



91 College Street, PO Box 545  
 Burlington, VT 05402-0545  
 tel 802.860.1003 | fax 802.860.1208  
 www.dunkielsaunders.com

Brian S. Dunkiel *	Alex "Sash" Lewis *	Jonathan T. Rose
Eileen I. Elliott	Kelly D. H. Lowry *	Zoe E. Sajor **
Shawn Gordon * *	Justin W. McCabe * *	Mark A. Saunders
Geoffrey H. Hand	Elizabeth H. Miller	Karen L. Tyler
John B. Kassel	Andrew N. Raubvogel	Victoria M. Westgate
Drew Kervick *		

November 20, 2018



***By Hand Delivery***

Kimberly K. Hayden  
 Paul Frank + Collins P.C.  
 1 Church Street, PO Box 1307  
 Burlington, VT 05402-1307

Re: **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**

Dear Kim,

Thank you for your October 15, 2018 letter following up on Renewable Energy Vermont's (REV) discovery requests in this matter. Below please find Green Mountain Power's (GMP) response to the questions raised in your letter.

With respect to the six issues you identify, we have provided below REV's original discovery request, GMP's response to the original request, the follow-up comments in your 26(h) Letter, and GMP's response to the questions presented in your letter.

**Item #1 - Q:REV:GMP.1-1:**

Original Request: With respect to Mary Powell's testimony at page 2, lines 6-11 which states:

Vermont has not yet truly grappled with how we can keep ourselves on a transformational path for energy delivery while ensuring that customers (both residential and commercial) are protected from the potentially skyrocketing costs associated with promoting self-supply, integrating additional renewables, meeting regional transmission needs, recovering from more frequent storms, and hardening the grid physically and digitally.

- a. Identify, describe and produce all documents that support your claim that "promoting self-supply" may lead to "potentially skyrocketing costs".
- b. Explain what you mean by "integrating additional renewables" as stated at line 9.
- c. Identify and describe the "additional renewables" that your testimony references.
- d. Identify, describe and produce all workpapers, data, financial and empirical analyses relied upon that quantifies the potential "skyrocketing costs" associated with "additional renewables."

GMP Response to Request (A:REV:GMP.1-1.1):

- a. The risk derives from the fact that the effective cost of additional net-metered generation (including reduced retail sales, siting and REC adjustors, and net metered excess) to GMP customers is much higher than the near-term value of the output, and much higher than the cost to procure equivalent volumes of solar PV from alternative Vermont sources like Standard Offer and Power Purchase Agreements. In addition, the pace of net-metered generation growth is not presently capped. See Attachment GMP.REV1.Q1.1.

Please also see the Vermont Public Service Department's March 1, 2018 comments in Case No. 18-0086-INV, in which the Department explains fundamental changes to the Vermont electric system that cause incremental distributed solar generation to provide minimal transmission and distribution benefits. See Attachment GMP.REV1.Q1.2. The Department also describes (page 11) the widening gap between the cost and value of incremental net-metered generation to customers.

- b. Integrating additional renewables refers to the installation and interconnection of additional renewable energy resources, along with the potential for increasing ISO-NE operating reserve requirements.
- c. The response was not referring to any specific projects, but rather was noting that integration of additional renewable resources may potentially lead to further increased costs for customers. To the extent that additional renewables increase required operating reserves in the ISO-NE market, this would likely be driven by the penetration of renewables across the region as a whole.
- d. See response to subpart (a), above.

REV 26(h) Letter: GMP did not respond to the specific questions presented. With respect to the testimony claims of "skyrocketing costs associated with net meter generation and integrating more renewable." We specifically requested that GMP identify, describe and produce all documents that support the claims and also describe and produce "all workpapers, data, financial and empirical analyses" relied upon that quantifies the potential costs.

GMP produced a response with generalized statements and only two documents, GMP's and DPS' comments in 18-0086-INV, the recent biennial update re net metering. No workpapers, data, or financial or empirical analyses were produced by GMP in support of its claims, nor were any provided as specifically requested in the discovery. Please produce all of the requested documents responsive to this request.

