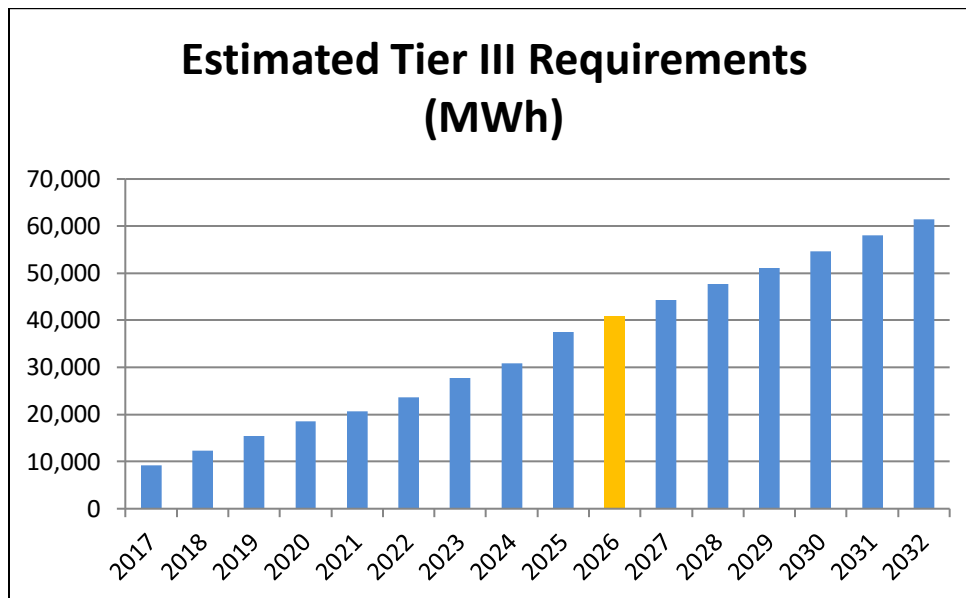
For energy transformation projects, the submitted plan must describe the project and include:

- Anticipated number of participants;
- Any collaborative efforts, or an explanation of why it is more cost-effective for the utility to work alone, or that there is no other entity with the capability to deliver the goods or services;
- Description of how all ratepayers will have an equitable opportunity to participate in and benefit from energy transformation projects regardless of rate class or income level;

- Description of the estimated electric impact of such measures and the demand management best practices that will be incorporated;
- How the technologies are appropriate for Vermont;
- How the installation of the technologies in buildings that meet minimum energy performance standards will be encouraged;
- Least-cost alternatives that do not increase electricity consumption that were analyzed;
- Methodology for allocating project costs and savings if services are shared between partners.

VEC's Tier III Targets

We estimate that our 2026 Tier III requirement will be 40,941 MWh. This number is based on the 2024 load of 511,761 MWh times the 2025 Tier III requirement of 8 percent.



Components of VEC's 2026 Tier III Program

VEC's 2026 Tier III plan is organized into the following sections: The Clean Air Program, thermal, transportation, tools and equipment, storage and demand control, and complementary systems and services.

The Clean Air Program

VEC's Clean Air Program (CAP) offers customized opportunities to members with off-grid or underserved homes or businesses to replace fossil fuel usage with electricity. These opportunities may include service upgrades or line extensions, the costs of which are shared between the utility and the member through customized agreements. Each project is a custom measure with unique fuel savings estimates and Tier III credit with eligibility determined via tariff.

VEC's service territory includes many maple syrup producers who collect and process their sap off-grid using diesel, oil, or propane generators. Before CAP, the cost of extending electric service to their seasonal sugaring operations was prohibitive in many cases. With these custom agreements, many businesses are now able to connect to electric service, which saves them time, money, and thousands of gallons of fossil fuel each year.

