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**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 18-1633-PET

Petition of Green Mountain Power for approval)
of a multi-year regulation plan pursuant to 30)
V.S.A. §§ 209, 218, and 218d)

**JOINT PREFILED TESTIMONY OF
LESLIE A. CADWELL AND OLIVIA CAMPBELL ANDERSEN
ON BEHALF OF
RENEWABLE ENERGY VERMONT**

December 14, 2018

Ms. Cadwell and Mrs. Campbell Andersen, on behalf of Renewable Energy Vermont (“REV”), address Green Mountain Power’s (“GMP”) proposed Multi-Year Regulation Plan and recommend that the Public Utility Commission include provisions in the plan that will prevent GMP from using its statewide presence and legal monopoly status to exert undue market power in the market for competitive non-utility energy- related goods and services. They also rebut claims about the impact of customer self-supply (aka “net metering”) on GMP’s financial health and advocate for continuing policies that make customer choice to self-supply an integral part of Vermont’s energy transformation.

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EXHIBITS

Exhibit REV-Joint-1	Attachment GMP.DPS2.Q66.c5 BYOD Pilot Update (10/19/18)
Exhibit REV-Joint-2	Email from Brian Winn to Ed McNamara <i>et al</i> (9/17/18)
Exhibit REV-Joint-3	Email from Dan Burke to Joanna White and Ed McNamara (7/26/18)
Exhibit REV-Joint-4	GMP BYOD Terms and Conditions (6/26/18)
Exhibit REV-Joint-5	Attachment GMP.DPS2.Q66.c5 BYOD Pilot Initial Filing (2/23/18)
Exhibit REV-Joint-6	the RAP-NREL Handbook, Vol.1, Vol.2, Vol.3 (April 2018)
Exhibit REV-Joint-7	Email from June Tierney to Ed McNamara, James Porter, Riley Allen, Sheila Grace, Dan Potter & Anne Margolis (8/15/18)
Exhibit REV-Joint-8	<u>LBNL Future Electric Utility Regulation Series #9, <i>Value-Added Electricity Services: New Roles for Utilities and Third-Party Service Providers</i> (11/6/17)</u>
Exhibit REV-Joint-9	GMP Supplemental Discovery Responses to REV (11/20/18)
Exhibit REV-Joint-10	Vermont Clean Energy Industry Report (2018)
Exhibit REV-Joint-11	Case No. 18-0974-TF DPS Discovery Response A:REV-DPS-1

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Petition of Green Mountain Power for approval)
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**JOINT REFILED TESTIMONY OF
OLIVIA CAMPBELL ANDERSEN AND LESLIE A. CADWELL
ON BEHALF OF RENEWABLE ENERGY VERMONT**

1 **I. Introduction**

2 **Q1. Please state your name and occupation.**

3 A1. **Olivia Campbell Andersen:**

4 My name is Olivia Campbell Andersen. I am Executive Director of Renewable Energy
5 Vermont (“REV”).

6 A1. **Leslie A. Cadwell:**

7 My Name is Leslie A. Cadwell. I am the Vice-Chair of REV’s Board of Directors.

8

9 **Q2. Please describe your professional qualifications.**

10 A2. **Olivia Campbell Andersen:**

11 Prior to my last three years serving as REV’s Executive Director, I drafted and reviewed
12 legislation, regulations, Executive Orders, and agency policies related to environmental
13 sustainability, climate change, energy, natural resources, and transportation issues in a
14 variety other of roles over 10 years on behalf of the Governor of the State of Maryland,
15 Maryland Department of Natural Resources, National Wildlife Federation, and Vermont

1 State Legislature. I earned an undergraduate degree from Gettysburg College and a
2 master's degree from Vermont Law School.

3
4 A2. **Leslie A. Cadwell:**

5 I earned a Bachelor of Arts from Bowdoin College in 1984 and a Juris Doctor degree
6 from Vermont Law School in 1994. I have been practicing law in Vermont since 1995
7 following my judicial clerkship for the Hon. Justice Ernest W. Gibson III at the Vermont
8 Supreme Court, where I also served four (4) years as a Senior Staff Attorney.

9
10 My experience in Vermont public utility policy and regulation is substantial. I served in
11 two different roles at the Vermont Department of Public Service, specifically as Special
12 Counsel and as Director for Telecommunications, at various times between 1995 and
13 2007 under three different Commissioners (Richard Sedano, Christine Salembier, and
14 David O'Brien). In my role as Special Counsel, I prosecuted several utility rate cases for
15 the Department, including cases involving Green Mountain Power ("GMP"), and served
16 as co-counsel for the Department on GMP's first alternative regulation plan in 2006
17 (Docket Nos. 7125/7126). I helped draft Vermont's first set of consumer protection and
18 deregulation rules for the telecommunications industry, and I served as a member of the
19 Department of Public Service (Department) and Public Service Board "TURF
20 Taskforce," an inter-agency collaboration whose mission was streamlining
21 telecommunications filings and approvals (tariffs, change of control requests, financings,
22 and authorization to do business) without need for legislative action. While Special

1 Counsel in 2006-2007, I acted as the legislative liaison and counsel for the Department of
2 Public Service on comprehensive legislation aimed at expanding wireless
3 telecommunications and broadband in Vermont (Act No. 79). I have testified before the
4 Vermont Legislature on a variety of other utility and regulatory matters, including fuel
5 adjustment clauses, net-metering and electric infrastructure permitting. In 2007, I joined
6 the Vermont Electric Power Company, Inc./Vermont Transco LLC as Vice President,
7 General Counsel and Corporate Secretary. Since 2011, I have been in private practice
8 advising a variety of individual and institutional clients in matters relating to utility
9 regulation, electric infrastructure siting, and consumer protection. I have been a member
10 of REV since 2013 and a Director for the organization since 2014.

