GREEN MOUNTAIN POWER
Generating Possibilities Together

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Via ePUC

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

Re: FY2023 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 2023 (FY2023 Q2), Green Mountain Power (GMP) reports on: (1) results for the Power Supply and Retail Revenue Adjustor (PSRRA); (2) results for the Exogenous Major Storm Adjustor (EMSA); and (3) how these results are treated under the Multi-Year Regulation Plan, as filed and approved in Case No. 21-3707-PET, and amended by the Commission on March 30, 2023 in Case No. 23-0141-PET (the Plan).

As detailed below, the net cumulative balance to be carried forward to the next quarter for the PSRRA is $10.060M. For the EMSA, there are Major Storm expenses of $17.7M from two historic and severe weather events that hit Vermont and the entire region in December, just before the end of 2022, along with $8.15M in expenses paid by the end of the quarter for two more historic Major Storms that occurred in the last week of January and in mid-March 2023, for a total of $24.52M reflected in the cumulative carry forward after offsets described below are applied. Expenses after March 31st associated with the most recent Major Storm will be reconciled and reported in the next quarterly filing, along with a description of the proposed application of the Plan's Major Storm Fund.

Under the Plan, these quarterly results require that, beginning July 1, 2023, $19.496M is collected, representing the $6.344M Cumulative Carry Forward balance previously reported that had accrued as of the end of FY2023 Q1, combined with amounts previously approved for collection already on customer energy statements. As approved in Case No. 23-0141-PET, this balance will be collected through the end of the Plan to create a smooth path for customers.[1] The

[1] On March 30, 2023, the PUC approved amendments to the Plan extending the default amortization period of collections or returns from twelve months to the remaining period of the Plan or twelve months, whichever is longer. See Case No. 23-0141-PET.

net result for customers will be a change to the Current Power and Major Storm adjustor line item, from 0.60% to 0.89%.

The details supporting these results are set forth in the Attachment to this filing and described below.

I. Power Supply and Retail Revenue Adjustor Report – Second Quarter Fiscal Year 2023 Results

Attachment 1 to this letter sets forth the accounting details of our FY2023 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 – FY2023 Q2 Results

In FY2023 Q2, largely due to continued higher regional costs associated with the Mystic Cost of Service Agreement and higher contract costs tied to the energy markets, the net PSRRA calculation resulted in an under collection of $10.060M:

Retail Revenue Collected:	$2.441M more than forecast
Power Supply Costs (net):	$12.501M more than forecast Component A: $10.982M more than forecast Component B: $1.519M more than forecast (after Efficiency Band adjustment)
Total FY2023 Q2 PSRRA:	**$10.060M 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 $2.441M, about 1.4%, higher than forecast.[2] The variance includes higher residential sales of $2.2M, as well as continued retail revenues from Global Foundries (GF) through January because its transition to become its own utility was completed in February

[2] Retail sales volume was 5,106 MWh, or 0.5% lower than forecast with a positive $0.0031 per kWh average rate variance, which was 1.4% higher than forecast.

but was expected to occur at the start of the fiscal year.[3] On a MWh basis, sales were slightly lower than forecast, driven by lower than forecasted large commercial and industrial sales that were somewhat offset by higher than forecasted residential sales. The weather this quarter was mild, with the overall impact being slightly lower loads than forecasted.

Power Supply

There were continued higher regional and world energy prices as we have seen every quarter following the Russian invasion of Ukraine in February 2022, although winter prices eased from the higher and more volatile expectations that were in place earlier in the season. Unfortunately, those same dynamics appear to have driven the imposed regional Mystic charges that are out of our control, discussed below, much higher than we had seen in previous periods. Overall, power supply costs were $13.015M higher than forecast. Here are the details:

- Component A

Component A was $10.982M higher than forecast for the quarter. Nearly all of this variance was the mandatory regional charges associated with the Mystic Cost of Service Agreement.[4] As explained in our previous quarterly filing, the Mystic Capacity Payment is a charge required by ISO-NE associated with an out-of-market cost of service agreement under which Mystic Units 8 and 9 in Massachusetts along with the Everett liquified natural gas (LNG) terminal that supplies those units will provide service for the region through May 2024. These costs that ISO-NE imposed across the region due to the Mystic Units are not in GMP's or other distribution utilities' control. Unfortunately, the somewhat lower regional market prices this winter have contributed to very high Mystic charges, apparently driven by a high volume of LNG deliveries that were locked in at a high contract price. When the weather turned out mild and spot markets moderated, the market value of this LNG – to generate power at Mystic or for resale – was substantially less than the price paid. The net costs incurred by Mystic and Everett substantially exceeded ISO-NE's own high-case estimate provided at the outset of the winter. We and other load serving entities are required to cover those costs under the FERC-approved cost-of-service agreement.

