

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Petition of Green Mountain Power Corporation for)
approval of its new Multi-Year Regulation Plan)
pursuant to 30 V.S.A. Sections 209, 218, and 218d) Case No. 25-____-PET

**PREFILED DIRECT TESTIMONY
OF MARIA FISCHER
ON BEHALF OF
GREEN MOUNTAIN POWER**

August 29, 2025

Summary of Testimony

Ms. Fischer describes how power supply costs and retail revenues are proposed to be treated in GMP's new multi-year regulation plan and reviews the performance of these items in GMP's current plan.

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**PREFILED TESTIMONY OF
MARIA FISCHER
ON BEHALF OF GREEN MOUNTAIN POWER**

I. Introduction

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

2 A1. My name is Maria Fischer. I am the Leader of Power Supply Operations for Green
3 Mountain Power (“GMP”).

4 **Q2. Please summarize your educational background and pertinent professional**
5 **experience.**

6 A2. I have worked for over 16 years in the electric industry, focusing on power supply
7 portfolio planning, wholesale and retail power transactions, and Renewable Energy
8 Credit (“REC”) trading. I hold a Bachelor of Arts degree with majors in Mathematics
9 and Economics from Lafayette College.

10 Starting in 2008 I worked in the power supply departments at Green Mountain
11 Power for seven years and then at Vermont Public Power Supply Authority (“VPPSA”)
12 for three years as an Analyst and Trader for energy, capacity, and RECs. In 2018, I
13 joined the Vermont Department of Public Service (the “Department” or “DPS”) as a
14 Utilities Economic Analyst. Working within the Department’s Planning and Energy
15 Resources Division, I supported the development of state energy policy and
16 implementation of the Renewable Energy Standard (“RES”), reviewed rate cases, and
17 evaluated utility integrated resource planning for electric and natural gas utilities, among
18 other responsibilities.

1 I rejoined GMP in May 2021, and my current role is Leader of Power Supply
2 Operations. In this capacity, I am responsible for forecasting, tracking, and reporting
3 GMP's power costs, exploring power supply procurement opportunities and working on
4 power purchase agreements. I also helped develop GMP's 2024 Integrated Resource
5 Plan ("IRP") submitted this past December.

6 **Q3. Have you previously testified before the Public Utility Commission ("Commission"**
7 **or "PUC")?**

8 A3. Yes, I have testified before the Public Utility Commission on numerous occasions, on
9 topics that include resource planning, rate case review, and energy efficiency utility
10 efficiency screening. Most relevant to this proceeding, I have testified on behalf of GMP
11 in two proceedings related to the Multi-Year Regulation Plan that is currently in effect
12 through September 2026 (the "Current Plan"): Case No. 22-0175-TF, the traditional rate
13 case filed along with the Current Plan, and Case No. 23-0141-PET, where I presented
14 modifications to the Current Plan's power supply and storm adjuster mechanisms.

15 **Q4. What is the purpose of your testimony in this case?**

16 A4. My testimony describes how the proposed Multi-Year Regulation Plan that is the subject
17 of this Petition ("New Plan") accounts for power supply costs, including how variations
18 in both demand (retail revenue) and supply (power cost) are handled and allocated. In the
19 New Plan, GMP proposes to retain the basic structure of the existing power supply and
20 retail revenue forecasting methodology and adjustors from the Current Plan. In the past
21 six-plus years under the Current Plan and the preceding regulation plan, these

1 components have supported rate stability for customers despite significant variations in
2 power supply markets and other economic conditions; these mechanisms continue to
3 function as designed.

4 I begin my testimony by summarizing the key drivers we expect to affect GMP's
5 power supply costs over the term of the New Plan. I then review the mechanisms we
6 plan to carry forward and how they have performed thus far in the Current Plan,
7 concluding with an explanation of why they continue to be appropriate.

8 **Q5. Please summarize the primary findings of your testimony.**

9 A5. The power supply and revenue decoupling components of GMP's Current Plan, along
10 with their adjustors, have served both customers and GMP well, providing overall rate
11 stability despite widely fluctuating inputs. The core methodology of these components
12 has been in place over two regulation plan periods, as modified with the approval of the
13 Commission in response to global economic conditions including the COVID-19
14 pandemic and fuel shortages resulting from the war in Ukraine. These modifications
15 strengthened our ability to smooth cost variations over longer periods of time and ensure
16 these components continue to work as designed.

17 This framework continues to provide a favorable balance of risk for our customers
18 with the greater risk upon GMP to accurately forecast prices and manage variances, while
19 at the same time providing the tools and flexibility to smooth those variances across the
20 full term of a regulation plan. Going forward, the New Plan should continue to offer
21 these strengths, while also retaining the complete revenue decoupling that continues to
22 support GMP projects that benefit customers, the climate, and GMP's long-term stability.

1 As such, we propose that the power supply and retail revenue components should be
2 maintained for this New Plan.

3 **Q6. Is GMP proposing any updates to the power supply or retail revenue components in**
4 **the New Plan?**

5 A6. In preparing the New Plan, I have updated plan documents to be current that do not affect
6 the structure of the power supply and retail revenue components. These updates are to
7 Attachment 4 of the New Plan (**Exh. GMP-LD-RB-1**), which as I describe below breaks
8 out all the component power supply costs for forecasting and reconciliation as established
9 in the Current and New Plans. Attachment 4 now includes ISO-NE's new Day-Ahead
10 Ancillary Services Initiative (DASI) introduced this March as a new cost component. I
11 have also revised the attachment format, which was almost two-decades old, to better
12 align with how we account for and present power supply costs in rate filings, while
13 retaining the same components and treatment for all categories of costs as before. In
14 addition to these changes, I note that Ms. Doane and Mr. Bingel discuss the financing of
15 regulatory balances which include the adjustor mechanisms for power supply and
16 revenue variances.

