2152 Post Road
Rutland, Vermont 05701

Robert Bingel
Manager, Financial Planning and Analysis

Phone: 802-318-1458
Rob.Bingel@greenmountainpower.com

January 30, 2024

Via ePUC

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

Re: FY2024 1st Quarter Report of Power Supply, Retail Revenue, and Exogenous Major Storm Adjustors

Dear Ms. Anderson:

In this Quarterly Adjustor Report for the first quarter of Fiscal Year 2024 (FY2024 Q1), 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 $2.04M to customers. While there were several impactful weather events driven by climate change in the first quarter, they did not meet the thresholds established for Major Storms under the Plan and the only expenses reported here are from an earlier Major Storm in the last month of the prior quarter. The quarterly result requires that, beginning April 1, 2024, the Cumulative Carry Forward balance of $10.731M is combined with amounts previously approved and reflected on customer energy statements over the period approved in Case Nos 23-0141-PET and 23-4083-TF.[1] Smoothing these amounts through the end of the Plan will create a stable path for customers, with a net result from this Quarterly Adjustor Report and other approved amounts resulting in a change to the Current Power and Major Storm adjustor line item from 2.43% to 3.39%.[2]

---

[1] See MYRP § VI.

[2] 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. On January 19 2024, the Commission approved the tariff filing associated with GMP's Earnings Sharing Adjustor Mechanism (ESAM) to commence April 1, 2024, and be combined with the quarterly adjustor line item, accounting for 0.34% of the change.

The details supporting the Quarterly Adjustor results are set forth in the Attachments to this filing and described below.

I. Power Supply and Retail Revenue Adjustor Report – First Quarter Fiscal Year 2024 Results

Attachment 1 to this letter sets forth the accounting details of our FY2024 Q1 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 – FY2024 Q1 Results

In FY2024 Q1, primarily due to mild weather creating both a lower energy market environment and lower retail sales, the net PSRRA calculation resulted in an overcollection of $2.041M:

Retail Revenue Collected:	$2.159M less than forecast
Power Supply Costs (net):	$4.200M less than forecast Component A: $2.782M more than forecast Component B: $6.982M less than forecast (after Efficiency Band adjustment)
Total FY2024 Q1 PSRRA:	**$2.041M return due to net result lower than forecast**

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 $2.159M, or about 1.2%, lower than forecast due to more moderate than average weather throughout the quarter[3] The variance includes lower sales across all rate classes. Residential sales were $0.5M lower than forecast, small commercial and

[3] Retail sales volume was 34,074 MWh, or 3.2% lower than forecast with a $0.0038 per kWh average rate variance, which was 2.1% higher than forecast.

industrial (C&I) were $0.3M lower, and large C&I sales were $1.3M lower. On a MWh basis, the same held true, with lower than forecasted sales for all rate classes.

Power Supply

This quarter featured considerably lower energy costs resulting from the market environment. Energy costs for contracts, fuel, ISO balancing transactions, congestion, and losses were all lower than forecasted this quarter. These lower costs were somewhat offset by the continued mandatory regional Mystic Cost of Service charges, while lower than the same time last year were not included in the base rate forecast because these short-term, regionally imposed costs were not known and measurable. Overall, power supply costs were $4.85M lower than forecast. Here are the details:

- Component A

Component A was $2.782M higher than forecast for the quarter. These higher costs were driven by the mandatory regional charges associated with the Mystic Cost of Service Agreement, which totaled $1.8M for the quarter, as well as VELCO Common Charges that came in $1.6M higher than expected. Partially offsetting these higher than forecasted costs are lower than expected line losses, $1.2M lower than forecasted for the quarter, as shown in Attachment 1.

- Component B

Gross Component B costs were $7.640M lower than forecast. The primary reason for the variance is the lower energy market environment, which lowers several forecasted line items. As previously reported, we made short-term energy purchases to help reduce winter spot energy market exposure for customers. While these transactions, which occurred after the forecast that set the benchmark, are reflected as an unfavorable $1.6M variance to contract purchases, ISO balancing purchases and sales were reduced by more than that amount due to these transactions, resulting in an overall net variance of $2.4M less than forecast this quarter. We also purchased fewer MWh from some intermittent resources, resulting in contract costs $2.4M lower than forecasted. Additionally, as previously reported, there were accounting adjustments to the Ryegate contract.[4] Our peaking units had minimal generation this quarter due to the lower energy market environment coupled with the mild start to the winter that resulted in lower fuel costs. There was also an unexpected outage at McNeil during this same period of low energy markets. Combined, these last two items were $1.7M lower than forecasted.