11
12 **Q3. Please briefly explain what REV is.**

13 A3. REV is a non-profit trade organization whose membership includes businesses, non-
14 profits, utilities, and individuals committed to eliminating reliance on fossil fuels by
15 increasing clean renewable energy and energy efficiency in Vermont.

16
17 **Q4. What is the purpose of your testimony?**

18 A4. Our testimony explains REV's general support for an alternative form of regulation for
19 GMP and identifies specific concerns and issues about GMP's proposal that the
20 Commission must address to ensure that GMP's Multi-Year Regulation Plan ("MYRP")
21 does not create an unlevel playing field in the provision of competitive energy services

1 and will further the State’s climate change and renewable energy commitments. GMP’s
2 proposal presents a significant new regulatory model that will directly impact how
3 electricity and other energy goods and services are delivered in Vermont over the next
4 three years, from October 1, 2019 through September 20, 2022. Therefore, we address
5 the framework for GMP pilots and provision of innovative services and products in a
6 competitive marketplace, and respond to testimony from GMP witnesses on the issue of
7 customer self-supply (aka “net-metering”). REV also offers the testimony of Mr. Nathan
8 Phelps of Vote Solar to address GMP’s proposed Performance-Based Regulation
9 (“PBR”) metrics. Mr. Phelps makes recommendations to improve and supplement the
10 metrics and apply best management practices, and addresses GMP’s characterization of
11 net-metering.

12
13 **Q5. Before addressing these specific issues, please explain the premises that underlie**
14 **your recommendations and opinions.**

15 A5. When considering GMP’s MYRP proposal, it is important to remember what GMP is and
16 what it is not. GMP is a foreign-investor-owned utility that enjoys a legally privileged
17 position as a monopoly in the provision of retail electricity service in certain geographical
18 areas in Vermont. Individuals and businesses become GMP customers because their
19 homes or businesses are located in the geographic area in which GMP is the only choice
20 for electric service. Unlike other members of REV, GMP is not an R&D company or a
21 manufacturer of energy-related products, such as batteries, wind turbines, or solar
22 trackers and canopies. GMP’s core function is to provide safe and reliable electricity to

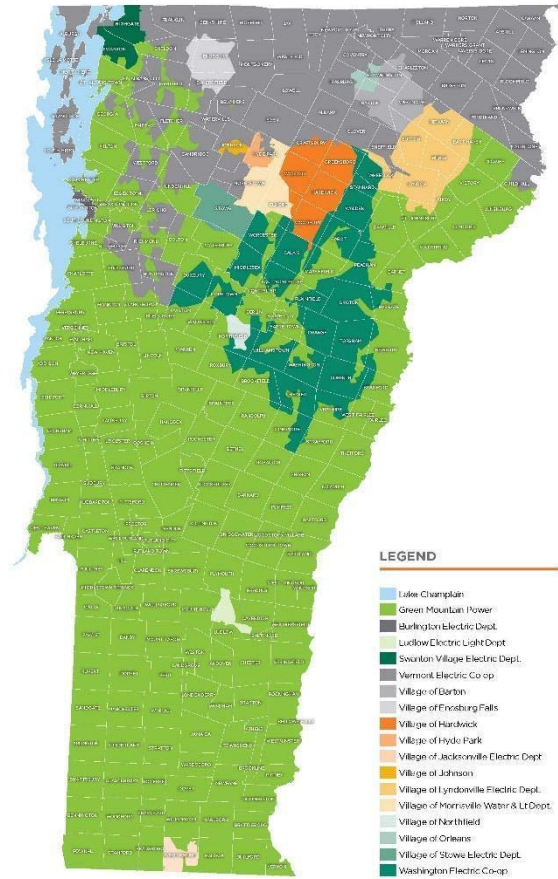
1 its captive customers. Any MYRP the Commission approves should require GMP to
2 maintain focus on its core function and allow competitors in the energy products and
3 services marketplace to enable and implement GMP's energy transformation efforts. Mr.
4 Nathan Phelps is also sponsoring testimony on behalf of REV regarding the MYRP and,
5 more specifically, the performance metrics.

6
7 **Q6. Why is it important for GMP to maintain focus on its core business and limit**
8 **experimentation in competitive markets?**

9 A6. It is important for two main reasons. First, to learn from the past and ensure that losses
10 from GMP's participation in competitive markets are not charged to ratepayers. GMP's
11 customers have been required in the past to pay higher rates than rate-of-return regulation
12 would typically allow after the Company racked up very large losses from expanding its
13 business beyond its core function.¹ Although GMP's present circumstances are different
14 now, the lessons of the past are instructive and should guide the Commission's
15 consideration of GMP's proposed MYRP. That is especially so now that one of the
16 changed circumstances from the past is GMP's size: after taking over the Central
17 Vermont Public Service Corporation, GMP has the largest share of retail customers and
18 the largest footprint in Vermont. See areas shown in light green in Figure 1 on page 6.