II. Power Supply and Revenue Trends

1 **Q7. Can you provide an overview of the market conditions that will drive power supply**
2 **costs and revenue entering this New Plan period?**

3 A7. As GMP enters this New Plan, its power portfolio is characterized by a stable long-term
4 cost structure, underpinned by renewable generation and flexible energy storage
5 resources that help contain power supply costs for customers on a long-term basis. Even
6 with this stability, power costs continue to be subject to significant variability, as
7 evidenced under previous regulation plans. These fluctuations are largely influenced by a
8 range of external economic factors at the national, regional, and state levels—including
9 regional transmission charges, energy and REC markets, inflation, electricity demand,
10 and renewable generation performance. The key cost drivers and market dynamics
11 currently under close monitoring—most of which lie beyond GMP’s direct control—
12 include:

- 13 • Regional transmission costs have risen significantly in recent years, increasing by
14 more than 30% from 2023 to 2025. While the Regional Network Service (“RNS”)
15 rate for 2026 will decrease slightly from 2025, ISO-NE’s latest forecast is for
16 increasing rates through the end of the decade driven by higher revenue requirements
17 by Transmission Owners.
- 18 • ISO-NE energy prices typically track closely with natural gas forward prices, which
19 have risen due to increased demand, supply constraints, tight inventory levels, and
20 heightened weather volatility. The 2024–2025 winter ranked among the coldest in
21 recent years, marked by extended periods of extreme cold that significantly boosted

1 heating demand and depleted natural gas inventories. These conditions have
2 reinforced market expectations of elevated winter price risk, contributing to notable
3 increases in forward prices for both winter and summer peak periods. Forward
4 energy prices have a direct and material impact on the cost of GMP's open position.

- 5 • Retail sales have remained strong, primarily driven by growth in the residential
6 sector. Continued electrification of transportation, heating, and cooling is expected
7 to support ongoing load growth throughout the term of the New Plan, with the most
8 significant gains anticipated in the residential sector. Each year, we work with Itron
9 to update our retail sales forecast to reflect the latest trends in customer growth,
10 economic conditions, weather patterns, and energy efficiency, as well as the impacts
11 of state and federal policies related to solar adoption, heat pumps, and electric
12 vehicles. This updated forecast serves as a key input to the development of our
13 projected power supply costs.

- 14 • The Forward Capacity Market ("FCM") is being overhauled through the Capacity
15 Auction Reform ("CAR") initiative to enhance reliability and better align capacity
16 procurement with actual system needs. The current single annual auction will be
17 replaced with two seasonal auctions held a month before the delivery period,
18 enabling more responsive capacity sourcing. A new accreditation method will also
19 evaluate resources based on real contributions to reliability. Costs stemming from
20 this new market are uncertain and may be more volatile than we have historically
21 experienced. The first auction under this framework is planned for Spring 2028 for
22 the Summer 2028 capacity period.

- 1 • National economic conditions—including inflation, current U.S. tariff policies, and
2 elevated interest rates—are exerting upward pressure on energy markets. In addition
3 to their broader impacts on market prices, these factors also affect the formula-based
4 prices for certain GMP long-term power supply contracts including HQUS and
5 Seabrook Nuclear.
- 6 • Weather extremes and uncertainty continue to be major drivers of power costs. The
7 unseasonably cold winter of 2024–2025 significantly increased electricity demand
8 for heating, leading to higher wholesale market prices and elevated costs for energy
9 supply during peak periods. Similarly, more frequent hot and humid summer
10 conditions placed additional stress on the system, increasing regional demand in
11 June 2025 to the region’s highest peak in ten years. Additionally, extreme weather
12 events such as droughts and floods have further impacted power costs by disrupting
13 hydroelectric generation and stressing local infrastructure. Collectively, these
14 conditions contribute to increased market volatility, higher procurement costs, and
15 greater risk premiums embedded in forward energy prices.
- 16 • In 2024, Vermont enacted significant revisions to the RES, increasing renewable
17 requirements, mandating GMP to be 100 percent renewable by 2030. The new RES
18 doubles the Tier II requirements, with a requirement of 20% of annual load by 2032.
19 The revisions also introduce a new Tier IV, which requires utilities to retire RECs
20 from larger scale renewable resources. For GMP, Tier IV obligations begin in 2027
21 at 4% of annual load, ramping up to 20% by 2035. At the same time, the share of
22 existing renewable resources—those built prior to the statutory cutoff date—will

1 gradually decline as the RES emphasizes the development of new in-state and
2 regional renewable generation. The Tier II and Tier IV requirements will increase
3 our REC retirements and expenditures associated with RES.

