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Via ePUC

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

Re: FY2025 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 2025 (FY2025 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 result for FY2025 Q2 is a collection from customers that will be carried forward. This result requires that, beginning July 1, 2025, the current Cumulative Carry Forward balance of $5.959M will be reflected on customer energy statements, combined with amounts previously approved and already in effect.[1] This amount includes an offset from the quarter-end balance of the Major Storm Restoration Fund, as further described below. When combined with other previously-approved amounts, this results in a change to the Current Power and Major Storm adjustor line item from 4.73% to 4.98%.[2]

For FY2025 Q2, power supply and revenue results netted a quarterly collection of $6.686M. For storms, the region experienced a significant ice storm at the end of FY2025 Q2 extending into this current quarter. Costs for this storm will be reported in FY2025 Q3. This report includes expenses received this quarter associated with a previously reported Major Storm in FY2024 totaling $0.048M that was entirely covered by the $1.799M collected during the quarter for the Major Storm Restoration Fund, resulting in no EMSA for the quarter. Thus, the

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

net result for the quarter is a collection from customers of $6.686M that will be carried forward until required to be collected under the Plan.

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

I. <u>Power Supply and Retail Revenue Adjustor Report – Second Quarter Fiscal Year 2025 Results</u>

Attachment 1 to this letter sets forth the accounting details of our FY2025 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 – FY2025 Q2 Results

In FY2025 Q2, both power supply costs and retail revenues were higher than forecast. The net PSRRA calculation resulted in a collection from customers of $6.686M:

<u>Retail Revenue Collected:</u>	<u>$1.164M more than forecast</u> [3]
<u>Power Supply Costs (net):</u>	<u>$7.850M more than forecast</u> Component A: $6.918 M more than forecast Component B: $0.932M more than forecast (after Efficiency Band adjustment)
<u>Total FY2025 Q2 PSRRA:</u>	**<u>$6.686M</u>** collection due to net result higher than forecast

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

<u>Retail Revenue and Sales Volume</u>

[3] This does not include $563,482 in retail revenue from the buy-through program for Rate 63/65 customers that participate in the Curtailable Load Rider. Retail revenues and associated power supply costs from this program were removed from the PSRRA calculation. Rate 63/65 customers on the Curtailable Load Rider agree to reduce their load when requested by GMP in exchange for a lower rate. Those customers may, however, elect to not reduce their load and instead “buy through” the curtailment event and purchase energy at a rate based on the day-ahead market price. The intent of the program is to keep GMP and non-participating customers unaffected by the actions of the participating customers; therefore, the associated revenues, costs and sales volumes have been isolated and removed from the calculation of the PSRRA.

This quarter, retail revenues were $1.164M higher than forecast and retail sales were 3,796 MWh higher than forecast, not including retail sales associated with the buy-through program as described in footnote 3.[4] This variance reflects higher revenues from small commercial and industrial (C&I) customers, which were mostly offset by lower retail revenues from residential and large C&I customers with a slightly higher overall average rate than forecast. Residential sales were $1.023M lower than forecast, small C&I were $4.557M higher, and large C&I sales were $1.813M lower.

Power Supply

This quarter featured higher power supply costs, primarily driven by higher costs from Regional Network Service (RNS) transmission, ancillary services, congestion and losses and purchased energy costs. Offsetting some of these higher costs were lower expenses related to VELCO VTA charges, O&M, and purchased solar. Overall, power supply costs were $8.793M higher than forecast. Detailed breakdowns are as follows:

- Component A

Component A costs were $6.918 million higher than forecast for the quarter, primarily driven by increased RNS transmission charges, ancillary services, demand charges, and line losses. Effective January 1, 2025, RNS rates rose by more than 20%, a change not included in the benchmark forecast. Additionally, colder-than-expected weather led to monthly peak loads exceeding projections. This quarter also included $1.420 million in unbudgeted costs from the winter Inventoried Energy Program (IEP) in January and February, which are included in ancillary services. Within ISO demand charges, additional unbudgeted costs were incurred due to the implementation of the Day-Ahead Ancillary Services Initiative (DASI) on March 1, 2025. While this initiative largely replaces traditional reserve charges, the net costs to GMP were higher than historical reserve charges.

- Component B

Gross Component B costs were $1.311 million higher than forecast, primarily due to increased purchased energy costs. Actual ISO-NE energy prices were substantially higher than forecasted, driven by the colder temperatures, with January and February on-peak prices exceeding forecasts by more than 40%, leading to increased congestion charges. GMP system contracts, which were higher than budgeted for the quarter as reflected in the report, ultimately reduced GMP net total power costs this quarter by offsetting our open position and what would have been ISO purchases at much higher winter pricing. These included new system purchases from NextEra and BP along with a hydro purchase from First Light. During the quarter there

[4] Including buy-through program purchases, total retail sales volume was 6,423 MWh, or 0.6% higher than forecast with residential sales 2,139 MWh or 0.4% lower than forecast, small C&I higher than forecast by 23,586 MWh or 6.6%, and large C&I 15,025 MWh or 5.6% lower than forecast. There was a $0.0005 per kWh average rate variance, which was 0.2% higher than forecast.

were also lower ISO balancing costs, due to a smaller open position, and reduced contract costs from solar resources, including net metering, standard offer programs, and solar PPAs.

