

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Petition of Green Mountain Power Corporation)
for modification of GMP’s Multi-Year Regulation)
Plan under 30 V.S.A. § 218d and for approval of)
FY22 New Initiative Investments) Case No. 21-____-PET

**PETITION TO MODIFY GREEN MOUNTAIN POWER’S MULTI-YEAR
REGULATION PLAN AND FOR APPROVAL OF FY22 NEW INITIATIVE
INVESTMENTS**

Green Mountain Power Corporation (“GMP”) petitions the Public Utility Commission (“Commission”) to approve under 30 V.S.A. § 218d a narrow modification to its Multi-Year Regulation Plan (“MYRP” or the “Plan”) to authorize GMP to make an additional equity investment in Vermont Transco LLC (“VT Transco”), in which all Vermont distribution utilities are participating, and which has been shown to be in the best interest of customers, including GMP’s. This investment opportunity was not forecasted by VT Transco at the beginning of GMP’s Plan period but presents an opportunity to flow through the benefits of this investment in affiliates to GMP customers during the remainder of the Plan and beyond.

GMP is also seeking authorization under Section IV(A)(1)(iv) of the Plan to invest additional capital into New Initiative programs—specifically GMP’s well-subscribed Energy Storage System (“ESS”) Tariff that employs residential battery storage to reduce costs and carbon for all customers. This request allows GMP to meet customer demand for this transformative offering consistent with the level of participation approved by the Commission in authorizing the tariff.

In support of this petition, GMP states as follows:

1. GMP is a Vermont corporation engaged in the manufacture, transmission, distribution, and sale of electricity directly to the public. Its principal office is located at 163 Acorn Lane, Colchester, Vermont 05446.
2. As an integrated electric utility, GMP is subject to the Commission's regulatory authority over its electric rates and service. *See* 30 V.S.A. §§ 203, 209, 218, 218d, 219, 225, 226, and 227.
3. GMP is currently operating under a three-year MYRP, which was approved by the Commission under 30 V.S.A. § 218d, in Case No. 18-1633-PET, and amended in Case No. 20-1401-PET.
4. In order to create rate stability, the Plan locked a large percentage of GMP's cost of service over the three years of the plan, including investments in and earnings on equity in affiliated entities, *see* MYRP § IV(A)(4) as well as overall capital investments, subject to specific exceptions, *see* MYRP § IV(A)(1)(i). The requested amendment to the Plan related to GMP's VT Transco investment is described first, followed by GMP's request for approval of FY22 New Initiative Investments.

A. VT Transco Amendments

5. GMP based its earnings in affiliates three-year forecast on the assumption that its affiliate VT Transco would raise \$40 million of additional capital through the issuance of long-term debt in June 2021, consistent with VT Transco's forecast at that time. VT Transco now has determined that this capital will be raised by issuing member equity in December 2021. All Vermont distribution utilities are participating in this investment, which has been shown to be in the best interest of customers, including GMP's.

6. Under the Plan without amendment, the costs associated with this additional investment would flow through to customers but the net benefit created by the additional investment would not. Therefore, a narrow modification to the Plan is proposed in Mr. Ryan's testimony, which alters Section IV(A)(4) for the limited purpose of allowing these net benefits to flow through to customers in FY22.

7. As described in the supporting testimony and exhibits, this investment and modification, if allowed, will result in a small increase in cost of service of \$1.7M, or 0.25%, in FY22 but will be more than offset by cost of service decreases in future years totaling \$10.6M in net benefit by 2026. These benefits are expected to continue beyond the 2026 forecast.

8. Moreover, two adjustments relating to VT Transco ADIT returns offset this increase during this rate year, resulting in a net overall decrease in the FY22 cost of service due to VT Transco changes. The first adjustment involves VT Transco's request for Federal Energy Regulatory Commission ("FERC") approval to return its 2020 and 2021 catch-up excess ADIT amortization in December 2021 and thereafter amortizing the remaining excess ADIT liability on a monthly basis. The second adjustment is a small ADIT reconciliation to be recorded in October 2021. These two ADIT adjustments result in a 0.44% decrease to FY22 base rates, and when netted with the VT Transco equity investment, result in a 0.18% decrease for customers in FY22, as reflected in Exhibit GMP-ER-2.