- 4 • Market prices for RECs in neighboring New England states may fluctuate
5 significantly based on the timing and success of major renewable infrastructure
6 projects, including offshore wind developments. While GMP's exposure to these
7 external REC markets is declining as more RECs are retired to meet Vermont
8 compliance obligations, we continue to sell meaningful quantities of premium RECs
9 out of state. Therefore, REC price trends will continue to have an impact on overall
10 power supply costs.
- 11 • Deployment of distributed generation (DG) solar generation in Vermont remained
12 strong through the Current Plan. While solar net-metering is beginning to show signs
13 of slowing, installation of projects from the Standard Offer program and Power
14 Purchase Agreements ("PPA") has filled the gap. The total capacity of distributed
15 solar capacity in GMP's territory—including net-metering, Standard Offer, long-
16 term PPAs and GMP-sponsored projects—is presently over 459 MW. In June 2025,
17 we issued an RFP for new DG to help meet our growing Tier II needs; several new
18 PPAs are anticipated to come from this solicitation, that will likely come online
19 before or during the New Plan period. As a result, the impact of solar generation on
20 our portfolio continues to grow; our load requirements on cloudy days and in the
21 winter tend to be much higher than on sunny days.

- GMP continuously evaluates new opportunities to procure energy, capacity, and RECs, with a primary focus on renewable resources within the region. As contracts from the RFP and other potential future contracts are finalized and the associated resources are integrated into GMP's power supply portfolio, the related costs will be incorporated into our power supply forecasts in accordance with the timing and terms of each agreement.

The variability introduced by these factors, along with the potential for new and unforeseen market conditions beyond GMP's control—as evidenced in prior regulation plans—underscores the continued value and appropriateness of the adjustor mechanism in the New Plan. In particular, the ability to offset quarterly fluctuations and smooth rate adjustments enables short- and medium-term variances to be managed more effectively within the broader context of GMP's overall power supply portfolio.

Q8. Can you expand upon the recent variations in regional transmission costs, including your expectations of costs going into the New Plan period?

A8. Regional transmission costs, specifically those reflected in ISO-NE RNS rates, have experienced dramatic increases in recent years and are expected to continue rising during the New Plan period. RNS rates are the primary mechanism for recovering regional transmission infrastructure costs. These charges are allocated based on peak network load to ISO-NE Load Serving Entities on a monthly basis.

In 2025, the RNS rate increased significantly—from approximately \$154/kW-year in 2024 to over \$185/kW-year—driven by increases in projected transmission capital additions across the region, true-up adjustments to reconcile prior under-

1 recoveries, and lower actual coincident peak loads. ISO-NE has projected that the RNS
2 rate will remain elevated, with a 2026 forecast of \$183.71/kW-year, and longer-term
3 estimates showing continued growth to approximately \$186/kW-year in 2027, \$197/kW-
4 year in 2028, \$210/kW-year in 2029, and \$220/kW-year by 2030.¹ The primary drivers of
5 these increases include the significant investment needed to maintain and modernize New
6 England's transmission infrastructure, rising costs for labor and materials, and
7 inflationary pressures more broadly. The allocation of these costs is ultimately tied to a
8 utility's contribution to regional peak demand, meaning that shifts in electrification,
9 distributed generation, and load shape can influence our transmission cost exposure.

10 GMP expects transmission-related costs to remain a significant and increasing
11 component of total power supply expenses over the course of the New Plan, reflecting
12 both the structural drivers of regional transmission investment and ongoing volatility in
13 system peak loads and cost allocation metrics. Mr. Castonguay describes in his testimony
14 how GMP is working through dispatchable energy storage and other load management
15 capabilities to reduce this cost exposure for customers.

¹ See Regional Network Service (RNS) Rate Forecast Overview presentation from the July 15, 2025 NEPOOL Reliability Committee/ Transmission Committee summer meeting.
https://www.iso-ne.com/static-assets/documents/100025/a05.2a_tc_rns_rate_forecast_presentation.pdf

1 **Q9. Can you tell me more about the changes to the ISO-NE Capacity Markets?**

2 A9. The FCM is currently undergoing a comprehensive redesign through the CAR initiative.
3 This reform effort is intended to improve system reliability, better align market incentives
4 with actual system needs, and more effectively address the evolving operational
5 conditions of the electric grid.

6 Under the proposed framework, the current structure of an annual forward auction
7 held three years in advance will be replaced by a seasonal prompt market. The market
8 will shift from a single annual auction to a seasonal structure featuring two auctions per
9 year: one for the 6-month summer period and another for the 6-month winter period.
10 This new design is intended to allow for more dynamic procurement of capacity that
11 reflects actual system needs during distinct periods of the year. Additionally, the reform
12 includes a revised resource accreditation methodology, which will assess and compensate
13 resources based on their demonstrated contribution to system reliability rather than
14 nameplate capacity or static assumptions.

15 The first prompt seasonal auction under the CAR framework is currently
16 scheduled for Spring 2028 and will procure capacity for the Summer 2028 delivery
17 period. However, the specific design elements of the new market construct are still being
18 finalized and remain subject to review and approval by the Federal Energy Regulatory
19 Commission (FERC). If approved and implemented as scheduled, these changes would
20 affect GMP's capacity power supply costs beginning in June 2028, midway through
21 FY28 and during the New Plan period.