¹ See, e.g., *In re Green Mountain Power Corp.*, 207 P.U.R. 4th 1 (Vt. P.S.B. Jan. 23, 2001) (Docket No. 6107).

1 **Figure 1 VT Electric Utility Service Territory Map (Source: Public Utility Commission)**



2
3 Second, and perhaps most importantly, requiring GMP to focus on its core business is
4 necessary to prevent GMP from exercising monopoly power in markets where it does not
5 enjoy a legal monopoly. The exercise of such power will adversely impact REV's non-
6 utility members and the utility's own customers, who benefit from more choice in the
7 delivery of non-utility energy services.
8

1 **Q7. How can GMP fully implement its vision for Vermont’s energy transformation**
2 **without competing with REV’s non-utility members in competitive and unregulated**
3 **energy services markets?**

4 A7. REV views GMP as an innovative and critical utility partner to address present and future
5 energy and climate-change challenges. In fact, GMP is required by the RES statute to
6 partner with others so that the Company can meet its Tier III obligations.² To that end,
7 REV’s non-utility members stand ready to help GMP achieve its vision for Vermont’s
8 energy transformation through GMP’s distributed energy resource (“DER”) platform
9 discussed in more detail below.

10
11 **II. GMP Pilots and Framework for Innovative Service Offerings**

12 **Q8. How do GMP’s Powerwall and Bring Your Own Device “BYOD” pilots inform how**
13 **the Commission should view Innovative Pilots under the MYRP?**

14 A8. Creating a DER platform that enables retail customers to utilize battery charging
15 technologies, which both the Powerwall and BYOD Pilots provide, will advance
16 Vermont’s efforts to make renewable energy solutions available to customers who might
17 otherwise rely on fossil-fuels to generate on-site back-up electricity. As GMP explained
18 in its recent BYOD Pilot update filing with the Commission, home batteries are an
19 innovative, dispatchable resource that can be used during peak periods and can aid in the
20 development of DER called for under Act 56, the Vermont Renewable Energy Standard

² 30 V.S.A. § 8005 (“the provider shall deliver the project's goods or services in partnership with persons other than the provider unless exclusive delivery through the provider is more cost-effective than delivery by another person or there is no person other than the provider with the expertise or capability to deliver the goods or services”).

1 (“RES”).³ However, it is not clear from GMP’s reporting how either the Powerwall Pilot
2 or the BYOD Pilot have “drive[n] down costs” for ratepayers.⁴
3

4 **Q9. Please explain.**

5 A9. Taking the Powerwall Pilot first, GMP retains ownership of the Powerwall units, but
6 there does not appear to be a cost-benefit analysis to determine whether utility ownership
7 and control, requiring GMP capital investment and return, was more cost effective than
8 having each participating customer use their own capital to purchase the unit installed at
9 the customer premises. Further, the pilot is highly subsidized. According to GMP, the per
10 unit cost of each Powerwall, including delivery and installation, is approximately \$7,200,
11 but participating customers are charged a fraction of that cost, just \$1,500 per unit.⁵ If
12 the remaining \$5,700 is included in GMP’s rate base, GMP is able to shift the per-
13 customer loss to its other customers. It appears from documents produced by the
14 Department in response to public records requests that the Powerwall pilot will “be
15 \$661,984 under water in 2019,”⁶ but the Department perceived that GMP was “too far
16 along in its commitments with [the vendor]” to “scale back” the pilot’s scope.⁷ Unless
17 similar subsidies are available to customers who wish to use the same or similar
18 technology available in the marketplace from non-utility vendors, the benefits of
19 customer-based energy storage will be limited throughout GMP’s service territory.

³ Exh. REV-Joint-1, Attachment GMP.DPS 2.66.c.5 (BYOD Pilot Update 10/19/18 at 1).

⁴ Powell pf. at 5.

⁵ 10/25/18 Transcript of Evidentiary Hearing in Case No. 18-0974-TF (“TR”) at 61 (Castonguay).

⁶ Exh. REV-Joint-2, email from Brian Winn to Ed McNamara *et al.*, Sept. 17, 2018.

⁷ Exh. REV-Joint-3, email from Dan Burke to Joanna White and Ed McNamara, July 26, 2018.

1 **Q10. How can you say the benefits will be limited when the Powerwall program was fully**
2 **subscribed with 2,000 units as of the date of the October 25, 2018 evidentiary**
3 **hearing in the GMP 2019 Base Rate case⁸?**

4 A10. The answer to that question relates to the different results achieved with the BYOD Pilot.
5 We want to emphasize that REV supports GMP's desire to introduce new and innovative
6 DER solutions to its customers and to experiment with alternative incentives to push
7 Vermont's energy transformation forward. But under the BYOD Pilot, instead of offering
8 a subsidy similar to the Powerwall Pilot, customers are given a limited bill credit (limited
9 to customer usage with no banking allowance) and a "GMP Energy Transformation
10 Rebate" if the customer applies the credits to another GMP Tier III eligible program,
11 such as smart thermostats, heat pumps, heat pump hot water heaters, and qualified
12 electric vehicles.⁹ In other words, bill credit benefits are available only if a customer
13 enrolls in another GMP program. It is no surprise then that six months after the pilot's
14 introduction, only one customer was enrolled.¹⁰ As of the recent 2019 Base Rate
15 hearings, enrollment increased by one for a total of 2 customers.¹¹ The BYOD Pilot's low
16 adoption rate as compared with the Powerwall Pilot is a reflection of BYOD's inferior
17 customer benefits and the subsidy that GMP is able to provide for its preferred battery as
18 a rate-regulated utility. The Powerwall Pilot is actually serving as a disincentive rather

⁸ See TR at 51 (Otley).

