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

March 11, 2019

Ms. Cadwell and Mrs. Campbell Andersen submit rebuttal testimony to respond to the testimony of Green Mountain Power Corporation.

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

Q1. What is the focus of your testimony?

A1. We respond to Ms. Powell’s testimony of February 4, 2019 that REV’s recommendations in this proceeding reflect “a narrow view of GMP’s obligations and responsibilities to [its] customers,” and is “an old-world, traditional view of utilities.”¹ We also clarify why it is critical that the Public Utility Commission must require a plan from Green Mountain Power about its power supply, and how it intends to use \$85,000,000 annually for capital projects during each year of the plan. The Company did not explain in its rebuttal testimony why it is reasonable or appropriate for GMP *not* to have a plan for spending the \$85,000,000 annually it wants the Commission to approve. It may be “old world” to expect Vermont’s largest electric utility with the largest share of retail electric customers in the State to have a plan for the expenditure of \$85,000,000 in ratepayer money, but we believe that some “old world” principles still have relevance today, like knowing how a utility intends to spend \$85,000,000 in capital dollars if regulators decide to give advance approval to spend those dollars.

¹ Prefiled Rebuttal Testimony of Mary G. Powell on Behalf of Green Mountain Power, February 4, 2019 at 8.

1 **Q2. What clarification to REV’s recommendations do you have in response to Ms.**
2 **Powell’s concerns?**

3 A2. First, REV applauds GMP’s recognition that a monumental shift in Vermonters’ energy
4 use is needed to achieve greenhouse gas pollution reductions and climate commitments.

5 Second, Ms. Powell’s testimony was helpful in proving REV’s point about GMP’s ability
6 to create markets and move policy. That power, when exercised by a legal monopoly
7 such as GMP, must be checked through reasonable protections and performance metrics
8 to ensure that customers get the benefits of competition where competition is not legally
9 barred (i.e., markets other than retail electric service).

10 Finally, we have to point out the irony of Ms. Powell’s description of REV’s positions
11 being “old world”, when GMP remains structured as a traditional vertically integrated
12 utility with distribution, transmission, and generation assets all owned and operated by
13 GMP. What GMP is seeking from the Commission, is permission to operate an “old
14 world” vertically integrated monopoly in a new competitive environment without any
15 protections to ensure that Vermont’s largest block of electric utility ratepayers get the
16 benefit of competition and customer choice.

1 **Q3. How does GMP’s marketing of cold climate heat pumps serve as an example of**
2 **REV’s point about protections for competitors that Ms. Powell describes as “old**
3 **world traditional view of utilities”?**

4 A3. As Ms. Powell testified, there is a competitive market for cold climate heat pumps.
5 Unfortunately, GMP does not tell its captive ratepaying customers that there is such a
6 competitive market or that customers have choices to purchase heat pumps from
7 companies other than GMP. For GMP, “customer choice” for a cold climate heat pump
8 means choosing between a “sleeping bag onesie” or a heat pump sold by GMP. This
9 “choice”—a sleeping bag onesie or a GMP cold climate heat pump—was marketed to
10 GMP’s customers through a bill insert shown in Figure 1 below:

Figure 1: GMP Bill Insert

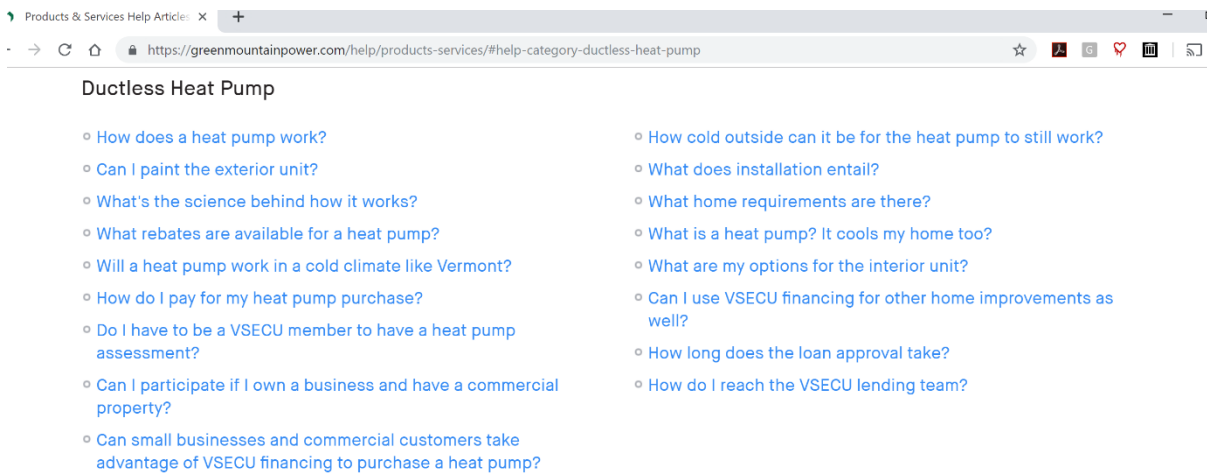


1 REV fundamentally disagrees with GMP's characterization of "customer choice" for cold
2 climate heat pumps and using its ratepayer funded billing infrastructure to market this
3 limited "choice" to captive customers. Customer choice means customers can choose
4 providers *other* than GMP for such products or services. GMP's message is a very

1 different choice for customers whose only choice for retail electric service is GMP. The
2 reality is that GMP is not the only alternative when a customer wants to install a cold
3 climate heat pump.