1 Under the current FCM structure, where auctions are held three years in advance,
2 GMP is able to forecast capacity costs with a relatively high degree of certainty. Key
3 variables such as auction clearing prices, resource qualification, and load obligations (for
4 the first eight months of the fiscal year—October through May) are known in advance.
5 This allows for accurate forecasting, with any cost deviations reconciled through
6 Component A on a one-for-one basis. In contrast, the forthcoming prompt market design
7 is expected to introduce greater uncertainty and potential volatility in capacity costs—
8 particularly during its initial implementation. Variables such as pricing, resource
9 accreditation, and cost allocation methodologies remain unresolved. Given the number of
10 outstanding unknowns, GMP is not proposing changes to the New Plan at this time to
11 account for the redesigned capacity market. It is important to note that capacity costs will
12 continue to be included in Component A, and any variances will be fully reconciled each
13 quarter. This remains an appropriate approach but may result in larger variances than
14 historically observed.

15 **Q10. Can you please summarize GMP's efforts to serve customers with a clean, cost-**
16 **effective portfolio?**

17 A10. GMP's energy portfolio is 100 percent carbon free on an annual basis and has been
18 around 80 percent renewable for the last several years, as reported in our recent RES
19 filings. GMP remains committed to procuring the lowest-cost resources to meet the
20 evolving requirements of the revised 2024 RES, which mandates serving customers with
21 100% renewable energy by 2030. The updated RES increases obligations, including a
22 doubling of Tier II requirements to 20% of annual load by 2032 and the addition of Tier

1 IV, which requires retiring RECs from larger-scale renewable resources. GMP is actively
2 pursuing several pathways to meet these goals:

- 3 • **Solar RFP:** In June 2025, GMP issued a request for proposals for small-scale
4 (under 5 MW), Tier II-eligible distributed generation. We received more than 20
5 solar proposals across the state. Evaluation is underway, with awards expected in
6 Fall 2025 and projects coming online over time.
- 7 • **Regional wind:** While new regional wind projects are limited, GMP is exploring
8 PPAs with land-based wind projects, primarily in Maine, to help fulfill Tier IV
9 requirements.
- 10 • **Offshore wind:** Offshore wind remains a potential long-term opportunity.
11 Although current market and development conditions present challenges, GMP
12 will strongly consider participation in a regional offshore wind PPA if favorable
13 terms emerge.
- 14 • **Regional hydro:** While opportunities are limited, GMP continues to maintain
15 relationships and explore options to secure hydroelectric energy and associated
16 RECs to support our energy needs and RES compliance.

17 GMP remains focused on steady progress toward delivering an annual portfolio of 100%
18 renewable energy by 2030.

III. Structure and Performance of GMP's Power Supply and Retail Revenue
Adjustor

1 **Q11. Please explain how power supply costs and retail sales are handled under the**
2 **Current Plan and how GMP plans to handle those costs in the New Plan.**

3 A11. As noted above, I believe that it is appropriate for the New Plan to continue using the
4 same general methodology for forecasting and reforecasting power supply costs, as well
5 as for addressing variances in power costs and retail electricity revenues, as is used in our
6 Current Plan. Specifically, under the Current Plan, GMP filed an initial forecast of power
7 supply costs and retail revenue for the full four-year term, which was used to establish the
8 initial smooth rate path. Each subsequent year, power supply costs and retail sales
9 revenue were reforecast during GMP's Annual Base Rate filing, and base rates for the
10 upcoming fiscal year were adjusted accordingly.

11 We propose to continue this structure in the New Plan. Specifically, power
12 supply costs for FY27 will be set through a traditional rate case, similar to the way FY23
13 power supply costs were established ahead of the Current Plan. At the same time, GMP
14 will submit a multi-year forecast covering FY28 through FY30 for annual power supply
15 costs, retail sales, and total revenue requirements, which will inform the Initial Rate
16 Smoothing Mechanism and the resulting base rates. In each following year, GMP will
17 prepare and file updated forecasts of power supply costs and retail revenue as part of the
18 Annual Base Rate filing.

19 As in the Current Plan, both power supply cost and retail revenue collected will
20 be subject to quarterly adjustors that track variances relative to the benchmark quantities

1 used in setting current retail rates. GMP proposes to continue the current methodology
2 for collecting or returning these variances in power costs, retail sales, and excess storm
3 costs as described further below, subject to updates to reflect new categories of costs. The
4 net adjustment will be reflected through a single line item on customer bills when
5 appropriate.

6 **Q12. Can you provide some further detail on how GMP's annual power supply and retail**
7 **revenue forecasts are developed?**

8 A12. GMP's power cost forecasts begin with a weather-normalized projection of retail
9 electricity sales volumes and the associated revenue forecast, developed by a third-party
10 vendor such as Itron. This forecast represents a base case outlook and incorporates a
11 variety of inputs, including historical consumption patterns, anticipated economic growth,
12 projected efficiency improvements, existing company tariffs, and expected impacts from
13 Vermont's net-metering policies and broader electrification trends. The forecast also
14 considers any other known or expected changes that may affect retail revenues in the
15 upcoming year. These projections are prepared at the time of GMP's Annual Base Rate
16 filing to ensure each filing reflects the most current available information.

17 Using the forecasted retail sales volumes, GMP then prepares a corresponding
18 power supply expense forecast to determine the costs required to serve that projected
19 load. For FY27, GMP will develop its best current estimate of net power costs by
20 reviewing and analyzing all major components of the power supply portfolio, following
21 the same methodology used under GMP's Current Plan. Most of the volumes and pricing
22 assumptions that underlie the net power supply cost forecast will be based on actual data

1 from recent years, adjusted as needed to account for known or reasonably anticipated
2 changes affecting future cost components.

