STATE OF VERMONT
PUBLIC UTILITY COMMISSION

CASE NUMBER 18-3810-INV

INVESTIGATION INTO RENEWABLE
ENERGY STANDARD RULEMAKING

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Montpelier, Vermont

Workshop held before the Vermont Public Utility Commission, at the Susan M. Hudson Conference Room, People's United Bank Building, 112 State Street, Montpelier, Vermont, on January 29, 2019, beginning at 9:30 a.m.

P R E S E N T

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Tucker Williams, VEC
Carolyn Anderson, GMP
Doug Smith, GMP
Jeff Monder, GMP
Bill Powell, WEC
John Brabant, Vermonters for a Clean Environment
Lisa Morris, VEC
Keith Levenson, DPS
Maria Fischer, DPS
Allison Bates Wannop, DPS
Matt Cota, Vermont Fuel Dealers Association
Barry Murphy, DPS
Olivia Campbell Anderson, REV
Andrew Quinn, GMP
Paul Lambert, EVT

MS. SCHILLING: Good morning. This is the second workshop in Case Number 18-3810-INV investigation into renewal energy standard rulemaking. My name is Elizabeth Schilling. I'm Staff Attorney with the Commission, and with me today is Tom Knauer who is the Policy Director for the Commission, and I am still learning names so if everyone could go around quickly and introduce themselves, that would be really helpful.

MS. MARGOLIS: Anne Margolis with the Department of Public Service.

MS. FISCHER: Maria Fischer with the Department of Public Service.

MS. WANNOP: Allison Bates Wannop with the Department of Public Service.

MR. WILLIAMS: Tucker Williams, Vermont Electric Co-op.

MS. RICHARDS: Patty Richards, Washington Electric Co-op.

MS. BAILEY: Melissa Bailey with Vermont Public Power Supply Authority and Burlington Electric Department.

MS. MORRIS: Lisa Morris, Vermont Electric Co-op.

MR. MONDER: Jeff Monder, Green Mountain

Power.

MS. ANDERSON: Carolyn Anderson, Green Mountain Power.

MR. ALBRECHT: Ray Albrecht, National Biodiesel Board.

MS. CAMPBELL ANDERSON: Olivia Campbell Anderson, Renewable Energy Vermont.

MR. SMITH: Doug Smith, GMP.

MR. QUINN: Andrew Quinn, Green Mountain Power.

MR. POWELL: Bill Powell, Washington Electric Co-op.

MR. LAMBERT: Paul Lambert, Efficiency Vermont.

MR. RUTHERFORD: Matt Rutherford with the Town of Stowe Electric.

MR. COTA: Matt Cota, Vermont Fuel Dealers Association.

MR. LEVENSON: Keith Levenson, Department of Public Service.

MS. LAUNDER: Kelly Launder, Department of Public Service.

MR. MURPHY: Barry Murphy, Department of Public Service.

MS. SCHILLING: Thank you. So the

primary purpose of today's workshop is to discuss comments that were submitted by the participants on January 18, 2019. So before we jump in to go through the comments does anyone have anything to raise or anything like that? All right. If not, I think we should just jump into going through the Department's comments. They seem to lay out the majority of issues the various participants were interested in. So if we just go through those and then talk about the responses to those and then folks can have discussion, ask questions. So does that work for everyone? All right.

So in the Department's comments the first issue that was raised was the RES data collection and compliance. They filed an Excel spreadsheet as a proposed method of compiling all the data. I know some of the participants worked with the Department or provided some comments, but I know not everyone did and I believe the proposal is that the spreadsheet would not be a part of the rule, but would be used to implement the rule. So the spreadsheet is fairly detailed and I don't know if everyone has copies or not. We could go through the spreadsheet today or folks could work together collaboratively to propose a joint and final spreadsheet to the Commission. Folks could also just provide written comments on what the Department has already filed. What would work best?

MS. MARGOLIS: I think we would be just as happy to work collaboratively and file a final spreadsheet if that works for all the participants.

MS. SCHILLING: I think that would be ideal and since that's not a part of the formal rule itself, obviously we would like to have a final version before we file for formal rulemaking, but I would say the schedule for that is not as tight as getting the draft rule together and that kind of thing. Should we move on to the next item? Any other thoughts on the spreadsheet?