- Component B

Gross Component B costs were $2.033M above forecast. The primary reasons for the variance were higher costs based upon contract price setting, as well as a result of higher energy market prices due to the continuing impact of world events. As previously reported, GMP made

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[3] While this delayed closing resulted in continued retail revenue from GF for the quarter and higher transmission costs than forecast as described below, this was essentially offset because no power purchase agreement revenues or transition fee revenues were received from GF for the quarter, as described during Commission proceedings on GF's petition. See, e.g., Final Order, Case Nos. 21-3707-PET; 22-0175-TF at Finding 21 (August 31, 2022) (noting that GF "treatment ensures that the impact of serving GF would be essentially neutral for customers regardless of whether GF's petition is granted or denied.")

[4] The Mystic Capacity amount of $12.241M shown in Attachment 1 reflects all Mystic Capacity charges booked in FY2023, including $0.968M from Q1 FY2023 that now shows on this separate line item rather than as a part of the Net FCM line. Mystic Capacity charges for Q2 totaled $11.255M and included actual invoice amounts for November 2022 through February 2023, plus an estimate for March 2023.

short-term energy purchases to help reduce winter energy market exposure for customers; while this is reflected as a $9.3M variance this quarter because it occurred well after the forecast that set the benchmark, that transaction effectively reduced the need for higher spot market purchases in the winter, with actual ISO balancing transactions coming in $3.4M less than forecasted. As explained in previous quarterly reports, higher than budgeted long-term power purchase agreements with pricing tied to changes in inflation and market indices were $1.4M of the variance this quarter, which will continue through fiscal year 2023. During the quarter there were also higher fuel costs than forecasted primarily from Stony Brook and McNeil, resulting in $1.3M of additional costs, with generation from those units also greater than forecasted. REC revenue was also somewhat lower than anticipated as a result of a lower quantity of RECs that were transferred during the quarter. The variances resulting from higher costs were largely offset by lower net-metering costs because of lower billed generation than forecasted,[5] lower generation from some higher-cost contracted resources as well as higher Excess Transmission Congestion Revenues and lower congestion costs, mostly from Granite Reliable Wind, than forecasted.

As required by the Plan, GMP absorbed the full amount of the "Efficiency Band" adjustor, which decreased the magnitude of the Component B variance for customers by $0.514M, yielding a net Component B variance of $1.519M above forecast for the quarter.[6]

As discussed above, all these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a total under collection of $10.060M for the quarter.

II. Exogenous Major Storm Adjustor – FY2023 Q2 Results

As reported last quarter, two very significant Major Storms hit Vermont and the region in December 2022. Given the timing, we submitted the few invoices received and processed in FY2023 Q1, as set forth in our last filing. We have now reconciled and paid expenses for these storms in the amount of $17.70M through March 31, 2023, as set forth in Attachment 2.

In January and March, Vermont experienced two more Major Storms, again with heavy, wet snow and gradient winds creating extensive damage that created shifting weather patterns that were tough for forecasters. Costs for these storms through March 31, 2023, were $8.15M, as set forth in Attachment 2; any costs reconciled after March 31, 2023, will be in our next quarterly report.

Three of these winter Major Storms were in the top ten most damaging storms customers have experienced in the last 40 years, and they all occurred within just a few short months of one another. Vermont has never experienced this number and severity of Major Storms so close in time, and all during a winter that also saw several smaller but still impactful heavy, wet, windy

[5] Net metering costs are based on billing cycles and are somewhat lagged. Therefore, the full quarter of actual energy generation is not captured. Net-metering costs in FY2023 Q2 are associated with physical generation that took place December through March, depending on customers billing cycles.

[6] The Efficiency Band amount was based on a higher per unit Cost Variance ($0.0022/kWh Component B rate variance coupled with retail sales volume of 1,072,887 MWh).

weather events. Climate change is driving these types of severe and frequent storms, creating more damage than ever with cement-like wet heavy snow. That is why we are so focused on projects to storm harden the grid, add resilience through storage, and provide targeted undergrounding to keep Vermonters powered up through all weather. Bringing greater resilience to customers and communities is at the core of all this work.

Under our Plan, we set a base level of expected storm restoration in our annual budget, and cover additional expenses caused by qualifying Major Storms through two mechanisms, a Major Storm Restoration Fund and, if needed, the EMSA. In addition, consistent with the Plan, GMP covers the first $1.2M of any Major Storm expense in a given year. Here, we have applied this annual $1.2M storm deductible to the cost adjustment associated with these storms. In addition, as part of this adjustor filing, GMP has applied Major Storm Restoration Fund Collections through March 31, 2023 to partially offset Major Storm costs reported through that date. After applying this offset to the total incurred costs for these Major Storms through March 31, 2023, the balance of $24.52M is reflected in the Cumulative Carry Forward. Expenses after March 31st associated with the most recent Major Storm will be reconciled and reported in the next quarterly filing, along with a proposed application and offset of the Plan's Major Storm Fund and any additional collection required.