4 GMP also does not inform customers that cold climate heat pumps are available for
5 purchase from other Vermont companies in the Company's "frequently asked questions"
6 (FAQ) section of the Company's website. See Figure 2 below:

Figure 2; GMP Heat Pump FAQ



7 Protections for local Vermont businesses providing innovative energy services who
8 compete with GMP in non-utility energy products and services, are necessary to prevent
9 GMP from leveraging its monopoly power and ratepayer funded infrastructure to gain a
10 competitive advantage (and by extension a market share) in unregulated competitive
11 markets.

1 **Q4. What other examples should the Commission consider when evaluating GMP's**
2 **response to REV's concerns about protecting competitive markets?**

3 A4. An excellent example is how GMP has responded to new proposed generation in the area
4 loosely defined and known as the SHEI – Sheffield-Highgate Interface. GMP uses its
5 distribution function to leverage protections against competition for its own generation
6 resource (Kingdom Community Wind, KWC) located in the SHEI. GMP intervenes in
7 Commission cases considering new generation resources in the SHEI to claim that its
8 retail electric customers will be harmed by potential curtailment of KCW that could
9 increase if new generation, even load reducers, are located in the SHEI. Non-utility
10 generators located in the SHEI have not intervened at the Commission to protect their
11 competitive position in the wholesale market. However, by having captive distribution
12 customers, GMP has been able to influence the Commission to protect GMP from
13 competition, stifle the development of new in-state renewable electricity generation, and
14 avoid investment to fix the SHEI problem, which GMP has known about since at least
15 2013. Although SHEI is a six (6) year-old problem that has affected KCW, GMP still has
16 no plan to remedy the problem to neutralize curtailment of KCW, as both an issue for
17 regulators, and an obstacle to local economic development, local property tax reductions
18 for Vermont property owners, and the development of new renewable energy in certain
19 parts of the state.

20 If GMP truly believes the “old world” “traditional utility” model is responsible for the
21 industry's current crisis, the Company should consider a new model, perhaps one that

1 allows customers to choose their generation resource or even their retail electric service
2 provider.

3 **Q5. What alternatives to structural separation are available to the Commission to**
4 **protect competition and competitive markets from GMP's monopoly power?²**

5 A5. GMP is not aligned with REV on the need for protections to ensure a level playing field
6 for companies that offer services not subject to Commission regulation. As an alternative,
7 the Commission could consider other tools to protect competition as a condition of its
8 approval for GMP's MYRP.

9 For example, standard of conduct rules similar to the federal rules that GMP had to begin
10 complying with when it merged with Central Vermont Public Service Corporation could
11 be developed. The FERC standard of conduct rules were adopted to enable and protect
12 competition in the wholesale energy market, and they prohibit GMP from favoring its
13 own generation resources over competitors when managing its transmission assets. Rules
14 to protect competition and level the proverbial playing field could require GMP to allow
15 competitors equal access to GMP's bills for insert of their marketing materials. The rules
16 could also restrict GMP from using bill inserts to market competitive goods and services
17 without a customer disclosure that alternatives to GMP's products exist, and how to
18 obtain more information about those alternatives.

² See Joint Prefiled Testimony of Leslie A. Cadwell and Olivia Campbell-Andersen on Behalf of Renewable Energy Vermont December 14, 2018 at 14.

1 In addition to standard of conduct rules, the Commission could require GMP to allocate
2 its costs via an approved cost allocation manual (CAM), that would protect ratepayers
3 from paying for costs associated with non-monopoly goods and services, including an
4 allocation of the Company's overhead to competitive goods and services. Currently,
5 GMP does not appear to include an allocation of any overhead to the cost/benefit analysis
6 of its pilots, hiding the true cost of providing pilot programs.³

7 **Q6. Do you have any specific recommendations to improve grid modernization and**
8 **interconnection of DER resources?**

9 A6. Yes. Due to the age and limitations on the existing GMP distribution grid network, GMP
10 reported in its responses to REV discovery that there are over 95,000 GMP customers
11 whose electricity is delivered over GMP circuits that are constrained:

**Q:REV:GMP.2-13: How many customers are located in each of the red, orange or yellow
constrained circuits shown on GMP's solar map? Produce all documents referred to, or
relied upon for your response.**

A:REV:GMP.2-13: At present, the number of customers in each circuit is as follows:

Yellow = 12,493 customers

Orange = 65,568 customers

Red = 17,547 customers

GMP utilized our GIS system for the data, and as a result, there are no responsive
documents.

