

December 10, 2018

Ms. Judith C. Whitney, Clerk
Vermont Public Utility Commission
112 State Street, Drawer 20
Montpelier, VT 05620

Re: Case 17 –5257 – INV – Review of Standard-Offer Program

Dear Ms. Whitney,

In a memo dated November 28, 2018, Public Utility Commission (“PUC”) staff requested comments on potential changes to the text of 30 V.S.A. § 8005a(k)(2)(B). On December 4th, Vermont Public Power Supply Authority (“VPPSA”) and Burlington Electric Department (“BED”) filed a joint response supporting the PUC staff’s proposal, with the exception of the potential change to the reporting period used to qualify for the Standard-Offer exemption. Green Mountain Power (“GMP”) filed a response to the PUC staff proposal recommending that “if an exempt utility fails to qualify for the exemption in any year, that utility should not be able to apply for the exemption again.”¹ GMP goes on to suggest that PUC could consider an exception that would permit a utility that had previously been exempt but failed to maintain 100% renewability in a year to regain its exemption in a future year, but that the exemption should only apply to future Standard-Offer contracts. GMP’s comments were supported by VEC. VPPSA, commenting on behalf of Swanton, is concerned that GMP’s proposal would produce an unfair and punitive result.

On November 22, 2017, Swanton filed a petition for exemption from the Standard-Offer Program for 2018 (based on the renewability of Swanton’s resources for the period November 1, 2016 to October 31, 2017.) With that filing Swanton demonstrated that it had renewable energy-producing resources significantly in excess of its retail sales for the period. The PUC granted Swanton’s request through an Order in Case No. 17-5002-PET². Swanton is unable, due to events beyond its control, to make the same claim for 2019 exemption.

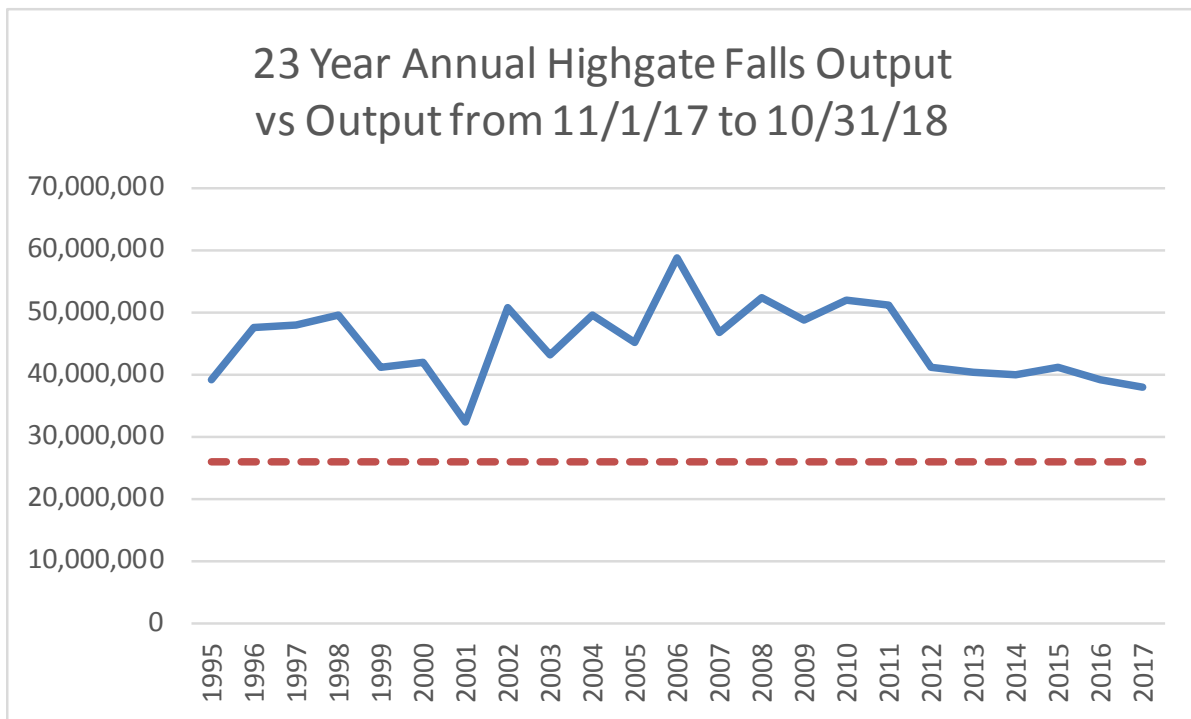
On June 14, 2017, Swanton’s Highgate Falls facility suffered a partial failure due to a deflation of the rubber upper portion of the dam used to regulate the water level. Despite Swanton’s best efforts, delay in delivery of a new dam from the manufacturer caused replacement of the failed component to not be completed until August 24, 2018. (By September, moderate to severe drought conditions were prevailing in Northern Vermont).

¹ Case 17 –5257 – INV – Review of Standard-Offer Program, *Green Mountain Power Comments*, p. 1

² *Order Granting Exemption* in Petition of Swanton Village, Inc. Electric Department for exemption from standard offer purchases pursuant to 30 V.S.A. 8005a(k)(2)(B) for calendar 2018, 1/25/18.

Consequently, during the exemption test period of November 1, 2017 to October 31, 2018, the output of the hydro facility was only 25,959,529 kWh. Despite some short-term purchases of hydro energy from other VPPSA members and other market participants, Swanton is only able to demonstrate renewable energy sources of 88% of retail sales.

As can be seen from the following graph, a 12-month output level of 25,959,529 kWh (the red dashed line) represents a 23-year low in hydro production for the facility (and is in fact almost 20% below the next lowest value (32,313,675 kWh from 2001). The period of 23 years represents the full history from the period commencing 1994 when the facility was upgraded, the intake raised to 193 ft, and the rubber dam installed. Even absent short-term renewable purchases had Highgate Falls produced 38,321,561 kWh, which it exceeded 22 of the last 23 years, Swanton would have still met the exemption test for 2019.



Swanton makes this filing to call the PUC’s attention to the extreme nature of this reduction in Swanton’s renewable energy. Swanton had no changes in its renewable portfolio that resulted in this reduction. The reduction was related to what, in a 23 history, was a one-time event. Swanton believes this specific example serves well to illustrate the essential injustice of the loss of exemption structure proposed by GMP and supported by VEC (i.e. that a loss of exemption would be permanent as far as existing Standard-Offer contracts go). In fact, a more equitable change would be to replace the current one-year test with a multi-year average,



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but Swanton is comfortable with the current statutory structure, provided the exemption is not lost permanently due to not maintaining 100% renewability on one year (as these utilities propose).

Thank you for your consideration of these comments. Please contact me (m Bailey@vppsa.com or 802-882-8509) with any questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Melissa Bailey". The signature is written in a cursive, flowing style.

Melissa Bailey
Legislative and Regulatory Affairs Representative
Vermont Public Power Supply Authority