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Via ePUC

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

Re: FY2024 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 2024 (FY2024 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, no customer bill change is triggered by the net results for the quarter.

In the second quarter, power supply and revenue results netted a quarterly credit of $3.803M for the PSRRA. Vermont and the region experienced several significant storms, with one storm in January meeting the threshold of a Major Storm. (The early April Nor'easter also was a Major Storm but occurred in the current quarter and will be on the next report.) The costs for the Major Storm in January, as well as for additional expenses received this quarter associated with previously reported Major Storms, totaled $10.078M and were partially offset by Major Storm Restoration Funds already received of $2.631M ($1.662M credit from the current quarter and a $0.968M credit rolled over from the previous report), leaving a balance of $6.248M in storm costs in the EMSA after applying the $1.2M Major Storm deductible. The favorable results for the PSRRA offsets and lowers the storm costs to an overall net quarterly collection of $2.445M. Because the prior quarter's results were in the other direction, a credit, under the Plan there will be no change in customer bills. GMP will net FY2024 Q2 results against the prior quarter's $2.04M credit, with the resulting $0.404M charge rolled forward to the next reporting period.[1]

[1] See MYRP § VI.

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 – Second Quarter Fiscal Year 2024 Results

Attachment 1 to this letter sets forth the accounting details of our FY2024 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.

I. Power Supply and Retail Revenue Adjustor – FY2024 Q2 Results

In FY2024 Q2, we experienced both a lower energy market environment and somewhat lower retail sales, with a net PSRRA calculation that resulted in an overcollection of $3.803M:

Retail Revenue Collected:	$1.769M less than forecast
Power Supply Costs (net):	$5.571M less than forecast Component A: $2.297M more than forecast Component B: $7.869M less than forecast (after Efficiency Band adjustment)
Total FY2024 Q2 PSRRA:	**$3.803M credit 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 $1.769M, or about 0.9%, lower than forecast due to milder than average weather throughout the quarter.[2] The variance includes lower retail revenues for residential and large commercial and industrial (C&I), and higher revenues from small C&I. Residential sales were $4.4M lower than forecast, small C&I were $4.0M higher, and large C&I sales were $1.4M lower. On a $/MWh basis, the average rate for all rate classes was slightly higher than forecasted.

Power Supply

[2] Retail sales volume was 23,526 MWh, or 2.1% lower than forecast with a $0.0022 per kWh average rate variance, which was 1.2% higher than forecast.

This quarter featured considerably lower energy costs resulting from the market environment, again influenced by the moderate temperatures. Energy costs for contracts, fuel, ISO balancing transactions, congestion, and losses were all lower than forecasted this quarter, while REC revenues were higher. These lower costs were somewhat offset by the continued regionally mandatory Mystic Cost of Service charges; these charges came in lower than last year's charges but were not included in the base rate forecast because they were not known and measurable. Overall, power supply costs were $6.395M lower than forecast. Here are the details:

- Component A

Component A was $2.297M higher than forecast for the quarter. These higher costs were driven by the mandatory charges associated with the Mystic Cost of Service Agreement, which totaled $2.546M for the quarter, as well as higher ancillary services charges from the implementation of the Inventoried Energy Program that cost $1.4M for the quarter. Partially offsetting these higher than forecasted costs are line losses that came in $1.8M lower than forecasted for the quarter, as shown in Attachment 1.

- Component B

Gross Component B costs were $8.692M 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. While these transactions, which occurred after the forecast that set the benchmark, are reflected as an unfavorable $11.5M 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 $2.7M less than forecast this quarter. We also purchased fewer MWh from some intermittent resources including Granite, Deerfield, Standard Offer and solar PPAs, resulting in contract costs $2.2M lower than forecasted. Additionally, as previously reported, there were accounting adjustments to the Ryegate contract that show up as lower contract costs that are offset as lower REC revenues.[3] The lower market environment coupled with mild temperatures resulted in minimal generation and fuel costs from our peaking units this quarter, as well as lower than forecasted congestion charges. REC revenues were higher than forecasted largely due to the timing of McNeil REC revenues from sales that were administered on our behalf by Burlington Electric Department. Combined, these last three items resulted in a $3.7M favorable variance.

As required by the Plan, GMP retained the full amount of the "Efficiency Band" adjustor, which decreased the Component B variance for customers by $0.823M, yielding a net Component B variance of $7.869M better than forecast for the quarter.[4]

[3] In FY24 Q2, 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. This results in lower energy contract costs offset by lower net REC revenues.

[4] The Efficiency Band amount was based on a lower per unit Cost Variance ($0.0063/kWh Component B rate variance) coupled with retail sales volume of 1,086,036 MWh.

All these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a PSRRA credit to customers of $3.803M for the quarter.

II. Exogenous Major Storm Adjustor – FY2024 Q2 Results

From January 9 to January 12, 2024, Vermont experienced a fierce storm that included high winds, heavy wet snow, and flooding. This event was a Major Storm as defined in GMP's regulation plan. Included in this report are costs and invoices received through the end of the second quarter for this Major Storm, as well as costs invoiced this quarter from Major Storms that were reported in previous quarters, for a total of $10.078M.

Under our Plan, we set a base level of expected storm restoration costs in our annual budget with an annual deductible of $1.2M. Any additional expenses caused by qualifying Major Storms are paid for through two mechanisms, an ongoing Major Storm Restoration Fund and, if needed, the EMSA.[5] The amount received through the Major Storm Restoration Fund is credited against Major Storm costs for the quarter, as shown in the chart below.

The table below shows, by quarter since the inception of the Plan, Major Storm expenses and deductibles, 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.

[5] Consistent with the Plan, GMP covers the first $1.2M of any Major Storm expense in a calendar year; this amount has been incurred and accounted for in this quarter.

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
FY2024 Q2	$10,078,452	$1,200,000	$8,878,452	$1,662,376 (including $57,842 interest)	$6,247,601	$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, that prior 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 FY2024 Q2 and FY2024 Q1 Quarterly Net Adjustments are in opposite directions—because the prior quarter resulted in a credit—and so there will be no bill adjustment for customers. Instead, the results for these quarters will be netted against each other and carried forward to the next report.

[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.

The chart below reflects the results of FY2024 Q2, 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	($2,041,362)	($2,041,362)	Apr-2024	$10,731,472
FY2024 Q2	($3,802,670)	$6,247,601	$2,444,932	$403,570	Jul-2024	n/a

Under the Plan, we will combine the FY2024 Q1 Cumulative Carry Forward credit of ($2.041M) with the FY2024 Q2 Quarterly Net Adjustment of $2.445M for a Cumulative Carry Forward charge of $0.404M to be rolled forward to the next reporting period.

IV. Conclusion

GMP appreciates the Commission's and Department's review of this report. 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)*