MS. WANNOP: Does anyone have any thoughts they haven't raised already?

MS. MORRIS: I just have a question is that the spreadsheet we would use for our final filing over the summer in August, but this would not relate to the format of what we submit to the Department on March 15th; is that correct?

MS. FISCHER: Correct.

MS. SCHILLING: And we can check in at a later workshop on where things are with the spreadsheet Monday.

MR. MONDER: Just to follow up, however, we're filing in March. Is it okay whatever format we're using? Is that acceptable?

MR. MURPHY: Well I mean ideally as far as an overall summary table I would like something along the lines that we filed previously that lays it out for all the projects just so one area that all the DUs report and it's the same table, same format, so we can do a fairly easy comparison between what's going on, but other than that I think that discussions around how they will ultimately file the March stuff is something that can be handled at a later date, but I would like that little piece, that consistency at least.

MS. LAUNDER: Kelly Launder. It might not have been quite clear in our comments, but for the annual plan summary table we were envisioning that it would be used both for the plan as a projected and then the actuals in the March report.

MS. SCHILLING: I was just going to say in the Department's comments under Tier III the Department had recommended that a summary table be used for submitting the annual Tier III plans and reports, and so that would be the thing that would provide the consistency not the Excel spreadsheet, and so maybe as a part of working collaboratively on the Excel spreadsheet you all could work collaboratively on the table.

MS. LAUNDER: Sure.

MR. KNAUER: Olivia.

MS. CAMPBELL ANDERSON: So I just had a question and I don't know if this is further on in your agenda. What sort of transparency is there for RES Tier III compliance about the specific projects? It sounds like we're talking about end of year annual summaries, and I'm wondering if the details of the specific projects are going to be available to the public and/or even if in -- even if there is some need to redact information, et cetera.

MS. SCHILLING: So I can start with my answer and then others can chime in. So with the Tier III -- with the Tier III projects the utilities submit their Tier III plans to the Commission, and we're going to be discussing those a little bit more further on, and then in March they submit their -- what they have done in the prior year to meet their Tier III requirements consistent with their plan, and then those get reviewed by the Department and then ultimately approved by the Commission, and all of that is submitted through ePUC and there's public process around that.

MS. CAMPBELL ANDERSON: Yeah. My concern is it's been very difficult to get the details of the specific Tier III projects and there is no public transparency if they only go from the utility to the Department, and information about the projects is not publicly available and, therefore, it's only like a summary. So we would like to see more transparency around specific project details rather than just a summary that gets provided to the Department that may or may not be publicly available unless someone submits a public information request. So --

MR. KNAUER: Are you wondering about prescriptive Tier III projects or custom projects?

MS. CAMPBELL ANDERSON: My concern right now is around the custom projects because, you know, because the prescriptive projects are pretty clear. For example, if Burlington Electric has an electric vehicle incentive and they say what it is and this number of people received it, obviously we don't necessarily see additional value in saying but for consumer protection these are the individuals who did that, but around the custom projects there doesn't seem to be any transparency or public process and that's a concern to us.

MR. KNAUER: Patty, did you have something?

MS. RICHARDS: I had a question for Olivia and I think she just answered it, but I was trying to differentiate program offerings versus projects, and sounds like you're looking for just anything that's like a specific delivery of end uses to a customer because all the programs that WEC has are general. It's like here are the programs and the program is the same for any participant.

MS. CAMPBELL ANDERSON: Right.

MS. RICHARDS: I'm differentiating project versus a program.

MS. CAMPBELL ANDERSON: Right.

MS. RICHARDS: So program descriptions are completely available and public.

MS. CAMPBELL ANDERSON: Yeah so I think perhaps I was using the wrong terms. Thanks for clarifying. So I think the interest would be more in the -- what's the right term -- non-prescriptive custom projects.

MR. MONDER: So there is an issue with the custom projects and the level of information that can be provided because some of those projects involve proprietary information from customers that we just can't, you know, openly share otherwise the customer might not take on the project. So there's a level of information -- a summary level of information that can be provided openly, but then there's a level of information about the project, the identity of the customer, specifics about the project in some cases that may not be readily shareable without making it so the customer could not take advantage of a Tier III incentive.

