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Via ePUC

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

Re: FY2023 4th Quarter Report of Power Supply, Retail Revenue, and Exogenous Major Storm Adjustors

Dear Ms. Anderson:

In this Quarterly Adjustor Report for the fourth quarter of Fiscal Year 2023 (FY2023 Q4), 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 for the PSRRA is a credit of $3.13M to customers. For the EMSA, there were two Major Storms during the fourth quarter along with expenses associated with previous storms received this quarter offset by a credit for previously collected storm funds under the prior regulation plan. Fourth quarter storm expenses totaled $5.382M and were offset by more than $1.58M from the Major Storm Restoration Fund received this quarter and a $0.81M credit for previous collections, leaving a $2.981M balance in the EMSA. The favorable results for power supply and revenue more than offset the Major Storm total, netting to an overall quarterly credit of just under $0.15M. Because the prior quarter's results were in the other direction yielding a collection, under the Plan, there will be no change in customer bills and GMP will net FY2023 Q4 results against the prior quarter's Cumulative Carry Forward, with the resulting amount rolled forward to the next reporting period.[1]

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

[1] See MYRP § VI.

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

Attachment 1 to this letter sets forth the accounting details of our FY2023 Q4 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.

I. Power Supply and Retail Revenue Adjustor – FY2023 Q4 Results

In FY2023 Q4, primarily due to lower transmission, capacity, and contract costs, the net PSRRA calculation resulted in an overcollection of $3.130M:

Retail Revenue Collected:	$0.464M less than forecast
Power Supply Costs (net):	$3.594M less than forecast Component A: $2.045M less than forecast Component B: $1.549M less than forecast (after Efficiency Band adjustment)
Total FY2023 Q4 PSRRA:	**$3.130M overcollection**

Primary factors driving the variance between actual results and the forecast for the quarter are as follows:

Retail Revenue and Sales Volume

Overall retail revenues were very close to forecast for the quarter, just $0.464M, about 0.3%, lower than forecast.[2] The variance includes lower small and large commercial and industrial (C&I) sales of $4.1M, largely offset by higher residential sales of $3.6M. On a MWh basis, the same held true, with lower C&I sales somewhat offset by higher than forecasted residential sales. The weather in July and September was warmer than average, contributing to higher residential sales.

Power Supply

Consistent with previous quarters this fiscal year, transmission costs came in lower than forecasted due to lower Regional Network Service (RNS) rates and lower peak loads than had been set in the budget for FY2023 when forecasted prior to the rate case proceeding. In addition,

[2] Retail sales volume was 35,305 MWh, or 3.3% lower than forecast with a positive $0.0053 per kWh average rate variance, which was 3.2% higher than forecast.

energy costs this quarter were lower than forecasted due to a lower volume of purchases from higher cost resources, primarily as a result of project delays as well some accounting adjustments described below. These lower costs more than offset formulaic-priced contracts indexed to energy market prices and inflation, and for short-term, fixed-price contracts entered into during a higher energy market environment. Overall, power supply costs were $3.187M lower than forecast. Here are the details:

- Component A

Component A was $2.045M lower than forecast for the quarter. Transmission and capacity costs were both lower than forecasted this quarter. The continued successful management of our monthly peak loads coupled with lower-than-expected RNS rates and mild weather have resulted in lower than budgeted transmission costs. Additionally, Forward Capacity Market (FCM) charges have continued to come in lower than budgeted due to a favorable summer 2022 peak that lowered our Capacity Load Obligation for the current capacity year, which began in June 2023. Partially offsetting these lower than forecasted costs is the mandatory regional charges associated with the Mystic Cost of Service Agreement, which totaled $1.033M for the quarter, as shown in Attachment 1; Mystic costs continue to be a concern as this is out of GMP's control, but costs have come down compared to previous quarters.

- Component B

Gross Component B costs were $1.143M lower than forecast. The primary reasons for the variance were lower contract amounts due to project delays, as well as some accounting adjustments affecting this quarter only.[3] Offsetting some of the lower contract results were higher energy balancing outcomes. As previously reported, we made short-term energy purchases and sales to help reduce spot energy market exposure for customers. While these transactions, which occurred well after the forecast that set the benchmark, are reflected as an unfavorable $3.1M variance to contract costs, they reduced net ISO balancing costs by about $2.0M this quarter, netting to a better overall variance of about $1.1M. As in previous quarters during this fiscal year, higher than budgeted long-term power purchase agreements with pricing tied to changes in inflation and market indices resulted in a $1.4M unfavorable variance this quarter.

