GREEN MOUNTAIN POWER
Generating Possibilities Together

2152 Post Road
Rutland, Vermont 05701

*Rob Bingel*
*Manager, Financial Planning and Analysis*

*Phone: 802-318-1458*
*Rob.Bingel@greenmountainpower.com*

May 2, 2022

***Via ePUC***

Holly Anderson, Clerk
Vermont Public Utility Commission
Peoples United Bank Building, 4th Floor
112 State Street
Montpelier, VT 05620-2701

**Re: FY2022 2nd Quarter Report of Power Supply, Retail Revenue, and Exogenous Major Storm Adjustors**

Dear Ms. Anderson:

In this Quarterly Adjustor Report for the second quarter of Fiscal Year 2022 ("FY2022 Q2"), Green Mountain Power ("GMP") reports on (1) our results for the Power Supply and Retail Revenue Adjustor ("PSRRA"); (2) our results for the Exogenous Major Storm Adjustor ("EMSA"); and (3) how these results are treated under our Amended Multi-Year Regulation Plan, as filed in Case No. 21-1965-PET, and approved by the PUC August 27, 2021 (the "Plan" or "MYRP"). Under the Plan, GMP will reflect an approximately $3.22M customer credit, representing the Cumulative Carry Forward balance that had accrued as of the end of FY2022 Q1, on customer energy statements beginning July 1, 2022, for a period of twelve months. GMP is filing updated tariff sheets to reflect this credit, along with a customer notice, in a separate proceeding simultaneous with this report.

The details supporting this result are described below.

## I. <u>MYRP Power Supply and Retail Revenue Adjustor Report – Second Quarter Fiscal Year 2022 Results</u>

Attachment 1 to this letter sets forth the accounting details of our FY2022 Q2 PSRRA, and includes the following information:

- Tab 1: Actual Power Costs;
- Tab 2: Power Supply and Retail Revenue Adjustor Results;
- Tab 3: Variance Explanations;

- Tab 4: Retail Sales and Revenue Variances; and
- Tab 5: Supporting Workpapers – Power Costs.

Below is a summary of these results and an explanation of the drivers of the variances between actual results and forecast.

## 1. Power Supply and Retail Revenue Adjustor – FY2022 Q2 Results

In FY2022 Q2, largely due to higher energy market costs, the net PSRRA calculation resulted in an undercollection of $6.421 million ("M"):

| | |
|---|---|
| Retail Revenue Collected: | $8.938M more than forecast |
| Power Supply Costs (net): | $15.359M more than forecast<br>Component A: $2.654M more than forecast<br>Component B: $12.704M more than forecast<br>(after Efficiency Band adjustment and removal of buy through costs)[1] |
| **Total FY2022 Q2 PSRRA:** | **$6.421M undercollection** |

Primary factors driving the variance between actual results and the forecast for the quarter are as follows:

Retail Revenue and Sales Volume

Retail revenues were $8.938M, or 5.0%, higher than forecast.[2] MWh sales were higher than forecast, largely driven by an exceptionally cold January. Unlike previous quarters when higher Residential sales were offset by lower Small and Large C&I sales, this quarter featured higher than forecast sales for all major rate classes—perhaps a sign of further pandemic recovery.

Power Supply

Gross net power supply costs were higher than forecast by $16.731M. As described below, the primary drivers of the variance were markedly higher energy market prices this winter, because of supply concerns exacerbated by world events, resulting in higher costs to cover our open position and higher amounts for congestion and losses. To a lesser extent, higher

[1] These figures in the table and associated discussion below do not include $2.0M in retail revenue from the "buy-through program" for Rate 63/65 customers that participate in the Curtailable Load Rider, a feature that was triggered this winter season. Retail revenues and associated power supply costs from this program are removed from the PSRRA calculation. Rate 63/65 customers on the Curtailable Load Rider agree to reduce their load when requested by GMP in exchange for a lower rate. Those customers may, however, elect to not reduce their load and instead "buy through" the curtailment event and purchase energy at a rate based on the day-ahead market price. The intent of the program is to ensure participating customers pay for associated costs when triggered; therefore, the associated revenues, costs, and sales volumes have been isolated and removed from the calculation of the PSRRA.

[2] Retail sales volume was 59,473 MWh, or 5.6%, higher than forecast, and a positive $0.0008 per kWh average rate variance, which was 0.5% higher than forecast.

formula contract price adjustments to the HQUS PPA than budgeted, and power supply payments from Q1 that experienced processing delays, also contributed to this quarter.[3] Here are the details:

- Component A

Component A costs were $2.654M higher than forecast for the quarter. The largest variance was associated with higher charges for line losses due to higher energy market prices. Regional Nework Service and Forward Capacity Market costs were also higher than forecast, driven by a larger RNS rate increase and a higher capacity requirement for the FCM than budgeted, as well as a payment that was booked in Q2, due to processing timing in Q1. Other smaller variances occurred for VELCO VTA and power purchased for storage operations.

- Component B

Gross Component B costs were $14.077M above forecast. The primary reasons for the variance were higher than budgeted market prices coupled with higher than forecast load, along with higher than budgeted formula contract price adjustments tied to market changes in the HQUS PPA that will continue through the fiscal year. All of these variances were partially offset by higher revenues from resales. As required by the MYRP, GMP retained the full amount of the "Efficiency Band" adjustor, which decreased the magnitude of the Component B variance for customers by $1.372M, yielding a net Component B variance of $12.704M above forecast for the quarter.[4]

As discussed above, all of these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a total undercollection of $6.421M for the quarter. For context, this result is better than GMP anticipated when news of regional and worldwide supply issues first caused energy prices to spike unexpectedly last November. The timing of some of our hedging transactions coupled with somewhat moderating prices in late winter contributed to this overall result.