In VEC's rural service territory, we have found ample opportunity to replace existing fossil-fuel generators with new electric service or service upgrades. As members have become aware of the opportunity through outreach and word of mouth, we have also been able to prevent members from purchasing a generator and have worked with them on discounted line extensions as a cleaner alternative. About 30 projects have been completed to date, which have included several sugaring operations, a sawmill, a gravel company, a cheese maker, a greenhouse, and an asphalt producer.

When screening CAP projects, VEC requires fuel receipts (in the case of an existing generator), estimates the additional electric load, and completes a cost estimate. In the case of a project that currently does not have a generator (e.g. a new sugarbush), we estimate what the consumption would have been based on the projected power requirements of the operation.

The screening criteria include:

- Must provide Tier III credits
- Must pass the "but for" test (i.e. the project would not have been done but for VEC's contribution and outreach)
- No adverse impact to grid (i.e. will not add load in areas where the grid cannot handle it)
- Load profile – annual, monthly, and daily – and demand response potential
- Net present value (NPV) payback period of less than 7 years
- No adverse effect on the current year capital budget or future operations and maintenance budgets

For every CAP project that comes to fruition, VEC's team evaluates several potential projects that do not move forward. In some cases, the project does not meet VEC's criteria; in other cases, the member decides not to pursue the project. CAP projects take time and effort to develop. However, when both VEC and the member determine that the project is worth pursuing, the benefits are immense.

Most CAP project MWh saving assumptions are based on a 30-year project life because these projects provide permanent infrastructure to serve an existing home or business. The project participants are generally paying about 75 percent of the total project cost, a significant investment that demonstrates a commitment to continued use of the electric service. We will continue to evaluate each CAP proposal to determine an incentive level that provides positive rate impacts for the overall VEC membership.

For each CAP project, VEC is working with Efficiency Vermont to identify efficiency opportunities. When Efficiency Vermont and VEC incentives overlap, VEC has worked with Efficiency Vermont to negotiate savings claims to avoid double-counting.

VEC continues to be excited about CAP opportunities. These projects provide large fossil fuel reductions, offer service to members that had previously found the investment cost-prohibitive, and increase electric sales so that the benefit accrues to all members. CAP projects pay back in fewer than seven years, while the benefits last for the life of the infrastructure.

Program	Clean Air Program
Objective	Discounted line extensions and service upgrades that offset use of fossil fuels
Number of participants	Unknown; we evaluate these projects on an ongoing basis
Lifetime MWh credit	Varies
Partners	Efficiency Vermont
Additional kWh	Varies
Incentive	Varies, historically about 25% of the total cost
Total budget	\$150,000
Best practices	Evaluate projects for DR potential, impact on the grid, potential for increased sales, and Tier III savings. Efficiency Vermont will discuss efficiency opportunities with the participant.
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Thermal

About a third of Vermont's total energy consumption is a result of heating. In order to tackle Vermont's ambitious energy goals, we must transform the way we heat our buildings.

In 2026, VEC will offer incentives for ducted heat pumps, air to water heat pumps, ground source heat pumps, heat pump water heaters, and pellet stoves in conjunction with Efficiency

Vermont. We will continue offering a \$150 thermal efficiency bonus for heat pumps and pellet stoves installed in thermally efficient buildings.

VEC no longer offers a ductless heat pump incentive. However, we plan to continue to participate in the income-qualified ductless heat pump program in partnership with Efficiency Vermont detailed below.

Thermal Efficiency Bonus for Heat Pumps

VEC offers a \$150 thermal efficiency bonus per outdoor unit for heat pumps if the heat pump is installed in a building that meets thermal efficiency criteria identified by the Department of Public Service. To receive the bill credit, members fill out a short form that identifies information required for Tier III compliance and submit that along with a proof of installation as well as any additional paperwork for demonstrate that the building meets thermal efficiency standards. VEC claims only the difference in credit between a heat pump installed in a low efficiency building and one installed in a high efficiency building.