⁹ See Exh. REV –Joint-4 (GMP BYOD Terms and Conditions 6/26/18).

¹⁰ See Exh. REV-Joint-1, Attachment GMP.DPS2.Q66.c.5 (BYOD Pilot Update 10/19/18 at 1).

¹¹ TR at 87 (Castonguay).

1 than a tool to empower customers to invest in their own energy independence and
2 sustainable future.

3
4 We recommend that as part of the MYRP, the Commission require GMP to provide
5 competitive market participants with transparent and nondiscriminatory access to the
6 Company's DER platform and allow customer and third-party ownership arrangements of
7 DER products. Although GMP may maintain a lawful monopoly to provide retail electric
8 service, it does not have either a legal or a natural monopoly in the provision of other
9 energy goods and services that are available in competitive markets, such as customer
10 battery storage.

11
12 **Q11. How do you respond to GMP's suggestion that its Powerwall Pilot subsidy is**
13 **justified by the RNS and capacity savings generated?**¹²

14 A11. The same benefit can be derived from the BYOD Pilot, since participating customers
15 must allow GMP shared access to the customer's unit to maximize its value for all GMP
16 customers by reducing costs at "peak" times.¹³ In other words, RNS benefits are the same
17 from a non-utility provisioned battery as one provisioned by GMP so those benefits
18 cannot be used to justify a subsidy for one, but not the other. The Commission should
19 welcome the additional RNS benefits that will inure to GMP and its customers from more
20 storage made available through competition.

¹² Case No 18-0974-TF DPS Response REV: DPS-1 (10/19/18).

¹³ Exh. REV-Joint-1, Attachment GMP.DPS2.Q66.c.5 (BYOD Pilot Initial filing 2/23/18) at 1.

1
2 **Q12. How else could GMP have an unfair advantage over other non-utility innovative**
3 **energy service providers?**

4 A12. A legal monopoly like GMP has an unfair competitive advantage over other companies in
5 the sale and provision of unregulated energy goods and services. Some of those
6 advantages were identified by the Department in discovery:

7 There are several advantages a regulated monopoly may have over
8 an unregulated competitor: 1) The amount of profit utility
9 shareholders earn is based on the authorized return and generally
10 not subject to market forces. 2) Non-participating customers, and
11 not utility shareholders, are at risk if the program's costs exceed
12 revenues. This situation could occur if payment defaults or
13 warranty costs exceed what is priced into the product. 3) The use
14 of the monthly bill, customer service staff, marketing and other
15 functions financed by ratepayers to collect payments for these
16 devices. Access to this bill at no cost is an advantage over
17 unregulated market participants. 4) Furthermore, the utility capital
18 structure is supported by its regulated revenue. This stable source
19 of capital may not be available to unregulated market
20 participants.¹⁴

21 The Department's view is widely accepted, even in this brave new age. See for example
22 the handbook prepared by the Regulatory Assistance Project ("RAP") and NREL, Next-
23 Generation Performance-Based Regulation (April, 2018), Exhibit REV-Joint-6 (the
24 "RAP-NREL Handbook"). Anti-competitive concerns arise when utilities are able to
25 leverage their monopoly power against competitors, even in markets that have been
26 restructured. "If a utility can use its economic and information advantages, there is the
27 risk it can drive out competitors and operate as a deregulated monopoly, exercising

¹⁴ Exh. REV-Joint-11, GMP Discovery Response A:REV:DPS-1(a) (Case No. 18-0974-TF).

1 market power.”¹⁵ As we explained previously, the Commission must make sure that
2 GMP’s MYRP does not position the Company to exert undue market power in the
3 provision of non-utility energy goods and services.
4

5 An example of GMP’s privilege as a regulated monopoly is its ability to leverage its role
6 as the exclusive distributor of retail electricity to protect capital investment in its own
7 generation resources. As Commissioner Tierney noted in an email to Department of
8 Public Service leadership following a meeting with GMP in August 2018, rational
9 regulators with integrity recognize “that a decision to support a 248 siting CPG
10 effectively requires conceding the fairness of ratebasing at least some modicum of the
11 project's capital costs.”¹⁶ In contrast to GMP’s capital costs, the capital costs incurred by
12 non-utility renewable energy project installers are not “ratebased” and charged to captive
13 customers; a non-utility project builder provides 100% of the risk capital and assumes all
14 other risks to develop and construct an electric generation or other project subject to
15 approval under Section 248.
16

17 **Q13. What other legal protection does GMP enjoy due to its status as a regulated**
18 **monopoly under Public Utility Commission supervision that non-utility energy**
19 **goods and service providers do not?**

¹⁵ Exh. REV-Joint-6, Vol. 3 at 10.