The table below shows Major Storm expenses and deductible, the Major Storm Restoration Fund collections, resulting EMSA after application of Restoration Funds, and the Restoration Fund balance as of the quarter's end.

Measurement Period	Reported Quarterly Major Storm Expense	Major Storm Deductible	Major Storm Expense Less Deductible[7]	Quarterly Major Storm Restoration Fund Collections	Net Exogenous Major Storm Adjustor[8]	Major Storm Restoration Fund Balance at end of Quarter
FY2023 Q1	$2,968,830	$1,200,000	$1,768,830	$1,427,273 (including $6,946 in interest)	$0	($341,557) [9]
FY2023 Q2	$25,848,701	$0	$25,848,701	$1,672,434 (including $29,382 in interest)	$24,517,824	$0

[7] Total Major Storm Balance, after application of deductible but before application of any Major Storm Restoration Fund amounts.
[8] Represents the Exogenous Major Storm Adjustor included in quarterly Cumulative Carry Forward after application the deductible and any Restoration Fund collections.
[9] The Net Major Storm Adjustor in FY2023 Q1 assumed application of the full existing balance of the Major Storm Restoration Fund as of January 30, 2023, plus anticipated future Restoration Fund collections to cover the full reported Q1 Major Storm Expense. This resulted in no EMSA being included in the Q1 Cumulative Carry Forward, and a small negative balance in the Major Storm Restoration Fund at the end of the quarter. The remaining Q2 Restoration Fund collection has been applied to the Q2 Major Storm Expense resulting in a $0 Fund balance as of the end of Q2.

III. Quarterly Net Adjustment – Current and Prior Measurement Periods

Under the Plan now in effect, when the Cumulative Carry Forward balance of the prior measurement period is greater than $1M and two consecutive quarterly adjustments are in the same direction, the Cumulative Carry Forward balance will be reflected in energy statements starting the first day of the next quarter through the remainder of the Plan term, unless otherwise ordered by the Commission. Here, the FY2023 Q1 Cumulative Carry Forward of $6.344M is triggered for collection beginning July 1, 2023. In accordance with the Plan, we will combine the FY23 Cumulative Carry Forward of $6.344M with the already-approved amounts on customer's energy statements associated with prior quarter results, as a single line item on customer energy statements as set forth in the Plan. The Quarterly Net Adjustment from FY2023 Q2 of $10.060M from the PSRRA will be carried forward, to be reconciled with the EMSA and Major Storm Fund balance when triggered for collection.

IV. Cumulative Carry Forward

The chart below reflects the results of FY2023 Q2, and the calculation of the Cumulative Carry Forward since the beginning of FY2022:

Measurement Period	PSRRA $	Exogenous Major Storm Adjustor	Quarterly Net Adjustment $	Cumulative Carry Forward $	Collection (Return) to Customers
FY2022 Q1	$574,079	$0	$574,079	($3,223,143)	n/a
FY2022 Q2	$6,420,518	$0	$6,420,518	$6,420,518	($3,223,143)
FY2022 Q3	$905,263	$0	$905,263	$905,263	$6,420,518
FY2022 Q4	$11,175,244	$0	$11,175,244	$12,080,507	n/a
FY2023 Q1	$6,343,620	$0*	$6,343,620	$6,343,620	$12,080,507
FY2023 Q2	$10,059,980	$24,517,824*	$34,577,804*	$34,577,804*	$6,343,620
*Pending reconciliation of additional Major Storm Costs and application of Major Storm Restoration Fund					

Under the Plan, $6.344M carried forward from the prior quarter is now triggered for collection, with the remainder rolling forward to the next quarterly reporting period.

GMP is filing with this Report a tariff request to apply the total combined $19.496M adjustment to customers' energy statements starting July 1, 2023, through September 30, 2026. The proposed line-item collection to customers for this amount is 0.89% based on a percentage of expected retail revenue and will replace the 0.60% amount currently on energy statements.

In light of the historic storms experienced this winter and the resulting EMSA included in the Q2 Cumulative Carry Forward, once GMP has accrued and reconciled all storm costs from these recent storms, we anticipate filing a proposal for treatment of these costs including application of Major Storm Restoration Funds not already reflected in the EMSA. This proposal will be reviewed by the Department of Public Service and subject to Commission approval pursuant to Section VII of the Plan prior to implementation of any adjustments based on Q3 results.

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

Robert Bingel

Encls.
cc: Erin Brennan, Department of Public Service (via ePUC and email)
Jim Porter, Department of Public Service (via ePUC and email)