Program	Thermal Efficiency Bonus for Heat Pumps
Objective	Promote the installation of HPs in thermally efficient buildings
Number of participants	5
Lifetime MWh credit	3 expected on average
Partners	Efficiency Vermont
Additional kWh	1,200 – 7,000
Incentive	\$150 per outdoor unit
Total budget	\$750
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	Units are installed in weatherized homes
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Ductless Heat Pumps for Income-Qualified Members

Since 2023, VEC has partnered with Efficiency Vermont to offer a limited number of income-qualified members a free heat pump installation. The members who were offered these heat pumps were those who had previously participated in the Weatherization Assistance Program and had homes suitable for heat pumps. The purpose of the program is to provide services to a segment of the market that has been difficult to reach and install heat pumps in buildings that meet thermal efficiency standards. To date, about 65 heat pumps have been installed for qualified VEC members. This program will continue in 2026.

Program	Ductless Heat Pumps for Income-Qualified Members
Objective	Promote ductless HPs to displace fossil fuel heating.
Number of participants	40
Lifetime MWh credit	19 expected on average
Partners	Efficiency Vermont
Additional kWh	1,500
Incentive	\$2,500 (HP is fully paid for by VEC and EVT)
Total budget	\$100,000
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	Units are installed in weatherized homes
Equitable opportunity - customer class	Residential measure
Equitable opportunity - low-income	Yes

Pellet Stoves

Like cold climate heat pumps, pellet stoves are an important heating option for homeowners who would like to reduce the amount of fuel oil or propane they use. In 2026, VEC will partner with Efficiency Vermont to offer a joint pellet stove incentive. To qualify, models must meet the emissions standards set forth by the Technical Advisory Group ($< 2 \text{ g/hr of PM}^2$) and directly offset a fossil-fuel heating system. We will also offer a \$150 bonus if the pellet stove is installed in a building that meets one of the Department's thermal efficiency criteria.

Program	Pellet stoves
Objective	Provide an incentive for pellet stoves installed in VEC homes and businesses to displace fossil fuel heating.
Number of participants	20
Lifetime MWh credit	47
Partners	Pellet stove distributors, Efficiency Vermont
Additional kWh	300
Incentive	\$200 point of purchase incentive (VEC's portion); \$150 bonus for thermal efficiency
Total budget	\$4,000
Best practices	Participants will be informed about VEC's TOU rate, weatherization programs; thermal efficiency bonus
Appropriate for VT	Yes
Min Building Standards	\$150 bonus for thermal efficiency; participants will be given information about the benefits of weatherization.
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Heat Pump Water Heaters

Starting in 2022, VEC has partnered with Efficiency Vermont to offer a single incentive for heat pump water heaters. For installations that displace fossil fuels, VEC pays 50 percent of the incentive and claims 50 percent of the savings.

Program	Heat Pump Water Heaters
Objective	Provide an incentive for HPWHs in VEC homes and businesses to displace fossil-fuel water heating
Number of participants	50
Lifetime MWh credit	11
Partners	Efficiency Vermont
Additional kWh	1,000
Incentive	\$325
Total budget	\$16,250
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Whole Building Heat Pumps

Incentives for centrally ducted and air-to-water heat pumps were new in 2020, and a ground source heat pump program followed in July of 2021. These systems are more comprehensive, complex and expensive than ductless heat pumps, and they have much greater potential for fossil fuel savings. The incentives are delivered through Efficiency Vermont.