9. VT Transco anticipates that FERC will approve this return by December 2021. In the event approval is delayed, the return of this net benefit to GMP's customers will be delayed and will result in higher Transmission by Others expense that will flow through the Power Supply Adjustor until the return is approved by FERC, at which point this benefit will be returned to

customers. GMP's amortization of its excess ADIT Tax Credit is linked to VT Transco's excess ADIT amortization, so a FERC delay would also delay GMP's excess ADIT Tax Credit amortization. Therefore, GMP is also petitioning the Commission to allow GMP to delay return of its own excess ADIT Tax Credit, if necessary, to correspond with the timing of the VT Transco return so that there is not a mismatch between the timing of these two related components.

B. New Initiative Investments

10. GMP is also seeking Commission approval to include in base rates capital investments related to its ESS Tariff as a New Initiative under MYRP § IV(A)(1)(iv). That provision provides:

To the extent that GMP proposes capital investments for New Initiative projects above the annual \$5M cap in the coming fiscal year, it shall file known and measurable documentation, including appropriate financial analysis, for the proposed expenditures in its Annual Base Rate filing. These projects shall be limited to transformative customer-facing energy projects that require an initial upfront capital investment by GMP and are forecasted to contribute a net positive benefit to non-participating customers through new sources of revenue and/or cost savings over the life of the program.

GMP further committed that it would seek Commission approval if it believed it was in customers' best interests to exceed the forecasted \$15M in New Initiative investments over the three-year term of the Plan. *See* Schedule G, filed June 13, 2019 in Case No. 19-1932-TF.

11. GMP is seeking approval for additional New Initiative investments in order to meet customer demand for the ESS Tariff program in FY22. To date, the ESS Tariff has been fully subscribed, and GMP expects continued strong customer interest and full enrollment over the

term of the Tariff. This will result in \$8.4 million additional capital investment in the ESS program during FY22. With this level of proposed capital investment, New Initiative investments in total, along with GMP's ongoing Innovative Pilot programs, are forecasted to be \$10.6 million in FY22, totaling \$22.5 million over the term of the Plan. As a result, GMP is requesting authorization for \$7.5M in New Initiative investments above the preset \$15M three-year investment level.

12. In his supporting testimony, Joshua Castonguay demonstrates, as the Commission also found in Case Nos. 19-3167-TF and 19-3537-TF, that this program is anticipated to generate net positive value for all GMP customers over the life of the program while pioneering a nation-leading market for residential batteries as important distributed grid resources that reduce carbon in addition to lowering peak power costs. Thus, while this additional capital investment would result in a 0.09% increase in FY22 base rates, it will return a benefit to customers over the life of the ESS program.

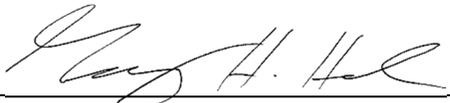
13. For the reasons stated above, GMP respectfully requests the Commission approve both the proposed VT Transco modification and the level of New Initiative capital investment in the ESS proposal. GMP is concurrently filing its Annual Base Rate case, which incorporates the forecasted impacts of this Petition, and respectfully requests that the Commission establish a schedule in this proceeding that will allow for review and a decision on this Petition concurrent with the related FY22 Annual Base Rate proceeding, so that there is adequate time to implement base rates by October 1, 2021.

WHEREFORE, GMP respectfully requests that the Commission:

- (a) Schedule promptly a prehearing conference on this Petition and issue an order establishing procedural requirements, including technical hearings if the Commission deems appropriate, for its review of the Petition concurrent with the FY22 Annual Base Rate filing;
- (b) Make findings of fact and conclusions of law with respect to the matters set forth in this Petition; and
- (c) Take any other actions the Commission deems necessary or advisable in connection with this Petition.

Dated at Burlington, Vermont this 1st day of June, 2021.

GREEN MOUNTAIN POWER CORPORATION

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