3 For GMP, the primary categories of adjustments for power costs are typically:

- 4 • Refresh of purchased power expenses to reflect the expiration of existing
5 PPAs or the addition of new sources (e.g., new Standard Offer projects, new
6 or expiring PPAs negotiated by GMP).
- 7 • Adjustment of market purchases and sales to reflect changes in GMP's
8 forecasted load requirements and the forecasted output of power sources that
9 supply GMP, along with changes in the wholesale market price outlook for
10 energy, capacity, fuel, or RECs.
- 11 • Reforecast of the price of existing PPAs to reflect contractually prescribed
12 changes in pricing (including, for example, HQUS, NextEra Seabrook,
13 Granite Reliable Wind, and Standard Offer).
- 14 • For the substantial fraction of intermittent renewable resources that depend on
15 water, wind, or sun for their output, normalizing adjustment of energy output
16 to reflect long-term average values (or forecasts of the average, for newer
17 sources).
- 18 • Updating net REC revenues to reflect anticipated volumes of renewable
19 generation from GMP's plants and PPAs, along with forward sales of RECs
20 that GMP made in advance for deliveries during the rate period.

- Estimated costs associated with fulfilling RES Tiers 1, 2, 3, and 4 based on prescribed annual increases in these requirements, along with changes in the resources available to meet the requirements.
- Update of expenses for regional transmission costs, reflected in our Transmission by Others account to reflect available projections from VELCO and ISO-NE, along with estimated peak loads upon which these expenses are allocated.
- Refresh of Operation & Maintenance (“O&M”) expenses for GMP’s wholly-owned generating units to reflect the most recent forecasts of those expenses. O&M expenses for jointly owned plants generally are based on 5-year averages.

For FY27, all such costs will be reviewed as a part of our traditional rate case. As we currently do, we will continue to provide the forecasts for retail sales and power costs to the Department prior to the Annual Base Rate filing in each subsequent year to facilitate their review.

Q13. Why is it important to update forecasted power costs and retail sales through the Annual Base Rate Filings?

A13. Annually adjusting GMP’s retail rates to reflect updated projections of retail sales and power supply costs remains an appropriate practice. These annual reforecasts ensure that base rates stay aligned with actual costs, minimizing significant discrepancies. Without such updates, substantial changes in net power costs could credibly arise from factors that are difficult to anticipate at the outset. These factors may include shifts in regional

1 wholesale electricity market conditions, modifications to ISO-NE market rules, federal
2 policy changes (such as tariffs or tax reforms), sustained changes in customer electricity
3 consumption, additions or retirements of generation resources within GMP's portfolio, or
4 changes to Vermont's renewable energy policy framework. By recalibrating retail sales
5 and power supply cost estimates each year, GMP can better ensure that electric rates
6 reflect expected costs and revenues for the current year, which reduces reliance on
7 adjustors to reconcile over- or under-collections.

8 **Q14. Please explain the major structural elements of the Power Supply and Retail**
9 **Revenue Adjustor.**

10 A14. As in the Current Plan, both the Power Supply and Retail Revenue Adjustors will track
11 quarterly variances against the forecasted amounts established in the Annual Base Rate
12 filing. This framework tracks actual costs and sales regularly, fully decouples retail
13 revenue from retail electricity sales, and maintains an incentive for GMP to manage costs
14 that are, to a meaningful extent, within our control. To achieve decoupling, the Retail
15 Revenue Adjustor uses a straightforward method: it tracks and ultimately collects from or
16 returns to customers the difference between the actual and forecasted retail electricity
17 sales revenue for each quarter of the New Plan. When retail sales exceed GMP's
18 forecast, the resulting additional revenue directly benefits customers.

19 The Power Supply Adjustor has several elements. First, all power costs collected
20 through this adjustor are separated into Components A and B. These are set forth in
21 **Exhibit GMP-LD-RB-1**, Attachment 4. The primary distinction between these
22 components is the relative degree of influence that GMP can exert on these costs in the

1 short term (e.g., during a quarter or rate year). GMP proposes to retain these categories
2 and characterization of costs from the Current Plan, with the addition of one new market
3 created by ISO-NE described below.

4 Component A consists of costs that GMP has limited ability to influence in the
5 short term. These include expenses such as FCM charges and Transmission by Others,
6 which are primarily driven by regional infrastructure investments, ISO-NE's market
7 design, and weather-dependent peak loads in Vermont and New England². Other
8 examples include the loss-related portion of ISO-NE energy market transactions, costs
9 associated with jointly owned generation facilities, and ancillary service charges. Given
10 the largely uncontrollable and externally driven nature of these costs and revenues, it is
11 appropriate for Component A to be fully reconciled. This means any variances between
12 forecasted and actual amounts on a quarterly basis are passed through to customers via
13 the adjustor on a dollar-for-dollar basis.

14 Component B is made up of costs that GMP does have some degree of control
15 over. These costs are primarily those associated with the purchase, generation, and sale
16 of energy (including interchange with the ISO-NE spot market), along with REC
17 revenues and RES compliance expenses. There tend to be more tools to manage these
18 costs such as energy bid and offer strategies in the ISO-NE market, GMP generator
19 maintenance and output optimization, and REC trading and procurement strategies.

