

Q.DPS.GMP.1-74: On page 27 of her testimony, Ms. Fischer notes that GMP maintains a carbon-free portfolio. Later in testimony Ms. Fischer provides more detail about Renewable Energy Credit purchases and Renewable Energy Standard Compliance.

- a. What percentage of GMP's portfolio is considered renewable after the disposition of Renewable Energy Credits, in both the test year and rate year (and forecasted years)? How does this compare with statutory requirement for 63% of its total load to be renewable?**
- b. If GMP retires RECs above its statutory obligation, please describe the cost to ratepayers of maintaining Renewable Energy Credits above amounts required by statute, in the test year, rate year, and forecasted remainder of the proposed MYRP. Please provide all calculations in native format.**
- c. Referring to Exhibit GMP-MF-21, does the line item "RES" represent the total net cost of the Renewable Energy Standard to GMP ratepayers? If so, please provide detailed calculations, in native format, of this cost. If not, then please provide the total net cost of the Renewable Energy Standard, by Tier, with calculations in native format.**
- d. Referring to Exhibit GMP-MF-18: Rate Year REC and RES does not include any Tier 4 or Tier 5 requirement. Please explain why these requirements are not accounted for in RES Expenses on this Exhibit, and please provide any estimate of RES expenses for those Tiers in the Rate Year.**

A.DPS.GMP.1-74:

- a. GMP's portfolio is evaluated on a calendar year basis. The Test Year includes 3 months of CY2024 and 9 months of CY2025. As reported in our most recent RES annual compliance filing for CY2024, after the retirement of RECs, GMP's retail sales were met with 78.9% renewable resources and 21.1% nuclear generation, resulting in a 100% carbon-free portfolio. Environmental attributes for CY2025 have not yet been settled. For accrual purposes, we assumed that in CY2025 we would retire renewable attributes to cover 79% of our load, with the balance met with other carbon-free resources. Once the NEPOOL GIS trading period for vintage 2025 attributes closes in June 2026, we will finalize the attributes retired and associated costs and record any necessary RES true-up at that time.

For the Rate Year, we expect to maintain a 100% carbon-free portfolio. This portfolio characteristic aligns with demonstrated customer preference for clean energy and enhances the value of GMP's Tier III program. As the share of non-fossil-fueled energy in the portfolio increases, the effective MWh value of Tier III energy transformation projects correspondingly increases. For planning purposes, we have assumed overall renewability levels of 80% in CY2026 and 85% in CY2027.

These renewability levels exceed the statutory 63% RES requirement. Since the inception of the RES program in 2018, GMP has consistently retired RECs in excess of minimum compliance obligations. It is our understanding that other Vermont utilities have similarly procured power supplies exceeding RES requirements and reflected the associated costs in electric rates.

- b. The incremental cost of maintaining a renewable portfolio in excess of statutory RES requirements is limited to the cost of retiring Renewable Energy Certificates (RECs) above the compliance threshold. For CY2026, we anticipate retiring RECs approximately 17% above the RES requirement, which equates to roughly 717,000 additional RECs. At a projected average Tier I compliance cost of \$1.98 per REC, this results in an incremental cost of approximately \$1.4 million. In CY2027, retirements in excess of RES requirements are projected to increase to approximately 880,000 RECs, corresponding to an estimated incremental cost of \$1.7 million at the same average compliance cost per REC. Alternatively, if the cost of overcompliance is measured using the projected market price of Tier I RECs of \$4.80/REC, the incremental cost would be approximately \$3.4 million for CY2026 and \$4.2 million for CY2027. Even under higher market-price assumptions, the incremental costs are modest in the context of total power supply expenditures while advancing broader strategic and customer objectives. Additionally, maintaining steady over-compliance provides a more gradual glidepath to achieving 100% renewable energy by 2030, avoiding a significant step change that would otherwise occur creating a more significant rate increase in a single year.
- c. The RES line item reflects the cost of retiring RECs for purposes of RES compliance. These costs are calculated using imputed REC values, which vary by resource type. The highest imputed costs are associated with net-metered RECs, currently estimated at \$46.30 per REC, while RECs from GMP-owned resources are assigned an imputed cost of \$0 per REC.

Retiring RECs for RES compliance also reduces the number of RECs available for sale. As a result, REC retirements not only create an imputed compliance cost but also reduce REC sales revenues.

- d. In Exhibit GMP-MF-18, RES Tier Ia is incorrectly labeled and should instead be labeled as Tier 4. The stated requirement (MWh) reflects the 4% annual obligation for calendar year 2027, allocated evenly across all months of CY2027.

In estimating RES compliance costs, we have assumed that the Tier 4 requirement will be satisfied entirely with GMP-owned RECs from Kingdom Community Wind (KCW). These RECs are assigned an imputed cost of \$0 per REC; accordingly, no explicit Tier 4 compliance cost is reflected for CY2027. However, applying KCW RECs toward compliance reduces the volume available for sale.

As a result, REC sales revenues are reduced correspondingly.

Tier 5 requirements do not apply to GMP and are therefore not reflected in our Rate Year power costs.

Person/s Responsible for Response: Maria Fischer
Title of Person/s: Leader of Power Supply Operations
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