GMP Response 26(h) Letter: GMP responded fully to this question. Both GMP's narrative response and Attachment GMP.REV1.Q1.1 (GMP's comments on the net-metering program) explain in detail the impacts of net-metering on other customers. The information produced supports the contention identified. To the extent REV's request seeks all other "workpapers, data, financial and empirical analyses" that may support the connection that



GMP described regarding the impact of net-metering and integrating renewables, that request is overbroad and clearly disproportional to the needs of the case.

The disproportionality of REV's request is made clearer by examining the quoted language in its proper context. Ms. Powell's full statement was that "Vermont has not yet truly grappled with how we can keep ourselves on a transformational path for energy delivery while ensuring that customers (both residential and commercial) are protected from the potentially skyrocketing costs associated with promoting self-supply, integrating additional renewables, meeting regional transmission needs, recovering from more frequent storms, and hardening the grid physically and digitally." Powell pf. at 2. This statement was clearly intended to provide a general overview of the context surrounding GMP's petition, including many factors beyond self-supply or renewables. The burden of REV's wide-ranging document request with regard to this statement thus significantly outweighs its likely benefit.

In addition, we note that GMP previously responded to extensive discovery requests regarding the general relationship between net-metering and rates in the regulation plan proceeding and the 2018 rate case, last year (Case No. 17-3232-PET, and Case No. 17-3112-INV); all of that information is already available to REV.

**Item #2 – Q.REV:GMP.1-13:**

Original REV Request:

Powell's testimony at page 8, lines 18-19, states with respect to GMP's proposal regarding capital expenses: "[W]e propose to cap spending each year to the level of approximately \$85 million, with limited opportunities for exceptions." With respect to this statement, please answer the following questions:

....

- d. What do you mean by "limited opportunities for exceptions" as it applies to "New Initiatives"? Will there be an annual or cumulative cap on the exceptions allowed for New Initiatives? Please explain in detail, including the amount(s), rationale, and produce all documents relating to your response.

Original GMP Response (A:REV:GMP.1-13):

- d. GMP's plan seeks an exception to the proposed innovating spending limits simply to avoid a situation where GMP is unable to expand a customer beneficial program and/or customers may not be able to participate in programs they seek to because of capital constraints within the MYRP period. Having that limited flexibility is important to be responsive to customer demand.

There is an annual plant additions limit within the MYRP, but there is also the flexibility to manage variances year-to-year within the cumulative plant additions limit of the entire MYRP period, along with the exceptions that allow for PUC approval of additional spending.

REV 26(h) Letter Comment: Part (d) of this question asks GMP whether there will be an annual or cumulative cap on the exceptions to the \$85M annual cap on capital spending. The response does not answer the question. It refers to the annual plant additions “limit” which we assume means the \$85 M cap. If it references some other limit, please explain. The response does not answer what the monetary cap on exceptions would be. Please respond. Further, the question asked that GMP produce all documents supporting your response, including the amounts proposed for exceptions annually and cumulatively.

GMP Response 26(h) Letter: GMP’s response fully and clearly answered the question. The exception to the proposed plant additions capital cap in the MYRP would require PUC approval; there is no proposed dollar limit to the exception because it would be subject to that approval, which GMP is confident provides the appropriate process for any amount above cap ultimately approved. Moreover, the cap was also described in A:REV:GMP.1-18(d) and A:PSD:GMP.1.13(c). GMP has no further documents relating to this response in its possession, beyond filed testimony and exhibits, and documents already produced in response to discovery in this matter, including A:PSD:GMP.1.1.

**Item #3 – Q.REV:GMP.1-14:**

Original REV Request: The MYRP (Exh. GMP-ER-1) at section 4.1.d (page 10 of the MYRP) refers to the New Initiatives spending levels as an “annual \$5M cap” for “the coming fiscal year. The section then discusses documenting proposed spending above the \$5M cap in an annual base rate filing. With respect to this section:

- a. Please produce examples of the documentation that would provide “appropriate financial analysis” as referenced in this section.