¹⁶ Exh. REV-Joint-7, email from June Tierney to Ed McNamara, James Porter, Riley Allen, Sheila Grace, Dan Potter, & Anne Margolis, Aug. 15, 2018.

1 A13. As a public utility, GMP is exempt from key consumer protections in the Vermont
2 Consumer Fraud Act (“CFA”), protections that apply to customer transactions with non-
3 utility providers of energy-related goods and services. Customers who purchase
4 competitive goods and services from GMP, such as heat pumps, smart thermostats, and
5 other consumer energy products, may not even be aware that their transactions are not
6 covered by the CFA but would be if consummated with a non-utility energy services
7 provider.

8
9 **Q14. How is GMP’s proposed MYRP consistent with the future of electric utility**
10 **regulation, including the innovation desired by the Commission¹⁷?**

11 A14. In a recent presentation prepared for the Lawrence Berkley National Laboratory
12 (“LBNL”) by the Advanced Energy Economy, the Institute for Electric Innovation, and
13 the Indiana Office of Utility Consumer Counselor, the importance of structuring
14 regulation to avoid competition between regulated monopolies and third-party providers,
15 was emphasized because, “[c]ompetition drives innovation and customer value over the
16 long term.”¹⁸ Products and services deployed on the customer side of the electric energy
17 services market should remain in the domain of the competitive market (i.e., non-utility
18 energy service providers), and GMP should focus on continuing to develop a platform
19 where customer demand for value-added innovative energy-related goods and services

¹⁷ See generally PUC Case No. 17-3142-PET, Order of 7/23/2018.

¹⁸ See Exh. REV-Joint-8 (LBNL Future Electric Utility Regulation Series #9, Value-Added Electricity Services: New Roles for Utilities and Third-Party Service Providers, 11/6/17 (“LBNL”) at 21.

1 can be met through the competitive marketplace.¹⁹ In addition, any utility affiliates that
2 offer competitive services should be subject to a code of conduct that ensures fair
3 competition in competitive markets.²⁰ GMP is already subject to a code of conduct as an
4 ISO New England transmission owner to prevent the Company from favoring its
5 affiliates or gaining an unfair advantage over other competitors in the regional wholesale
6 energy market.²¹

7
8 Therefore, REV recommends that GMP's MYRP should require that GMP use a
9 structurally separate affiliate to participate in competitive service offerings for
10 commercially available products and services like air source heat pumps, electric water
11 heaters, electric storage devices, and EV charging. Structural separation should be
12 required for any Innovative Pilots and any other Innovative Service Offerings GMP may
13 wish to pursue. Further, as a condition to rolling out any new pilot, GMP should be
14 required to demonstrate that its customers cannot obtain substantially equivalent goods or
15 services in the marketplace.

16
17 **Q15. Do you have other concerns regarding the MYRP as it relates to Innovative Service**
18 **Offerings or Innovative Pilots?**

¹⁹ *Id.* at 25.

²⁰ *Id.*

²¹ GMP's FERC Standards of Conduct are available on GMP's OASIS website at
<http://www.oasis.oati.com/GMP/index.html>

1 A15. Yes. There is no clear plan for the review and approval process for new pilots or the so-
2 called “New Initiatives,” as GMP refers to them in the MYRP. As to pilots, GMP’s plan
3 summary simply says: “Plan continues strong current program.”²² REV attempted to
4 obtain more detailed information both about process, projected pilots, and information
5 about the process proposed by GMP to allow exceptions for New Initiatives to exceed the
6 \$85 Million annual cap, and GMP responded only that a process will be developed with
7 DPS and the PUC. We offer the discovery response as Exh. REV-Joint-9 (GMP
8 Supplement Discovery Responses to REV 11/20/18). It is not acceptable to defer to
9 another day the development of a key component of the MYRP and with limited input
10 from the public and affected stakeholders. It is clear from documents made public by the
11 Department of Public Service that GMP executives and staff met regularly over the
12 course of months to discuss the proposed MYRP before it was filed with the
13 Commission. It is not clear why a process for a key component of the plan was not
14 developed during that time, but it should be developed before the MYRP is approved.
15
16 We recommend that a transparent and collaborative review, documentation and approval
17 process for any New Initiatives, including Innovative Pilots, should be established now.
18 As GMP’s CEO acknowledged, the “mini rate case” approach has not been sufficiently
19 transparent to third parties like REV, and is one of the negative features driving the

²² Exhibit GMP-MGP-1 “Multi-Year Rate Plan Major Elements Summary”.

1 proposal for a multi-year plan.²³ REV appreciates that GMP committed to notifying REV
2 on all pilot and tariff filings when GMP submits them to the Commission. GMP's
3 months-long collaboration with the Department on the MYRP demonstrates that it has the
4 capacity to devote resources to obtaining input from others, such as REV, early and often
5 as GMP develops pilots that may impact markets where REV's non-utility members
6 provide innovative energy products and services.