[3] In FY23 Q4, we see effects from the newly-approved contract structure for the Ryegate plant. Under that structure, the overall contract costs remain similar to the prior contract, but the split between RECs and energy has changed. Specifically, the imputed cost of Ryegate RECs changed from $0.84/REC to $32.12/REC. The energy component of the contract decreased accordingly. While overall this results in lower energy contract costs offset by lower net REC revenues going forward, the lag in REC markets is such that in this quarter, the RECs sold were expensed at the previous cost $0.84/RECs. We expect to see a similar outcome for part of the next quarterly report before the REC lag no longer appears in our results. This quarter also included the results of the annual true-up between REC inventory and expense, done after each year's RES compliance filing. Because of changes to the net metering adjustor that are now reflected in inventory, we report $2M in lower actual net metering costs in this filing.

As required by the Plan, GMP retained the full amount of the "Efficiency Band" adjustor, which decreased the Component B variance for customers by $0.407M, yielding a net Component B variance of $1.549M better than forecast for the quarter.[4]

As discussed above, all these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a total credit to customers of $3.130M for the quarter.

II. Exogenous Major Storm Adjustor – FY2023 Q4 Results

Two Major Storms hit Vermont in the fourth quarter, one in July during the statewide flooding and another in September with heavy thunderstorms. Storm amounts this quarter include invoices from these two storms, as well as from storms that occurred in previous quarters that were invoiced this quarter. Storm cost details are set forth in Attachment 2.

Under our Plan, we set a base level of expected storm restoration costs in our annual budget and cover any additional expenses caused by qualifying Major Storms through two mechanisms, an ongoing Major Storm Restoration Fund and, if needed, the EMSA.[5] In addition, we have again credited Major Storm Restoration Fund Collections through the end of the quarter to partially offset Major Storm costs through that date. We have also applied a $0.814M credit reflecting a true-up from the Past Storm and Power Fixed Charge under the previous MYRP.[6] After applying these offsets to the total incurred costs for these Major Storms through September 30, 2023, the balance of $2.981M is reflected in the Cumulative Carry Forward.

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

[4] The Efficiency Band amount was based on a higher per unit Cost Variance ($0.0013/kWh Component B rate variance) coupled with retail sales volume of 1,024,590 MWh.
[5] Consistent with the Plan, GMP covers the first $1.2M of any Major Storm expense in any given year; this amount has been incurred and accounted for previously in this fiscal year.
[6] This represents a true-up to reflect the difference between the amount owed for prior Major Storms as approved by the Commission in Case No. 18-1633-PET and the actual amounts collected over the three-year period based upon somewhat higher sales than projected when the fund surcharge was set.

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[9]	($341,557)
FY2023 Q2	$25,848,701	$0	$25,848,701	$1,672,434 (including $29,382 in interest)	$24,517,824	$0
FY2023 Q3	$7,961,929	$0	$7,961,929	$1,441,690 (including $53,946 in interest)	$6,520,239	$0
FY2023 Q4	$5,382,140	$0	$5,382,140	$2,401,245 (including $44,589 in interest and one-time reflection of $814,980 credit)	$2,980,895	$0

III. Quarterly Net Adjustment and Cumulative Carry Forward

Under the Plan, 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 Q4 and FY2023 Q3 Quarterly Net Adjustments are in opposite directions, so no bill adjustment will happen.

[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 was applied to the Q2 Major Storm Expense resulting in a $0 Fund balance as of the end of that quarter.

The chart below reflects the results of FY2023 Q4, and the calculation of the Cumulative Carry Forward since FY2022 Q4:

Measurement Period	PSRRA $	Exogenous Major Storm Adjustor	Quarterly Net Adjustment $	Cumulative Carry Forward $	Collection (Return) to Customers
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
FY2023 Q3	$4,360,232	$6,520,239	$10,880,471	$10,880,471	$34,577,804
FY2023 Q4	($3,129,894)	$2,980,895	($148,999)	$10,731,472	n/a

Under the Plan, we will combine the FY2023 Q3 Cumulative Carry Forward of $10.880M with the FY2023 Q4 Quarterly Net Adjustment of ($0.149M) for a Cumulative Carry Forward of $10.731M to be rolled forward to the next reporting period and reconciled with the EMSA and Major Storm Fund balance if required for collection.

IV. Conclusion

GMP appreciates the Commission's and Department's review of this report and the accompanying tariff filing. If you have any questions, please reach out.

Sincerely,

Robert Bingel

Encls.

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