[4] In FY24 Q1, 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 part of this quarter, the RECs sold were expensed at the previous cost $0.84/RECs.

As required by the Plan, GMP retained the full amount of the "Efficiency Band" adjustor, which decreased the Component B variance for customers by $0.658M, yielding a net Component B variance of $6.982M better than forecast for the quarter.[5]

All these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a total credit to customers of $2.041M for the quarter.

II. Exogenous Major Storm Adjustor – FY2024 Q1 Results

While a series of storms impacted Vermont in November, none of them hit the threshold for a Major Storm under the Plan. Major Storm Expenses of $0.5M from the September storm in the previous quarter were incurred and recognized this quarter. The table below shows, by quarter since the inception of the Plan, Major Storm expenses and deductible, Major Storm Restoration Fund collections, any resulting EMSA after application of Restoration Funds, and any remaining Restoration Fund balance. Please see **Attachment 2** for further details of the reported expenses.

Measurement Period	Reported Quarterly Major Storm Expense	Major Storm Deductible	Major Storm Expense Less Deductible[6]	Quarterly Major Storm Restoration Fund Collections	Net Exogenous Major Storm Adjustor[7]	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 interest)	$0	($341,557)
FY2023 Q2	$25,848,701	$0	$25,848,701	$1,672,434 (including $29,382 interest)	$24,517,824	$0
FY2023 Q3	$7,961,929	$0	$7,961,929	$1,441,690 (including $53,946 interest)	$6,520,239	$0
FY2023 Q4	$5,382,140	$0	$5,382,140	$2,401,245 (including $44,589 interest & $814,980 credit)	$2,980,895	$0
FY2024 Q1	$504,948	$0	$504,948	$1,473,423 (including $34,079 interest)	$0	$968,475

[5] The Efficiency Band amount was based on a lower per unit Cost Variance ($0.0051/kWh Component B rate variance) coupled with retail sales volume of 1,024,283 MWh.

[6] Total Major Storm Balance, after application of deductible but before application of any Major Storm Restoration Fund amounts.

[7] This represents any qualified Major Storm expense amount included in quarterly Cumulative Carry Forward after application the deductible and any Restoration Fund collections. See MYRP § VII.

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, that 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 FY2024 Q1 Quarterly Net Adjustments were in the same direction, so the Cumulative Carry Forward balance reported in FY2023 Q4 will be reflected on customer energy statements as of April 1, 2024. This quarter's credit to customers of $2.041M will be carried forward to the next quarterly reporting period.

The chart below reflects the results of FY2024 Q1, and the calculation of the Cumulative Carry Forward since the start of FY2023:

Measurement Period	PSRRA $	Exogenous Major Storm Adjustor $	Quarterly Net Adjustment $	Cumulative Carry Forward $	Collection/ Return Begin Date	Collection (Refund) to Customers
FY2023 Q1	$6,343,620	$0	$6,343,620	$6,343,620	Apr-2023	$12,080,507
FY2023 Q2	$10,059,980	$24,517,824	$34,577,804	$34,577,804	Jul-2023	$6,343,620
FY2023 Q3	$4,360,232	$6,520,239	$10,880,471	$10,880,471	Oct-2023	$34,577,804
FY2023 Q4	($3,129,894)	$2,980,895	($148,999)	$10,731,472	Jan-2024	n/a
FY2024 Q1	($2,041,362)	$0[8]	($2,041,362)	($2,041,362)	Apr-2024	$10,731,472

GMP is filing with this Report a tariff request to make this adjustment to customers' energy statements starting April 1, 2024, through September 30, 2026, the end of the Plan period. The proposed line-item for this amount is 3.05% based on a percentage of expected retail revenue. It will be combined with the 0.34% approved for the ESAM noted above, and the total of 3.39% will replace the 2.43% amount currently on energy statements.

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)*

[8] The remaining Major Storm Fund balance of $968,475 will also be available to offset future storm costs, lowering any future Exogenous Major Storm Adjustor amount.