Original GMP Response (A:REV:GMP.1-14):

- a. GMP recommends using Exhibit 2 of the 2018 and 2019 rate proceedings as the documentation standard. The Exhibit has been developed in collaboration with the Department and approved by the PUC.

REV 26(h) Letter: The response refers to an Exhibit 2. Please confirm the reference is to Exhibit BO-2. In addition, identify the MOU that this relates to. Is that an MOU that has been executed between the DPS and GMP in case 18-0974-TF? Please produce the referenced MOU.

GMP Response 26(h) Letter: The reference is not to Exhibit BO-2, but to Exhibit 2 of the memorandum of understanding (“MOU”) executed by DPS and GMP in Case No. 17-3112-INV. The MOU and its attachments are available on ePUC at the following link:  
<https://epuc.vermont.gov/?q=downloadfile/236803/86567>

**Item #4 – Q:REV:GMP.1-18(d):**

Original REV Request: At page 6, lines 3-6 of your prefled testimony, Mr. Otley describe as one of the a “limited exceptions” to the \$85 million spending cap, potential growth in GMP’s “New



Initiatives” investments in energy transformation projects. With respect to this testimony:

....

- d. The table presented in Exhibit GMP-BO-1, which includes the same table as Table 1 in your prefiled testimony, is prefaced by the following statement: “The capital investment forecast by department for the multi-year period is: ... .” Please identify, describe and produce the New Initiatives capital spending forecast, and all documents relied upon, referred to or developed in connection with formulating such New Initiatives capital investment forecast.

Original GMP Response (A:REV:GMP.1-18(d)):

- d. The by department spending referred to in the question is for each of GMP’s traditional expense categories. By contrast, the new initiatives’ spending is, by intention and design, a place to prototype program design offerings that will appeal to customers who participate and save all customers money. With respect to pilot programs that may require capital expenditures, we have reviewed our spending on pilots to date and the overall level of capital spending we believe we can responsibly pursue in the regulation plan period (as extensively described in testimony) and calculated a soft cap for new initiative spending at \$5 million that provides GMP, the Department, the PUC and customers at large with the ability to understand the level of spending we intend (subject to all the strictures of the innovative pilot filings) while allowing GMP to seek specific review and approval if additional opportunities arise in the regulation plan period that warrant higher investment.

REV 26(h) Letter: [S]ubpart [d] of the question asks the Company to identify, describe and produce the New Initiatives capital spending forecast and all documents relied upon, referred to or developed in connection with formulating such New Initiatives capital investment forecast. No forecast or documents relied upon were produced. Exhibit GMP-BO-1 is a “Summary” of a forecast but not the forecast itself or the underlying data. Please respond.

GMP Response 26(h) Letter: GMP does not have any New Initiative forecasts beyond the preliminary forecasts already described in Mr. Otley’s testimony and produced in A:PSD:GMP.1.14 and .25. These forecasts will be updated according to the terms of the proposed Multi-Year Regulation Plan. Exh. GMP-ER-1. Additional description on how the innovative pilots forecast was developed is provided in A:PSD:GMP.2.4(c) & A:PSD:GMP.2-10.

**Item #5 – Q:REV:GMP.1-21:**

Original REV Request: Describe in detail the proposed documentation, review and approval process that GMP plans to implement to justify if a New Initiatives exception to the \$85 million cap should be permitted. With respect to this process, please describe both internal planning and review as well as the notice, review and approval process contemplated to be undertaken by the PUC to authorize exceeding the annual \$85 million cap.

Original GMP Response (A:REV:GMP.1-21): GMP will collaborate with the Department and the PUC to determine the process for seeking approval for exceptions to the \$85 million capital limit. As described in prior testimony, exceptions would be pursued for projects that would take

us beyond the capital amounts in the MYRP, and for which sufficient benefits for GMP customers could be realized if an exception to the capital limit were approved. We will collaborate with the Department and PUC in developing this process but anticipate that documentation, review, and approval will be similar to the current capital project review process.

REV 26(h) Letter: This question asks GMP to describe in detail the documentation, review and approval process that GMP plans to implement to justify exceeding the \$85M cap on spending for New Initiatives. The answer is non-responsive. It simply states that this process will be developed. Please answer the question.

