



2152 Post Road
Rutland, Vermont 05701

Carolyn Anderson
Associate General Counsel

Phone: (802)770-3253
Carolyn.Anderson@greenmountainpower.com

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Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, Vermont 05620-2701

Re: Case No. 17-4632-INV; VEC RES Adjustments

Dear Ms. Whitney:

The Public Utility Commission (“Commission”) issued a request in this case on December 28, 2018 seeking comments on two motions to alter or amend the Commission order (“Order”) approving the 2017 Renewable Energy Standard (“RES”) compliance filings. In this letter, Green Mountain Power (“GMP”) responds to and supports Vermont Electric Cooperative’s (“VEC”) request.¹

On December 21, 2018 VEC requested the Order be amended to revise the calculation of VEC’s Tier III savings for projects that increase electric usage using its non-fossil fuel power supply including nuclear, rather than its original calculation which calculated savings against its renewable power supply. On January 11, 2019, the Department of Public Service (“Department”) filed a letter which supported VEC’s revised calculation because this approach (and that taken by GMP in its calculation) is consistent with 30 V.S.A. § 8005(a)(3).

As explained by the Department, Tier III of the Renewable Energy Standard (“RES”)² encourages Vermont’s distribution utilities to support “. . . projects to reduce fossil fuel consumed by their customers and the emission of greenhouse gases attributable to that consumption.” In order to be eligible for Tier III, a project must, among other things, “over its life, . . . result in a net reduction in fossil fuel consumed by the provider's customers and in the emission of greenhouse gases attributable to that consumption. . . .”³ In order to calculate savings from a Tier III project, the utility must convert the net reduction in fossil fuel consumption

¹The Commission also noted that BED requested a change to the Order to reflect retirement of nine more Tier II credits than in its original filing. GMP has no comment or objection to this request.

² 30 V.S.A 8005(A)(3)

³ 30 V.S.A. § 8005(C)(2).

resulting from the energy transformation project to a MWh equivalent of electric energy.⁴ To the extent the project increases electric use, the fossil fuel displaced must be reduced by the increased electric consumption that is fossil-fuel driven to obtain the net lifetime Tier III savings as compared to the non-fossil fuel portion of the utility's power supply. Nuclear energy provides electricity supply that is non-fossil fuel and does not have any direct GHG emissions. It is therefore appropriate, in the determination of MWh equivalents for energy transformation projects, to count nuclear energy as non-fossil fuel supply. Notably, neither the definition of Tier III nor the conversion calculation incorporate anything about renewable electricity supply; this is dealt with in parallel through Tier 1 (total renewable) and Tier II (distributed renewable). These definitions and calculations are consistent with the overall structure of the RES where Tiers I and II set renewable energy goals, while Tier III's energy transformation projects are designed to reduce fossil fuel consumption.

Based on the clear statutory language requiring that energy transformation projects reduce fossil fuel consumption and that the savings be calculated based on net reduction in fossil fuel converted to a MWh equivalent of electric energy, we agree with the DPS that a utility's savings from a Tier III project that increases electricity must be quantified based on the non-fossil fuel portion of its power supply, including nuclear, and not to the renewable portion of a utility's power supply. For this reason, GMP supports VEC's request to alter the Order.

In its letter, the Department also suggested that the Commission and stakeholders should determine whether a utility may purchase nuclear attributes separately from the underlying power as a means of meeting the statutory RES obligations. GMP does not share the Department's position that the statute is unclear or could lead to unintended consequences with respect to the treatment of nuclear energy in the Tier III conversion calculation generally or the use of unbundled nuclear attributes; we also are concerned about the potential cost and practical impacts of the Department's suggestion. Nevertheless, GMP has reached out to the Department on this issue and agrees with the Department that further work between the Department and the utilities to review the matter is the right path.

Thank you for this opportunity to comment, and if you have any questions, please feel free to reach out.

Sincerely,



Carolyn Browne Anderson
CBA

Enclosure

cc: ePUC Service List

⁴ 30 V.S.A. § 8005(D)