Program	Centrally ducted heat pumps
Objective	Support EVT's work to develop and promote this technology
Number of participants	5 commercial, 100 residential
Lifetime MWh credit	69 average for commercial, 36 average for residential
Partners	Efficiency Vermont
Additional kWh	2,700 on average
Incentive	\$1,200
Total budget	\$126,000
Best practices	Participants will be informed about VEC's TOU rate and the benefits of weatherization
Appropriate for VT	Yes
Min Building Standards	Participants will be informed about the benefits of weatherization and existing weatherization

	incentives
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Program	Air to water heat pumps
Objective	Support EVT's work to develop and promote this technology
Number of participants	1
Lifetime MWh credit	80 on average
Partners	Efficiency Vermont
Additional kWh	6,800
Incentive	\$2,000
Total budget	\$2,000
Best practices	Participants will be informed about VEC's TOU rate and the benefits of weatherization
Appropriate for VT	Yes
Min Building Standards	Participants will be informed about the benefits of weatherization and existing weatherization incentives
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Program	Ground Source heat pumps
Objective	Support EVT's work to develop and promote this technology
Number of participants	1
Lifetime MWh credit	260 on average
Partners	Efficiency Vermont
Additional kWh	8,000
Incentive	\$7,200
Total budget	\$7,200
Best practices	Participants will be informed about VEC's TOU rate and the benefits of weatherization
Appropriate for VT	Yes
Min Building Standards	Participants will be informed about the benefits of weatherization and existing weatherization incentives
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Heat Pump Pool Heater

In 2024, VEC added a heat pump pool heater program to encourage members to install a heat pump pool heater rather than a propane pool heater.

Program	Heat pump pool heater
Objective	Displace propane pool pumps
Number of participants	1
Lifetime MWh credit	186
Partners	Efficiency Vermont, suppliers
Additional kWh	17,000
Incentive	\$600
Total budget	\$600
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	This is a residential measure
Equitable opportunity - low-income	Not likely to have low-income uptake

Transportation

According to the CEP, nearly half of Vermont's greenhouse gas emissions are the result of transportation. Vermont cannot meet its greenhouse gas reduction goals without electrifying the transportation sector.

The appetite for electric vehicles continues to grow as the technology improves, costs come down, and infrastructure expands. In 2026, VEC will maintain the existing bill credits for all-electric vehicles (AEVs), plug-in hybrid electric vehicles (PHEVs), public/multifamily/workplace charging stations, and home charging stations.

Electric Vehicles

Since 2017, VEC has offered a bill credit for all-electric and plug-in hybrid electric vehicles, used or new, purchased or leased. To date, about 750 VEC members have taken advantage of these incentives. The incentive for an AEV is \$500 for a purchase or lease. The incentive for a PHEV is \$250 for a purchase or lease. We also offer an income-eligible bonus of \$500 for members with incomes at or below 80 percent of area median income.

We expect that electric vehicle sales will decrease in 2026 with the expiration of the federal tax credit.

Program	Electric Vehicles
Objective	Encourage deployment of EVs
Number of participants	130 AEVs, 35 PHEVs
Lifetime MWh credit	40 for new AEVs, 30 for new PHEVs 20 for used AEVs, 15 for used PHEVs
Partners	Car dealerships, Drive Electric Vermont, VTrans
Additional kWh	2,800 for AEVs; 1,700 for PHEVs
Incentive	\$500 for AEV \$250 for PHEV \$500 income-eligible bonus
Total budget	\$86,250
Best practices	Participants will be informed about VEC's TOU rate; members can enroll their L2 chargers in a communications platform to avoid peak times
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes, leased and used vehicles are included, income-eligible adder

Home Level II Charger Program

Starting in 2019, VEC began enrolling L2 chargers in a platform to communicate with the chargers and request that they not charge during peak times. Only certain brands of L2 charger are compatible with this platform. Therefore, we also offered a program where the member could set a schedule to avoid charging from 5-10 pm Mon-Fri. Members with enrolled chargers received a \$300 incentive upfront and \$8 per month provided that they did not opt out of any events. Members who set a static schedule received a \$250 incentive.

In 2023, VEC began offering free home chargers to residential members who own or lease an electric vehicle. The participant is responsible for the installation and must enroll the charger in VEC's communications platform so that VEC can ask the charger not to charge during peak events (5-6 events per month, up to 3-4 hours each event). Participants receive \$8 per month provided that they do not opt out of any events. This program enables VEC to ensure that charging is not occurring during peak events, provides discounted charging to members, and is simple to administer.