² GMP has developed a fleet of responsive, flexible grid assets that limit peak-driven costs, and those benefits are generally reflected in GMP's forecasted and actual power costs, but actual peaks in particular months depend more strongly on other factors including weather.

1 However, substantial near-term variances remain that are not within GMP's control.
2 Given the blend of influence and uncertainty on these costs and revenues, GMP
3 recognizes that it is appropriate to share in the financial exposure to the outcomes related
4 to Component B costs.

5 To that end, while the New Plan directly passes through Component A variances,
6 the Component B Quarterly Variance is subject to a sharing mechanism. Component B
7 Variance sums the dollar amount variance between actual and forecasted Component B
8 costs with the result of an additional Component B Cost Variance calculation, which
9 compares actual per-kWh costs to a benchmark based on forecasted retail sales volume
10 and Component B costs, subject to an efficiency band. This Component B Efficiency
11 Band is asymmetric in a way that favors customers, that is, GMP retains the first
12 \$150,000 of quarterly favorable variances (i.e., actual cost/kWh turns out lower than the
13 benchmark) and absorbs the first \$307,000 of quarterly unfavorable variances. Beyond
14 those thresholds, GMP retains or absorbs 10% of additional variance, and the remainder
15 is passed through to customers. For an example of how the Retail Revenue adjustor and
16 the Component A and B variances are calculated, please see **Exhibit GMP-LD-RB-1**,
17 Attachment 5.

18 All of these adjustors are currently tracked as part of the "Quarterly Net
19 Adjustment," a rate-smoothing mechanism that nets the quarterly retail revenue and
20 power supply adjustors against any quarterly qualified major storm amounts. The total
21 netted amount—the Quarterly Net Adjustment—is recorded as a regulatory asset or
22 liability and is only reflected on customers' energy statements if the amount for two

1 consecutive quarters moves in the same direction (i.e., towards a return or collection) and
2 if the carryforward is greater than \$1 million. This adjustment may be further smoothed
3 over the remainder of the plan or twelve months, whichever is longer, as described in the
4 testimony of Ms. Doane and Mr. Bingel.

5 **Q15. You noted that ISO-NE developed a new market. Can you describe what that is and**
6 **how it will be characterized under the Power Supply Adjustor?**

7 A15. The New Plan will include charges from the ISO-NE Day-Ahead Ancillary Services
8 Initiative (DASI) market, which was implemented on March 1, 2025. DASI replaces the
9 former Forward Reserve Market (FRM) and is designed to procure and price operating
10 reserves through a co-optimized day-ahead market process. This initiative addresses the
11 growing need for operational flexibility in response to changing system conditions,
12 particularly those driven by increased renewable integration and load forecast
13 uncertainty. By more accurately valuing resources capable of providing flexibility and
14 reliability, DASI helps to better align market outcomes with system needs.

15 Initial estimates by ISO indicate that DASI is expected to increase wholesale costs
16 by just over 1%; however our initial experience is suggesting larger impacts to GMP. We
17 are actively participating in the DASI market as part of our broader strategy to mitigate
18 cost pressures by optimizing the value of our flexible assets and responding to evolving
19 market incentives. Similar to the previous FRM charges, these new ancillary service
20 charges are largely outside of our direct control and appropriately fall within Component
21 A. These charges are now reflected under that component on Attachment 4 to the New
22 Plan (**Exhibit GMP-LD-RB-1**).

Q16. Can you summarize the power supply and retail revenue variances during the Current Plan?

A16. Figure 1 below presents the quarterly variances for Component A and Component B power costs, along with retail sales, for each of the seven quarters in which the Current Plan has operated.

The first two columns show the quarterly variances in Component A and Component B costs, where a positive value indicates that actual costs were higher than forecasted. The third column presents the combined total of these two variances, adjusted for the portion absorbed by GMP. The next column reflects the variance in quarterly retail electric sales revenues, with a positive number indicating that actual sales exceeded the forecast. The final column on the right represents the sum of all these components. When netted with the qualified major storm amount for the quarter (not shown), this yields the Quarterly Net Adjustment, which is ultimately subject to return to or collection from customers.

| SUMMARY OF POWER SUPPLY AND RETAIL REVENUE VARIANCES | | | | | | |
|--|----------------------|------------------------------|---|-------------------------------|--|--|
| Measurement Period | Component A Variance | Nominal Component B Variance | Net Component A & B (after efficiency band) | Retail Sales Revenue Variance | Power Supply and Retail Revenue Adjustor | |
| FY2023 Q1 | \$ 3,229,048 | \$ 10,060,397 | \$ 11,927,329 | \$ (5,583,709) | \$ 6,343,620 | |
| FY2023 Q2 | \$ 10,982,231 | \$ 2,032,912 | \$ 12,501,397 | \$ (2,441,417) | \$ 10,059,980 | |
| FY2023 Q3 | \$ 1,592,779 | \$ 3,368,841 | \$ 4,152,943 | \$ 207,289 | \$ 4,360,232 | |
| FY2023 Q4 | \$ (2,044,930) | \$ (1,142,537) | \$ (3,593,982) | \$ 464,088 | \$ (3,129,894) | |
| FY2024 Q1 | \$ 2,781,895 | \$ (7,639,725) | \$ (4,199,871) | \$ 2,158,509 | \$ (2,041,362) | |
| FY2024 Q2 | \$ 2,297,272 | \$ (8,692,176) | \$ (5,571,412) | \$ 1,768,742 | \$ (3,802,670) | |
| FY2024 Q3 | \$ 3,785,425 | \$ (317,402) | \$ 3,077,594 | \$ (12,226) | \$ 3,065,368 | |
| FY2024 Q4 | \$ (3,109,100) | \$ (2,072,405) | \$ (4,977,345) | \$ (834,948) | \$ (5,812,293) | |
| FY2025 Q1 | \$ (978,979) | \$ 2,948,557 | \$ 1,349,677 | \$ (96,475) | \$ 1,253,202 | |
| FY2025 Q2 | \$ 6,917,928 | \$ 1,311,369 | \$ 7,849,677 | \$ (1,163,528) | \$ 6,686,149 | |
| FY2025 Q3 | \$ 3,034,167 | \$ 766,668 | \$ 3,404,749 | \$ (732,873) | \$ 2,671,876 | |
| Sum | \$ 28,487,735 | \$ 624,499 | \$ 25,920,756 | \$ (6,266,547) | \$ 19,654,209 | |
| Average | \$ 2,589,794 | \$ 56,773 | \$ 2,356,432 | \$ (569,686) | \$ 1,786,746 | |