7
8 **Q16. How do you respond to GMP's claim that it is important to GMP's customers that**
9 **the Company be able to roll out innovative programs quickly after filing?**

10 A16. GMP makes the statement but does not explain why it is important to its customers for a
11 quick roll out after filing. The statement would be true if GMP needed to participate as an
12 equal competitor in the provision of energy goods and services to retail customers and
13 risked losing its customers to a competing provider. This was a risk in the
14 telecommunications industry as more choice for local service became available to
15 Vermonters and local incumbents who formerly enjoyed a legal monopoly began losing
16 customers to other companies and alternative service, such as wireless and VOIP. But
17 GMP is not at risk of losing a retail customer unless the customer moves from GMP's
18 service territory or disconnects from the electric grid altogether. Unless and until GMP
19 can explain how it quantifies the "importance" of rolling out pilots shortly after they are

²³ "[S]ome considered the process too intensive, rushed, and not transparent enough. Specifically, over time, the yearly "mini rate cases" in which the Department scrutinized every detail of GMP's capital and other spending were thought to be the worst of both worlds: nearly as exhaustive to perform as traditional rate cases (over a shorter time span), yet not perceived as transparent enough for some interested parties (despite posting all filings and related information publicly)." Powell pf. at 13.

1 filed, the Commission should reject “importance” as a justification to severely limit the
2 time available to review GMP’s rationale for a proposed pilot. A more reasonable review
3 period and mandatory collaboration with REV for new and innovative DER initiatives
4 will help GMP meet its energy transformation objectives. REV’s non-utility members are
5 already poised to help GMP implement its vision for Vermont’s energy future.

6
7 **Q17. What other recommendations do you have about the MYRP and what the**
8 **Commission should consider when deliberating on what GMP has proposed?**

9 A17. First, transparency and accountability depend in part on how easy the MYRP plan is to
10 read and understand and how accessible it is to stakeholders, not just regulators. One of
11 this plan’s flaws is its references to other documents that contain standards and/or
12 processes that govern aspects of the plan, but are not included as attachments to it.
13 Therefore, in order to understand the entire plan, one must have either collected historical
14 documents, issue public records requests, or be adept in researching on ePUC or
15 Commission decisions in subscription databases. The MYRP approved in this case should
16 be a single document (or binder) where all of the relevant requirements are clearly spelled
17 out and included (not by reference) and GMP’s compliance with those requirements can
18 be readily monitored and measured.

19 Second, reducing and eventually eliminating reliance on fossil fuels necessarily means
20 more energy produced from renewables and more efficiency to make the most of the
21 energy resources we can construct and operate. The policy in favor of decoupling GMP’s

1 financial health from the kilowatt hours it sells may not be as conducive to achieve our
2 energy and climate change goals as they were when alternative regulation was adopted
3 more than a decade ago. State policy directs, and Vermonters need, clean and efficient
4 kilowatt hours. In fact, more load and kilowatt hours in the portion of the electric grid
5 known as “SHEI” would reduce the risk that GMP’s Kingdom Community Wind facility
6 would be curtailed. There is a benefit in thinking about rewarding GMP to facilitate more
7 electrification that non-utility energy goods and service providers could help implement
8 at a lower cost overall to GMP and its ratepayers. In posing this question for
9 consideration, we are mindful that Section 218d(a)(4) requires the Commission to find
10 that an alternative regulation plan will decrease “the extent to which the financial success
11 of distribution utilities between rate cases is linked to increase sales to end use customers
12 and may be threatened by decrease in those sales.” The statute is open to interpretation as
13 to whether “sales” is limited to kilowatt hours (or load), and allows GMP, regulators and
14 other stakeholders to think creatively about incentives that will reward GMP for
15 empowering customers and expanding the choices for innovative energy-related goods
16 and services through an open DER platform.

17
18 **III. Customer Self-Supply (aka “Net-Metering”)**

19 **Q18. Is customer self-supply through net-metering driving up GMP’s rates?**

20 A18. No. In reality, the total of GMP’s power costs, including bill credits from power
21 generated by GMP customers, were shown by the Department of Public Service in a

separate proceeding to have gone down by more than \$33 million over the last five years.²⁴

Comparison of Changes to GMP Cost of Service - 2013 Recorded to 2018 Settlement
In \$1,000s

	2013 Test Year Actual	2018 Settlement	Dollar Change	Percent Change*
Purchased Power and Production	\$322,603	\$289,154	(\$33,449)	-10.37%
Net Transmission	\$31,676	\$28,878	(\$2,798)	-8.83%
O&M Platform, Other O&M and Savings	\$117,541	\$104,571	(\$12,970)	-11.03%
Rate Base Related Costs				
Depreciation & Amortization & Other	\$45,611	\$53,270	\$7,659	16.79%
Taxes - Federal, State & Municipal	\$46,809	\$67,487	\$20,678	44.18%
Return on Utility Rate Base	\$66,673	\$98,535	\$31,862	47.79%
Less Affiliate & Other Operating Revenue	(\$33,282)	(\$21,583)	\$11,699	-35.15%
Gross Revenue & Fuel Gross Receipts Taxes	\$6,094	\$6,266	\$172	2.82%
Cost to Ultimate Consumers	\$603,724	\$626,580	\$22,854	3.79%

The fact is that overall power costs have decreased significantly during the time period used by Ms. Powell, and customer self-supply has not caused rate increases.²⁵ In its 2019 Base Rate Case, GMP reported that “total [customer self-supply] production (the vast majority of which is solar PV)” was 125,000 MWh for the test year, compared to its total load of 4,400,000 MWh.²⁶ Thus, customer self-supply through net-metering represented only 3% of the total GMP electric load. Even if there were a 60% increase in the amount of customer-owned generation during the 2019 rate year, to 207,000 MWh, as Mr. Smith’s testimony in the Base Rate Case predicts, that would still only amount to less

²⁴ Case No. 18-0974-TF, GMP Rate Case, PSD Direct Testimony of Brian E. Winn, August 10, 2018, at 11.