VEC plans to continue to offer free, compatible chargers to members in 2026 and to maintain the \$250 bill credit for other models of charger, provided that they send proof of a schedule set to avoid peak charging (5-10 pm Monday through Friday).

Program	Home Level II Charger
Objective	Enable connected and responsive home charging
Number of participants	140 fully funded, 15 member-purchased

Lifetime MWh credit	2 when enrolled in communications platform
Partners	Communications platform, charger manufacturers
Additional kWh	N/A, same as vehicle incentive
Incentive	\$250 bill credit, \$450 for fully funded
Total budget	\$66,750
Best practices	Participants will avoid charging M-F, 5-10 pm or enroll in the communications platform
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Specific to residential
Equitable opportunity - low-income	Yes

Public/Multifamily/Workplace Charging Stations

We will continue to offer an incentive of \$500 per head for public/multifamily/workplace chargers, Level II and up to help expand charging infrastructure in our service territory.

Program	Public/Multifamily/Workplace Charging Stations
Objective	Enable public charging
Number of participants	1
Lifetime MWh credit	50
Partners	Businesses, municipalities
Additional kWh	3,500
Incentive	\$500 per head
Total budget	\$500
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Tools and Equipment

Electric forklifts

To expand opportunities for commercial and industrial members to participate in VEC's Energy Transformation Program, we began offering an incentive for electric forklifts in 2019. We will continue offering an incentive of \$1,000 for the purchase of a new or used electric forklift that directly replaces an existing fossil fuel forklift or for new applications.

Program	Electric forklifts
Objective	Promote the adoption of electric forklifts in VEC's service territory
Number of participants	1
Lifetime MWh credit	110
Partners	Forklift dealers and C&I members
Additional kWh	14,000
Incentive	\$1,000 per forklift
Total budget	\$1,000
Best practices	VEC will work with participants to recommend the optimal charging schedule for demand charges as well as peak
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Specific to C&I
Equitable opportunity - low-income	Specific to C&I

Electric Lawn Mowers – Commercial and Residential

In 2019, VEC began offering incentives for both commercial and residential electric lawn mowers. The amount is \$1,000 for commercial and \$50 for residential. The larger incentive is available for specific models of commercial lawn mowers for use by a lawn care business, state agency, or institution with a campus such as a hospital or university. Other users are considered on a case-by-case basis. The residential incentive is available for a new, corded or cordless mower.

Program	Lawn Mowers – Commercial and Residential
Objective	Promote the use of electric mowers to displace fossil fuels
Number of participants	1 commercial, 35 residential
Lifetime MWh credit	76 for commercial, 1 for residential
Partners	Local suppliers
Additional kWh	3,000 for commercial, 200 for residential
Incentive	\$1,000 for commercial, \$50 for residential
Total budget	\$2,750
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

Induction Cooktops

In 2022, VEC began offering a \$100 incentive for installed induction cooktops. Induction cooktops are an efficient electric alternative to gas cooktops. They quickly and safely cook food or boil liquids without the indoor air emissions that come with gas. This incentive is intended to make induction cooktops more affordable for members looking to replace their current range. This incentive is aimed at residential users. We will offer a custom commercial incentive to any interested members.

Program	Installed induction cooktops
Objective	Promote the use of an efficient electric cooking appliance
Number of participants	20
Lifetime MWh credit	4
Partners	Local suppliers
Additional kWh	250
Incentive	\$100
Total budget	\$2,000
Best practices	Participants will be informed about VEC's TOU rate
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes, commercial can receive custom incentive
Equitable opportunity - low-income	Yes

Storage and Demand Management

Home Battery

VEC began offering a residential battery storage program in 2021. Members who purchase or already own a grid-connected home battery can sign up to receive either an upfront incentive and monthly credit or just a larger monthly credit from VEC if they enroll in a communications platform to share access with VEC.