As required by the Plan, GMP retained the full amount of the "Efficiency Band" adjustor, decreasing the Component B variance by $0.380M, yielding a net Component B variance of $0.932M worse than forecast for the quarter.[5]

All these variances—Retail Revenue, Component A, and Component B after the Efficiency Band adjustment—net to a PSRRA collection from customers of $6.686M for the quarter.

II. Exogenous Major Storm Adjustor – FY2025 Q2 Results

Vermont experienced one Major Storm as defined in GMP's regulation plan at the end of FY2025 Q2. Costs associated with this storm will be invoiced in FY2025 Q3. Additional costs from previous storms invoiced this quarter totaled $0.048M.

Under our Plan, we set a base level of expected storm restoration costs in our annual budget and carry 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.[6] 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 start of FY2024, 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.

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
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 higher per unit Cost Variance ($0.0009/kWh Component B rate variance) coupled with retail sales volume of 1,120,170 MWh.
[6] Consistent with the Plan, GMP covers the first $1.2M of any Major Storm expense in a calendar year; this amount was incurred with the storm that occurred at the end of this quarter, FY2025 Q2, and will be reflected with invoiced storm amounts in the FY2025 Q3 measurement period.
[7] Total Major Storm Balance, after application of deductible but before application of any Major Storm Restoration Fund amounts.
[8] This represents any qualified Major Storm expense amount included in quarterly Cumulative Carry Forward after application of the deductible and any Restoration Fund collections. See MYRP § VII.

FY2024 Q2	$10,078,452	$1,200,000	$8,878,452	$1,662,376 (including $57,842 interest)	$6,247,601	$0
FY2024 Q3	$7,622,668	$0	$7,622,668	$1,409,160 (including $44,105 interest)	$6,213,508	$0
FY2024 Q4	$5,276,966	$0	$5,276,966	$1,592,479 (including $71,266 interest)	$3,684,487	$0
FY2025 Q1	$391,379	$0	$391,379	$1,489,516(including $82,294 interest)	$0	$1,098,137
FY2025 Q2	$48,026	$0	$48,026	$1,798,584 (including $98,891 interest)	$0	$2,848,695

III. Quarterly Net Adjustment and Cumulative Carry Forward

Under the Plan, a bill adjustment for customers is triggered 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. In such cases, the prior Cumulative Carry Forward balance is reflected in customer 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 FY2025 Q2 and FY2025 Q1 Quarterly Net Adjustments are in the same direction, requiring collection. Under Section VII of the Plan,[9] GMP proposes to apply the Major Storm Restoration Fund balance of $2,848,695 to the FY2025 Q1 Cumulative Carry Forward amount of $8.808M to lower the required collection to $5,959,147, which will be combined with other previously approved amounts and reflected on customers' energy statements as of July 1, 2025. This quarter's collection of $6.686M will be carried forward to the next quarterly report.

The chart below reflects the results of FY2025 Q2, and the calculation of the Cumulative Carry Forward since the start of FY2024:

Measurement Period	PSRRA $	Exogenous Major Storm Adjustor/ Restoration Fund Balance Applied $	Quarterly Net Adjustment $	Cumulative Carry Forward $	Collection/ Return Begin Date	Collection (Refund) to Customers
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

[9] Section VII page 24 of the Plan states: "GMP will include in the quarterly Revenue, Power Supply and Major Storm Adjustor report a roll-forward (Fund Beginning Balance, Fund Additions, Fund Uses, Interest Accrued, and Fund Ending Balance) of the Major Storm Restoration Fund regulatory liability account and any proposal by GMP to utilize this account to mitigate the impact and volatility of major storm costs, other adjustors or costs as approved by the Commission." GMP notes that accrued major storm expenses that are a part of the amount triggered by the quarterly result exceed the balance of the collected Major Storm Restoration Fund that will be used to offset it.

FY2024 Q3	$3,065,368	$6,213,508	$9,278,876	$9,682,446	Oct-2024	n/a
FY2024 Q4	-$5,812,293	$3,684,487	-$2,127,806	$7,554,640	Jan-2025	n/a
FY2025 Q1	$1,253,202	$0	$1,253,202	$8,807,842	Apr-2025	n/a
Adjusted FY2025 Q1 Cumulative Carry Forward reflecting application of Major Storm Restoration Fund balance at end of FY2025 Q2.		-$2,848,695		$5,959,147		
FY2025 Q2	$6,686,150	$0	$6,686,150	$6,686,150	Jul-2025	$5,959,147

With this Report, GMP is filing a tariff request to make this adjustment to customers' energy statements starting July 1, 2025 through September 30, 2026. The proposed line-item for this amount is 4.98% that will replace the 4.73% amount currently on energy statements.

IV. Conclusion

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

Sincerely,

Robert A. Bingel

Encls.

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