²⁵ Case No. 18-1633-PET, MYRP, GMP Direct Testimony of Mary Powell, June 4, 2018 at 17.

²⁶ Case No. 18-0974-TF, GMP Rate Case, GMP Direct Testimony of Douglas Smith, April 13, 2018, at 7, 18.

1 than 5% of GMP's total power supply to serve a 4.4 GWh load. Given that overall power
2 costs decreased by more than \$33 million over the last five years, and given the small
3 fraction that customer self-supply with renewable energy actually represents in terms of
4 GMP's total electric load, it is clear that customers who have invested their own capital in
5 grid-connected generation have not made a material impact on overall rates

6
7 The costs actually causing GMP's rate increases are capital investments allowed into rate
8 base, with a virtually guaranteed return on equity ("ROE") that GMP proposes to increase
9 to 9.3% for the 2019 rate year, with a further increase to 10% during the MYRP.²⁷ In this
10 regard, it bears emphasizing that non-utility energy service providers do not enjoy or
11 benefit from the same virtual guarantee or the backstop of traditional rate-of-return
12 regulation; nor do GMP's customers have the same virtual ROE for their investments in
13 their own renewable energy systems.

14
15 We completely agree with Ms. Powell that Vermont urgently needs to address climate
16 change by increasing local renewable electricity, modernizing and making the grid more
17 resilient, and other actions. REV's members look forward to continuing to play their
18 central role in innovating and implementing solutions to address those challenges. In
19 particular, self-supply through net-metering currently has been a demonstrated success in
20 bringing local clean energy to Vermont's grid. Vermont homeowners, schools, towns,

²⁷ Case No. 18-0974-TF, GMP Rate Case, PSD Direct Testimony of Brian E. Winn, August 10, 2018, at 11-12;
Case No. 18-1633-PET, MYRP, GMP Direct Testimony of James M. Coyne, June 4, 2018 at 3-4.

1 and businesses have been able to generate their own renewable power while paying for
2 grid modernization. Customers who invest in their own renewable energy systems bear
3 100% of the risk and burden of bringing these renewable resources online, as well as the
4 continued operational risks of keeping the systems operating. All of this, including the
5 costs of interconnecting and modernizing the grid, and bringing greater resilience to the
6 grid, is done without assurance of return on investment.

7
8 Equally important, the Commission has made it clear that under 30 V.S.A. § 218(c),
9 “[t]he societal test should remain the principal touchstone” in power resource evaluation
10 and selection.²⁸ That is, GMP and this Commission must evaluate all societal costs and
11 benefits of various power supply alternatives before making commitments. Any
12 discussion of the value of customer self-generation in meeting our energy transformation
13 challenges must be undertaken in this context.

14
15 The Vermont Department of Public Service 2018 CEDF reported that clean energy jobs
16 in the state declined in the twelve month period from 2017 to 2018 by about 1.7 percent.
17 The decline over these 12 months amounts to a loss of close to 320 jobs at a time when
18 the state is trying to recruit people to move here.²⁹ Between 2017 and 2018, the solar
19 trades in Vermont shed roughly 215 jobs, or nine percent of the state’s solar workforce.

²⁸ *Investigation into Least-Cost Integrated Resource Planning for Vermont Electric Power Company, Inc.’s Transmission System*, Docket No. 7081, Order of 6/20/07 at 21-22.

²⁹ Exh. REV-10 at 5.

1 At the same time, solar installations across the state declined by about 9 percent.³⁰

2 “[T]hese shifts follow significant policy reforms to the state’s net- metering program [in
3 2017], which limited Vermonters ability to self supply and made the siting of new
4 renewable energy projects more expensive and difficult, leading to an almost 20 percent
5 decline in applications.”³¹ The Department also reported that the 2017 changes to the net-
6 metering program led to a significant decline in new projects compared to 2016 levels.³²
7 The significant job declines in the Vermont clean energy economy represent a loss to the
8 local economy that GMP envisions growing. According to the DPS 2018 report, the state
9 is home to approximately 18,800 clean energy workers. “Clean energy jobs in Vermont
10 support workers with higher median hourly earnings—about \$26.71—compared to both
11 the overall median and living wage for the state.”³³

12
13 Customer choice to self-supply via a renewable distributed energy resource, like solar,
14 allows GMP to avoid a number of power supply, transmission, and distribution/delivery
15 costs, while also supporting local economic activity and helping the state meet its
16 renewable energy and climate commitments. Self-generating customers use their own
17 financial resources or means to fund renewable generation resources for bill credits that
18 expire if unused within one year. Thus, GMP’s customers have no cash obligation to

³⁰ Exh. REV-10 at 3, 7 (“In Vermont, the shedding of solar jobs came alongside a decline in solar installations over the same period of about 9%. More importantly, however, these shifts follow significant policy reforms to the state’s net- metering program, which made the siting of new renewable energy projects—especially larger installations—more difficult, leading to an almost 20 percent decline in applications.”).