GMP Response to 26(h) Letter: GMP's response fully answers the question. Section IV.1.d of the Multi-Year Regulation Plan itself states:

New Initiative Capital Expenditures

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. They may include investments for programs authorized as an Innovative Pilot, traditional tariffed offerings, or other capital projects that qualify under this provision. Exh. GMP-ER-1 at 10. The specific process for approving New Initiatives expenditures beyond the \$5 million cap has not been developed yet. To the extent that REV's letter assumes that GMP must propose a specific process now in order to answer its discovery request, such a requirement would be well beyond the bounds of permissible discovery.

**Item #6 – Q:REV:GMP.1-23 (a) & (c):**

Original REV Request: Please list and describe each Pilot currently offered by GMP, and with respect to each:

- a. Produce the semi-annual status reports filed with the Commission and DPS to date.
- ....
- c. The GMP rate of earnings / return for each pilot.

Original GMP Response (A:REV:GMP.1-23(a) & (c):

Objection: GMP reasserts General Objection 3. Since GMP has previously produced the requested pilot reports to REV, the request calls for the disclosure of information and production of material that is obtainable from another source that is more convenient, less burdensome, and less expensive. GMP also reasserts General Objection 5 to subpart (c).



The phrase “rate of earnings/return for each pilot” is vague and unintelligible. Without waiving this objection, GMP responds as follows.

A:REV:GMP.1-23:

- a. Please see GMP’s Responses to the Second Set of Discovery Requests Served by the DPS, Answer 66 (Case No. 18-0974-TF, June 27, 2018).

....

- c. The question is unclear. To the extent it refers to anticipated benefits returned to customers, please see the pilot filings list above. Please see also Response to DPS1.Q25, which provides revenue generated by each pilot program, which helps lower the cost of service for all customers.

REV 26(h) Letter: Response 23(a) is non-responsive. The question asks GMP to list and describe all Pilots currently offered. The response includes a general objection that this information was provided or is publicly available. The information for current programs has not been provided to REV and the information is not readily obtainable without undue burden. REV asks GMP to list these programs in a succinct response.

Answer 1-23(c) says the question is unclear. Please state for each pilot the rate of return on the investment in the pilot.

GMP Response to 26(h) Letter: GMP stands by its objection and response to this question but has provided copies of previously produced information here again to aid REV’s review.

GMP’s currently active pilot programs include: Tesla Powerwall 2.0, eCharger, eWater, Bring your Own Device (BYOD) and the VSECU Heat Pump Program. These pilots are described in PUC filings related to these programs, and were previously provided to REV in the 2019 Rate Case discovery response referenced in GMP’s original response to this question, and are provided again in folders on the attached thumb drive. Any semi-annual reports that have been filed for each active pilot are also attached in the relevant folders.

GMP stands on its objection related to Q:REV:GMP.1-23(c). REV’s follow-up also does not further clarify the vague nature of the request, but GMP provides the following information to address the potential various readings of the request. To the extent REV is asking about the costs and revenues of each pilot, REV can determine that information by examining the pilot filings already in its possession, which are provided here again. To the extent this question is asking about rates of return authorized by the PUC, pilots that are not in rates are below the line investments and GMP does not earn an authorized rate of return. For the pilots that have been authorized by the PUC to be included in rates, which currently includes only the prior cold climate heat pump and heat pump hot water heater programs, GMP has the opportunity to earn the same rate of return authorized for any rate base investment, which for 2018 was set by the PUC in Case No. 17-3112-INV. *See* Final Order of 12/21/17 at 7, 14.

We appreciate the opportunity to address these questions; please feel free to be in touch if you would like to discuss any of these responses further.

Sincerely,

A handwritten signature in black ink, appearing to read "Geoffrey H. Hand". The signature is fluid and cursive, with the first name "Geoffrey" written in a larger, more prominent script than the last name "Hand".

Geoffrey H. Hand, Esq.

Dunkiel Saunders Elliott Raubvogel & Hand, PLLC