Person/s Responsible for Response: Josh Castonguay
Title of Person/s: VP & Chief Innovation Executive and Power Supply
Date: February 25, 2019

³ E.g., The GMP BYOD Pilot filed with the Commission on February 23, 2018 shows only two types of costs included in the analysis: (1) GMP Grid Platform and (2) Battery Bill Credit.

1 These grid constraints present a significant financial and logistical barrier to the timely
2 interconnection and commissioning of DER resources in Vermont. Even very small
3 residential net metering systems are being held up by interconnection issues. Yet, GMP
4 revealed in discovery that it has no specific distribution projects planned to address these
5 distribution system inadequacies and constraints:

Q:REV:GMP.2-12: How does the proposed \$85 Million cap on capital spending impact the ability of GMP to upgrade the distribution grid to allow for “partnerships with [its] customers to create more home-, business-, and community-based energy systems, as well as third-parties in the energy space that can leverage the tools and resources GMP can provide...”? Produce all documents referred to, or relied upon for your response.

A:REV:GMP.2-12: See Response to Q:REV:GMP.2-11. It is through this capital work, ideally delivered in collaboration with our customers and partners, that GMP will continue to transition our grid to be more reliable while also accommodating higher levels of DERs as they are adopted by our customers through the good work of our partners in the market.

Person/s Responsible for Response: Brian Otley
Title of Person/s: Senior VP and Chief Operations Officer
Date: February 25, 2019 |

Q:REV:GMP.2-11: Identify and produce the capital plan for the MYRP period that would fund the upgrades to establish the grid platform Ms. Powell describes at page 3 of her rebuttal as quoted above.

A:REV:GMP.2-11: This spending will be included in the overall capital spending budget described in Mr. Otley's prefiled testimony, and Exhibits GMP-BO-1 & - 2. *There is not a specifically named set of projects that we are recommending be executed over the Plan period*, but rather, the Plan establishes a level of capital necessary to deliver strong reliability while continuing the evolution of our system to perform in the distributed, multi-directional model of energy delivery that Vermont needs, while also responding to the need to manage capital costs. Each year of the Plan, GMP will identify a set of projects to be delivered during that year, which will include projects to update aged infrastructure, increase resiliency, meet projects for the Agency of Transportation, telecommunications providers, and other requesting parties, and new initiative projects to further evolve our grid to the emerging model of energy delivery while accommodating higher levels of DERs adoption. In addition, the Plan provides the opportunity for requesting additional capital investment under certain circumstances, subject to PUC approval.

Person/s Responsible for Response: Brian Otley
Title of Person/s: Senior VP and Chief Operations Officer
Date: February 25, 2019

1
2 REV recommends that GMP be required to develop and file a grid modernization capital
3 plan that can be vetted in this process with all of the parties before the MYRP is
4 approved.

5 **Q7. Do you have any other recommendations regarding MYRP provisions relating to**
6 **grid modernization and interconnection?**

7 A7. Yes. It is essential to identify and understand the condition of GMP's electric grid, the
8 grid's capacity to integrate new resources, and the cost of those resources. Therefore, we
9 recommend that within sixty days of the Commission's final order in this proceeding,
10 GMP be required to submit a compliance filing that provides (i) the number of DER
11 third-party generation resources interconnected to the grid as of the date of the filing, (ii)

1 the aggregate kW interconnected, broken out by systems up to 15 kW and systems larger
2 than 15 kW, (iii) the number and aggregate capacity of systems waiting to be
3 interconnected, but unable to do so as a result of capacity constraints on the grid, and (iv)
4 both the average and longest duration a facility has waited to interconnect to the grid,
5 broken down by 15 kW, 150 kW and a 500 kW categories of systems. GMP should also
6 report (1) the average cost to interconnect a 15 kW, 150 kW, and a 500 kW facility for
7 each of the following years: 2011 through 2018. Going forward, GMP should be
8 required to report, at least every six months, detailed data on the cost and progress of
9 interconnecting DER to the GMP Vermont grid.

10 **Q8. What other recommendations do you have after considering GMP's rebuttal and**
11 **discovery responses?**

12 A8. REV contends that Vermont must significantly accelerate the adoption and deployment
13 of new renewable in-state DER to (1) address the adverse financial, health and
14 environmental impacts of climate change that GMP identified in its presentation of the
15 MYRP, (2) meet Vermont's renewable energy and emission reduction goals, and (3)
16 sustain Vermont's clean energy economy. It is critical that the MYRP be designed to
17 advance state energy policy to "increase[] reliance on Vermont-based renewable energy"
18 as called for by statute.⁴

19 Because critical and significant procurement decisions will take place over the next three
20 years if the Commission approves the MYRP, GMP should revise the plan to ensure that

⁴ 30 V.S.A. § 218d(a)(4).

1 its investment and procurement decisions advance Vermont energy and climate change
2 policy, including a focus on Vermont-based resources. Accelerated deployment of new
3 renewable DER in the GMP's service territory in the amount of *at least* 61 MW per year
4 of new in-state generation resources, including net-metered generation, would be more
5 effective in advancing state policy than the maintaining the status quo.

6 **Q9. Does this conclude your testimony?**

7 A9. Yes.

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