³¹ Exh. REV-10 at 3.

³² Exh. REV-10 at 8.

³³ Exh. REV-10 at 5.

1 customers choosing self-supply, like they do for every other form of power supply in the
2 company's portfolio.
3

4 **Q19. Do you have any other comments regarding the deployment of customer choice to**
5 **self-supply with renewable energy in Vermont?**

6 A19. Vermont spends over two billion dollars (\$2,000,000,000) on energy imported from out
7 of state; over 90% of Vermont's energy for consumption is imported from out-of-state or
8 out-of-country resources. (Numbers are based on latest (2016) United States Department
9 of Energy data from the Energy Information Administration (EIA) –

10 including <https://www.eia.gov/state/data.php?sid=VT#ConsumptionExpenditures>).

11 Current energy consumption in Vermont is ~35% electricity, of which ~66% is imported
12 from out-of-state (Vermont Energy Action Network (EAN -- eanvt.org) data -- "Vermont
13 Electric Generation Data for 2016" (filename: "EAN 2016 electric data update, 18-Jan-
14 2018.pdf"). Vermont's 2016 Comprehensive Energy Plan includes goals to convert the
15 majority of heating and transportation energy consumption to efficient electrical heating
16 and transportation ([https://legislature.vermont.gov/assets/Legislative-Reports/Executive-](https://legislature.vermont.gov/assets/Legislative-Reports/Executive-summary-for-web.pdf)
17 [summary-for-web.pdf](https://legislature.vermont.gov/assets/Legislative-Reports/Executive-summary-for-web.pdf)). Transitioning our electrical supply from imported electricity
18 from out-of-state and out-of-country to locally generated clean electricity from renewable
19 energy resources can bring most of this \$2 billion dollars back into the state, including in
20 the form of good paying jobs for Vermonters.
21

1 By contrast, currently Vermont allows our utilities to export energy dollars instead of
2 investing locally in a sustainable clean energy economy. Vermont needs to pivot to
3 producing more *local* renewable energy resources. As Mr. Phelps points out in his
4 testimony, the Commission has emphasized that alternative regulation plans filed
5 pursuant to 30 V.S.A. § 218d must “advance[e] State energy policy, as required by
6 Section 218d(4)”³⁴ Section 218d(a)(4) provides that as a condition of approving an
7 alternative regulation plan, the Commission must first conclude that the plan will:

8 *offer incentives for innovations and improved performance that advance*
9 *state energy policy such as increasing reliance on Vermont-based*
10 *renewable energy* and decreasing the extent to which the financial success
11 of distribution utilities between rate cases is linked to increased sales to
12 end use customers and may be threatened by decreases in those sales.³⁵

13 The reference to increasing reliance on Vermont-based renewable energy is consistent
14 with Vermont’s renewable energy goals articulated in 30 V.S.A. § 8001(a). The
15 Legislature found that “[b]alancing the benefits, lifetime costs, and rates of the State's
16 overall energy portfolio *to ensure that to the greatest extent possible the economic*
17 *benefits of renewable energy in the State flow to the Vermont economy in general, and to*
18 *the rate-paying citizens of the State in particular.*” (Emphasis added). Including customer
19 choice to self-generate through renewable energy resources that they own and can deploy
20 locally should be a part of the MYRP because it has proven to be an important tool in
21 achieving state policy objectives for Vermont-based renewable energy.

³⁴ Vermont Department of Public Service request for workshop on utility rate regulation, Case No. 17-3142-PET, Order of 7/23/18 at 1.

³⁵ 30 V.S.A. § 218d(a)(4) (emphasis added).

1 **IV. REV's Recommendations Align With Statutory Objectives**

2 **Q20. Please summarize how REV's recommendations on the MYRP align with the**
3 **requirements of the alternative regulation statute?**

4 A20. We refer the Commission to the testimony of Mr. Phelps who answers this question in
5 part. By allowing more customer choice through a DER platform that allows non-utility
6 market participants to serve GMP's electric customers with innovative energy solutions,
7 and encouraging customers to invest in their own local renewable energy systems, the
8 MYRP would satisfy the requirement for least-cost energy service to GMP's customers.
9 (§ 218d(a)(1)) is innovative (§ 218d(a)(6))), promotes improved service choices
10 (§ 218d(a)(5)), and will further state policy to increase reliance on Vermont-based
11 renewable energy (§ 218d(a)(4)). REV's recommendation that any MYRP be complete
12 before it is approved, including clear standards and processes contained in a single
13 document or binder is necessary for the plan to meet the requirement that the company
14 operate as efficiently as possible using sound management practices (§ 218d(a)7). GMP
15 should work now with stakeholders to develop the parts of the plan that it proposes to
16 defer until later and to incorporate language from external documents so the details of the
17 MYRP are clear.

1 **Q21. Does this conclude your testimony?**

2 A21. Yes, thank you.

3

4

5

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