[3] There is no net impact of the payment processing delays over the two quarters.

[4] The Efficiency Band amount was based on a higher per unit Cost Variance ($0.0099/kWh Component B rate variance coupled with retail sales volume of 1,111,012 MWh).

## II. MYRP Exogenous Major Storm Adjustor – FY2022 Q2 Results

There were no Major Storms in FY2022 Q2 to report.

## III. Quarterly Net Adjustment – Current and Prior Measurement Periods

Under the MYRP, these two consecutive quarterly changes in the same direction require the Cumulative Carry Forward balance of the prior measurement quarter (here, FY2022 Q1) to be reflected in bills starting the first day of the next quarter (July 1, 2022), unless otherwise ordered by the Commission.[5] The FY2022 Q2 Quarterly Net PSRRA Adjustment is an undercollection of $6.421M. There is no Quarterly EMSA cost for FY2022 Q2. Therefore, the total Quarterly Net Adjustment for FY2022 Q2 is a $6.421M undercollection.[6] As reported in GMP's January 31, 2022 Adjustor filing, the prior quarter, FY2022 Q1, also yielded a Quarterly Net Adjustment undercollection.[7] Given that the Quarterly Net Adjustments for these periods are in the same direction, the Cumulative Carry Forward credit amount of $3.223M from FY2022 Q1 will be returned to customers over the course of twelve months beginning July 1, 2022, and the Quarterly Net Adjustment from the current quarter will be carried forward.[8]

## IV. Cumulative Carry Forward

The Cumulative Carry Forward through FY2022 Q1 was a credit of $3.223M, which will be returned to customers beginning in FY2022 Q4. The new Cumulative Carry Forward is a $6.421M undercollection and awaits collection, or further netting, based upon the results of future quarters.

The chart below reflects the results of FY2022 Q2, and the calculation of the Cumulative Carry Forward since the beginning of FY2021:

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[5] The MYRP was amended to revise the collection and recovery provisions for these adjustors by Order dated August 27, 2020 in Case No. 20-1401-PET. Under this amended MYRP, GMP measures the PSRRA as a percentage similar to the exogenous change adjustment for Major Storms and reports the PSRRA and Major Storm Adjustor quarterly. The "Quarterly Net Adjustment" for a quarter takes into account the results of the PSRRA calculation and any Major Storm adjustment. If the Quarterly Net Adjustment for the current measurement quarter is in the opposite direction of the Quarterly Net Adjustment for the prior measurement quarter (for example, the current quarter nets to a return and the prior quarter netted to a collection), then the amounts of the two quarters will be further netted against each other and the resulting remaining amount will be carried forward to the next quarter as a regulatory asset or liability. Only when two consecutive Quarterly Net Adjustments go in the same direction will a collection or return occur, amortized over a 12-month period starting on the first day of the next quarter, unless otherwise requested or ordered by the Commission.

[6] Pursuant to Section VI of the MYRP, for each measurement period, the quarterly PSRRA and the quarterly major storm amount, if any, are to be netted.

[7] See GMP January 31, 2022 FY2022 1st Quarter Report of Power Supply and Retail Revenue Adjustor, assigned Case No. 22A-0303.

[8] See MYRP § VI.

| Measurement Period | PSRRA $ | Major Storm Adjustor $ | Quarterly Net Adjustment $ | Cumulative Carry Forward $ | Collection (Return) to Customers |
|---|---|---|---|---|---|
| FY2021 Q1 | 5,667,386 | -- | 5,667,386 | 4,952,582 | n/a |
| FY2021 Q2 | (5,283,160) | 1,000,130 | (4,283,030) | 669,552 | n/a |
| FY2021 Q3 | (401,785) | 93,864 | (307,921) | 361,631 | n/a |
| FY2021 Q4 | (4,158,853) | 0 | (4,158,853) | (3,797,222) | n/a |
| FY2022 Q1 | 574,079 | 0 | 574,079 | (3,223,143) | n/a |
| FY2022 Q2 | 6,420,518 | | 6,420,518 | 6,420,518 | (3,223,143) |

This filing is subject to Department of Public Service ("Department") review and Commission approval pursuant to Section VI of the MYRP. Unless otherwise requested or ordered by the Commission, GMP will begin returning the amount of $3,223,143 to customers on July 1, 2022 for 12 months and will roll the net amount of $6,420,518 to the next quarterly reporting period. The proposed line item return to customers for this amount is 0.49% based on a percentage of retail revenue. Contemporanesouly with the filing of this report, GMP will file a tariff proceeding to apply the line item return to customers' energy statements starting July 1, 2022 unless otherwise ordered, along with the previously-reviewed customer notice for these adjustor filings.

## V. Conclusion

GMP appreciates the Commission's and Department's review of this filing. Thank you, and if you have any questions, please feel free to contact me.

Sincerely,

GREEN MOUNTAIN POWER

Rob Bingel

Enclosure

cc: James Porter, Esq., Department of Public Service (via ePUC and email)