1 The table illustrates a significant range of quarterly variances—both positive and
2 negative—in GMP retail sales and power costs, reflecting the changing conditions
3 experienced during this period. Importantly, these variances largely offset each other
4 over time, with average variances turning out to be a small fraction of total power costs
5 and retail sales. Some highlights include:

- 6 • **Component A** variances ranged from a \$10.9M undercollection to a \$3.1M
7 overcollection. The largest driver of Component A variances were costs from the
8 Mystic Cost of Service (COS) Agreement for the retiring Mystic Generating
9 Station, which was not included in any of our benchmark costs. This agreement,
10 in effect from June 2022 through May 2024, resulted in charges exceeding \$25
11 million to GMP. Other meaningful variances stemmed from RNS charges, which
12 included unbudgeted rate increases of approximately 20%, as well as VELCO
13 charges, and charges from ISO-NE’s Inventoried Energy Program.
- 14 • **Component B** variances ranged from a \$10.1M undercollection to a \$8.7M
15 overcollection. Component B variances were driven by a wider range of factors,
16 with the primary contributor being fluctuations in energy market conditions.
17 Several of the largest quarterly variances arose from significant differences
18 between forecasted and actual energy market prices coupled with large variances
19 in delivered energy from our owned and contracted generators. For example, in
20 FY2023 Q1, benchmark costs did not account for the impact of the war in
21 Ukraine, which materially influenced actual market conditions during that period.
22 In contrast, the elevated market environment experienced in FY2023 was factored

1 into the FY2024 benchmarks, but actual prices in FY2024 turned out to be lower
2 than forecasted. Additional variances stemmed from deviations in output from
3 intermittent generation resources, which in some quarters produced substantially
4 different volumes than anticipated. These deviations affected associated contract
5 costs, energy balancing costs, and REC revenues.

- 6 • **Retail sales variations** were primarily weather-driven, with fluctuations ranging
7 from \$5.6 million above forecast to \$2.4 million below. Periods of extreme
8 weather—such as unusually cold winters or hot, humid summers—tended to
9 increase retail sales, especially among residential customers. Conversely, milder-
10 than-normal weather generally led to lower-than-forecast sales.

11 **Q17. How have these mechanisms performed over the term of the Current Plan?**

12 A17. During the Current Plan, the mechanics of the power adjuster have effectively helped
13 reduce both the frequency and magnitude of customer bill adjustments. Under the current
14 design, a bill adjustment is triggered when there are two consecutive quarterly
15 adjustments in the same direction— either overcollection or undercollection — and the
16 cumulative carryforward balance from the previous quarter exceeds \$1 million. In
17 situations where quarterly results alternate between overcollections and undercollections,
18 the mechanism allows these differences to offset each other, thereby deferring any bill
19 adjustment. Additionally, when the cumulative carryforward—whether for collection or
20 return—is below the \$1 million threshold, it is carried forward to avoid multiple small
21 and potentially confusing bill changes.

1 During the Current Plan, we experienced several large, unforeseen costs that were
2 not budgeted and resulted in significant and ongoing variances. For example, the ISO-NE
3 imposed Mystic COS Agreement costs were not able to be reasonably forecasted and
4 were not included in our benchmark costs. Large charges associated with the program
5 resulted in ongoing variances, with the largest in the winter months. The mechanics of
6 Component A appropriately allowed GMP to recover these costs in a timely manner,
7 without any changes to the plan or special treatment. Overall, this structure has proven
8 beneficial for customers by simplifying billing and minimizing frequent changes.