Program	Controllable Residential Storage
Objective	Reduce load during peak times
Number of participants	20
Lifetime MWh credit	9
Partners	Battery manufacturers
Additional kWh	none
Incentive	Depends on size of battery
Total budget	Funded by the Flexible Load Program
Best practices	This technology is a best practice.

Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Yes
Equitable opportunity - low-income	Yes

EV Telematics

Another method that VEC can use to manage EV charging is to communicate directly with the vehicle. This is typically used for members that do not have compatible chargers. Efficiency Vermont is funding a \$100 enrollment incentive, and the participating members receive an \$8/month bill credit as long as they do not opt out of events.

Program	EV Telematics
Objective	Enable connected and responsive home charging
Number of participants	20
Lifetime MWh credit	2
Partners	Communications platform
Additional kWh	N/A, same as vehicle incentive
Incentive	\$100
Total budget	\$2,000, funded by Efficiency Vermont
Best practices	Participants will charging during peak events
Appropriate for VT	Yes
Min Building Standards	N/A
Equitable opportunity - customer class	Specific to residential
Equitable opportunity - low-income	Yes

Home Level II Charger Controls

This program is described under transportation measures.

Complementary Systems and Services

Time of Use (TOU) Rates

TOU rates can be an effective tool for shifting load and giving members more control over their usage and monthly electric bill. Since January 1, 2017 VEC has offered a pilot TOU rate available for both residential and small commercial members who participate in the Tier III program. As of October 1, 2017, we also have a pilot TOU rate available for larger commercial members participating in Tier III initiatives.

These pilot rates are optional rather than mandatory so that members who may not want to be charged a TOU rate are not discouraged from participating in the Tier III program. Currently,

four large commercial, four small commercial, and 40 residential members have opted to participate in the pilot TOU rate.

Transformer Upgrades

VEC has been covering the cost of transformer upgrades for members who need them because they participated in energy transformation programs. To date, this has been about 10 percent of members purchasing electric vehicles. If these percentages continue, 15 members would need an approximately \$2,500 transformer upgrades for a total cost of \$37,500.

Methodology for Sharing Savings with Efficiency Vermont

For any measure where both VEC and Efficiency Vermont are contributing an incentive, we will split the savings according to how much money was contributed by each partner. VEC expects to share savings for heat pump water heaters, air to water heat pumps, and pellet stoves. We will send a copy of our 2026 Memorandum of Understanding with Efficiency Vermont to DPS once it is finalized.

Strategies for Customer Education, Outreach, and Marketing

We will utilize the following tools to promote our Tier III incentives, which we call the Energy Transformation Program:

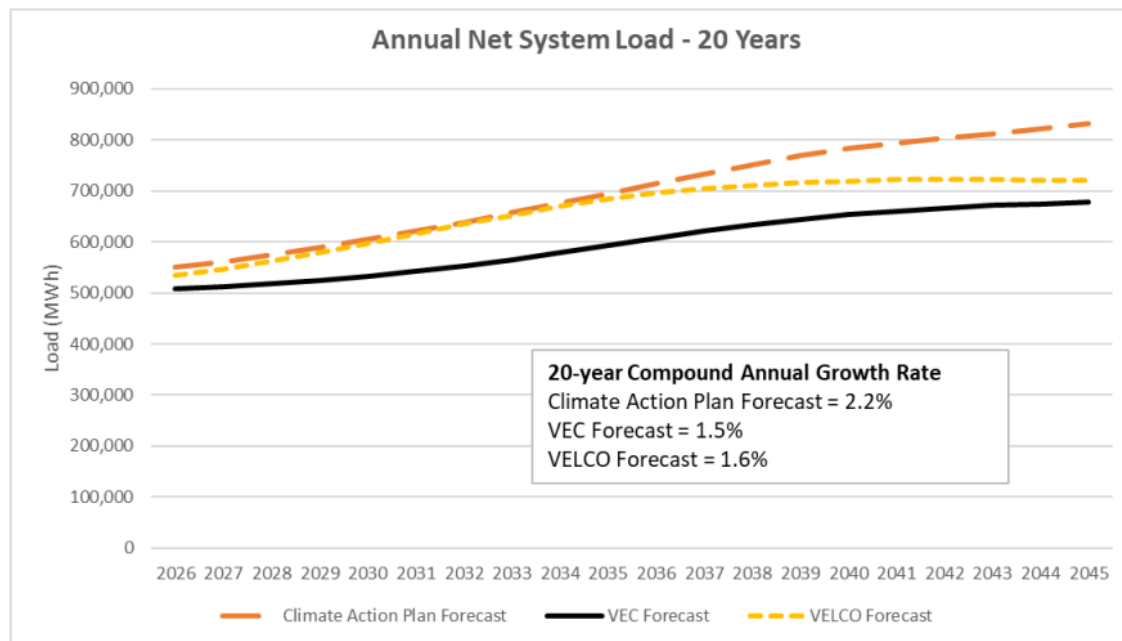
- Direct emails to approximately 25,000 email contacts
- An article in each issue of VEC's quarterly newsletter Co-op Life, which is sent directly to all VEC members
- Social media promotion through Facebook, Twitter and Instagram
- Press releases at the beginning of the year and when a new incentive is offered
- Events (virtual and possibly in-person) such as VEC's Annual Meeting of the Members, farmers' markets, town energy committees, energy fairs, and webinars

VEC coordinates with Efficiency Vermont on customer education for many of the prescriptive measures. VEC members with detailed questions are often connected with Efficiency Vermont's customer support team. We also provide links to information from Efficiency Vermont, Drive Electric Vermont and the Department of Energy on the Energy Transformation page of our website.

Load Forecast

In its 2025 Integrated Resource Plan (IRP), VEC states that VEC's load has been on a slight upward trend from 2014-2024. Growth from 2014-2019 was slight with loads being higher in years with more extreme cold and/or heat, and lower in years with more moderate temperatures. During 2020 and 2021 VEC saw a significant increase in new construction in its service territory. VEC expects that much of this new construction drove the relatively high load in 2021 and will persist.

The estimated load is shown in this chart:



This analysis is detailed in VEC's IRP, which can be found at <https://vermontelectric.coop/electric-system/integrated-resource-plan>.

Equitable Opportunity by Customer Class

VEC satisfies this requirement by offering a variety of prescriptive measures geared towards both residential and commercial members, as well as custom opportunities that are based on the amount of fossil fuel that can be saved and have typically applied to the commercial/industrial sector.

VEC's 2024 breakdown of sales was as follows:

Sector	MWh sales	%
Commercial & Industrial	224,274	48.51%
Residential	238,034	51.49%
Total	462,308	

Alternatives That Do Not Increase Electric Consumption

Under the RES rule, utilities are required to evaluate any available alternatives that do not increase electric consumption. In most cases, the only alternative is efficiency measures, which are already offered under Efficiency Vermont programs. The other alternatives are fossil fuel based, which Tier III is directly tasked with reducing,

The non-electric alternatives are listed below for each VEC Tier III program:

- CAP Projects – status quo fossil fuel usage, efficiency measures
- Heat pumps for space heating – fossil fuel heating system, advanced wood heating system (pellet stove incentive offered), efficiency measures
- Pellet stove – heat pumps, fossil fuel heating system, other advanced wood systems, efficiency measures
- Heat pump water heater – fossil fuel water heaters
- Electric vehicle – gas-powered vehicle, public transit, bicycle
- Electric lawnmower – gas-powered mower
- Electric forklift – fossil fuel forklift
- Induction stovetop – gas stovetop

The only possible areas where VEC could develop a Tier III program that does not increase electric usage would be for electric vehicles. However, the rural nature of VEC's service territory does not lend itself well to travel by bicycle or public transit.