9 **Q18. What were the results of the Component B Efficiency Band and sharing mechanism**
10 **during this period?**

11 A18. Figure 2 below summarizes the sharing of Component B variances, based on GMP
12 absorbing all variance in Component B cost/kWh within the Efficiency Band, and 10% of
13 variances outside of that band. The net cost increase/(reduction) absorbed by GMP for
14 each quarter is indicated in the right-hand column.

| COMPONENT B VARIANCE SHARING | | | | | |
|------------------------------|---|-----------------|--|-----------------------|--|
| Measurement Period | Component B Cost Variance (based on average cost/kWh) | Efficiency Band | 10% of variance Outside of Efficiency Band | Total Absorbed by GMP | |
| FY2023 Q1 | \$ 10,858,164 | \$ 307,000 | \$ 1,055,116 | \$ 1,362,116 | |
| FY2023 Q2 | \$ 2,374,465 | \$ 307,000 | \$ 206,747 | \$ 513,747 | |
| FY2023 Q3 | \$ 5,323,762 | \$ 307,000 | \$ 501,676 | \$ 808,676 | |
| FY2023 Q4 | \$ 1,302,142 | \$ 307,000 | \$ 99,514 | \$ 406,514 | |
| FY2024 Q1 | \$ (5,229,582) | \$ (150,000) | \$ (507,958) | \$ (657,958) | |
| FY2024 Q2 | \$ (6,884,927) | \$ (150,000) | \$ (673,493) | \$ (823,493) | |
| FY2024 Q3 | \$ 1,141,296 | \$ 307,000 | \$ 83,430 | \$ 390,430 | |
| FY2024 Q4 | \$ (691,605) | \$ (150,000) | \$ (54,161) | \$ (204,161) | |
| FY2025 Q1 | \$ 3,436,007 | \$ 307,000 | \$ 312,901 | \$ 619,901 | |
| FY2025 Q2 | \$ 1,033,196 | \$ 307,000 | \$ 72,620 | \$ 379,620 | |
| FY2025 Q3 | \$1,197,870 | \$307,000 | \$89,087 | \$396,087 | |
| Sum | \$ 13,860,788 | \$ 2,006,000 | \$ 1,185,479 | \$ 3,191,479 | |
| Average | \$ 1,260,072 | \$ 182,364 | \$ 107,771 | \$ 290,134 | |

Over the 11 quarters of the Current Plan to date, the total Component B cost variance was \$13.9 million, compared to \$807 million in total benchmark costs for the same periods—representing a variance of just 1.7%. In the quarter with the largest undercollection, GMP absorbed \$1.4 million in costs exceeding the benchmark, thereby reducing the amount recovered from customers. Conversely, in the quarter with the largest overcollection, GMP retained \$0.7 million of the benefit.

Q19. What is GMP’s rationale for continuing the Current Plan components as updated?

A19. As discussed throughout my testimony, the Current Plan framework is proven to perform for our customers—providing stability and balanced results even through varying market outcomes over the last six-plus years. There is significant value in maintaining continuity in this approach and retaining the known rate-stabilizing benefits of the Current Plan as

1 we continue to work hard to manage uncertainty for customers. Indeed, an overarching
2 goal of the regulation plan framework is to continue to emphasize rate stability and the
3 flexibility to respond to changing circumstances to best serve customers. The existing
4 framework is a high performer in this regard, so far under the Current Plan, and has
5 helped as we continue to innovate in response to trends in the power supply market and
6 our evolving generation base, while seeking stability for our customers.

7 The overarching effect of this framework is to decouple GMP's revenue from the
8 volume of retail electricity sales, while sharing short-term fluctuations in actual net
9 power costs with our customers. This continues to align GMP with customers and
10 removes the underlying incentives often emphasized in traditional ratemaking, which in
11 our view tend to discourage innovation and renewable adoption. Under the decoupled
12 framework, GMP does not realize any marginal revenue from increased power sales or
13 more expensive supply during a Plan year. Indeed, for the portion of power supply costs
14 for which GMP has a meaningful degree of control, the framework places a portion of the
15 risk of price variances upon GMP and pushes us to accurately forecast and update our
16 market views, as well as to control power costs where we have an opportunity to do so.

17 These factors support GMP's goals and Vermont's statewide energy policy
18 twofold. First, through decoupling, GMP prioritizes these goals on behalf of customers
19 without any direct financial interests associated with steps that increase or decrease retail
20 sales. And second, the framework supports the development of renewable electricity
21 sources that are expected to stabilize net power costs over the long-term but can feature

1 somewhat higher near-term costs and tend to feature fluctuations in output that can drive
2 quarterly fluctuations in net power costs.

3 Such fluctuations have the potential to be problematic under a traditional
4 ratemaking framework without decoupling and adjustors. The New Plan's framework of
5 tracking and reconciling short-term fluctuations—while GMP absorbs a portion of those
6 fluctuations in the category of costs more within GMP's control (Component B)—
7 removes most of the potential disincentive that a utility could have to deploy fluctuating
8 resources. In addition, this framework reduces the need to purchase higher-cost
9 insurance products or engage in other hedge strategies just to limit the effects of short-
10 term output fluctuations that can be expected to largely even out over the long term.

11 IV. Section 218d Criteria

12 **Q20. In your view, does the New Plan (including the Retail Revenue and Power Supply**
13 **Adjustors) meet the criteria for alternative regulatory mechanisms in 30 V.S.A. §**
14 **218d?**

15 A20. Yes. The Commission has previously approved GMP's proposed forecasting
16 methodology and Power Supply and Retail Revenue adjustors in Case No. 18-1633-PET,
17 and as modified in Case No. 20-1401-PET. Since those proceedings, the performance of
18 this framework has further bolstered my conclusion that the New Plan is consistent with
19 the requirements of § 218d. Ms. Doane and Mr. Bingel's testimony addresses each of the
20 § 218d criteria and explains how the combined function of the provisions requested meet
21 the requirements of this section.

1 **Q21. Does that conclude your testimony at this time?**

2 A21. Yes, it does.