MS. CAMPBELL ANDERSON: So I think it's something that needs to be discussed because certain things are -- certain things are over, you know, whether information is redacted or more detailed, summarized, but saying for an example that there were 50 custom projects and it was this and having no -- none of that information available to the public or anyone is not very transparent or effective, and I think Efficiency Vermont deals with this all the time with their custom incentives. I don't know if there's anything to learn from their reporting process and I'm not -- I'm just posing a concern that I think needs to be addressed.

MS. SCHILLING: Melissa.

MS. BAILEY: I'm having a hard time

understanding the concern. I'm just wondering if you could add a little more color. What kind of information it is that REV would be looking for and what is lacking that isn't available? Like what level of detail are you looking for acknowledging customer privacy concerns, and maybe if you could speak a little bit more about what REV's concern is I guess.

MS. CAMPBELL ANDERSON: One, we would have concern any time that there are ratepayer funds being used to subsidize something and there's not transparency and public process. So as an overarching issue of integrity related to the renewable energy standard.

So, two, I think it would be helpful to have general information around rather than something summarized that, you know, 50 projects were completed that there needs to be some more information. So, you know, we can certainly provide some concepts in some followup, you know, comments, but that -- I'm just right now laying out a concern around the transparency and integrity of RES which seems to be limited right now.

MS. RICHARDS: I just want to put on the record I think RES is very transparent. I think most of our programs -- the vast majority of the programs are general programs, and certainly for WEC we've advertised and we want to get information out what the programs are. There may be a small bucket that raises your concerns, but in general I think the RES has been very public, very transparent because we want to get members and customers participating so that we can claim our megawatthour savings. So I just want to make sure we characterize most of our programs, 95 percent, is very public and transparent.

MS. SCHILLING: Matt.

MR. COTA: Matt Cota on behalf of the Vermont Fuel Dealers Association. I would agree with Olivia transparency is key here for two reasons. One is after the fact, after it's reported there are experts that may not be privy to the discussions between the Department and the PUC and the vendors and that we might be able to provide some insight or some opportunities in the future.

Secondly, Vermont Fuel Dealers Association filed a Freedom of Information Act request with regard to one of the custom projects because we feel that we could have contributed to that project and increased the Tier III credits for that distributed electric utility. Unfortunately that did not happen, but if we had advance notice these discussions were happening, we feel we could have improved the project.

MS. SCHILLING: Barry.

MR. MURPHY: Just a quick question. Are you asking to be involved in the initial planning phase of the projects eventually if it's something along those lines because that's basically what would be required.

MR. COTA: With the project we asked for the FOIA request it was specific to a conversion to distillate fuel which we have lots of expertise about, and instead of converting to distillate fuel from 6 oil, if that vendor or that recipient converted to a biodiesel blend of distillate, the Tier III credits to the distributed utility would have gone up exponentially, and we could have worked in a partnership with the recipient of that conversion and the distributed utility in a non-adversarial manner but in a cooperative manner that would have improved the environment here in Vermont and would have improved the financial balance sheet for the distributed utility.

MS. SCHILLING: Kelly.

MS. LAUNDER: But I'm still not

understanding because if you received the information when they are doing a compliance filing, like that's too late.

MR. COTA: Yes.

MS. LAUNDER: It's already happened. So I think what you're saying -- what Barry is saying you really want to try to find a way to be part of the planning process. It's not so much about the end compliance knowing the information about the project after it's happened.

MR. COTA: I would say both are true. Yes.

MR. MURPHY: And to the issue over the transparency of the custom project part of the issue the Department has with that in order to verify these custom projects the level of information that we need to know to do that includes an awful lot of personal identifiable information; customer name, address, account numbers, service records of equipment, all of which, if we have it, is subject to FOIA request such as the Vermont Fuel Dealers have done, and as I understand it the Department doesn't necessarily have the authority to even redact that information in a FOIA request.

So that's one of the things that we are

going to be looking at how to be able to be both transparent and still protect the participants' privacy and that's a very difficult thing to try to figure out how to do. EVT has certain protections the Department doesn't have which is why we're having issues trying to address that. I think that we're potentially going to be looking either -- two avenues. One potential we could take protection over this information. Another is perhaps a statute change as to what would be required to be provided under a FOIA request for this particular type of activity that the Department has to undertake.

EVT isn't subject to the same sort of FOIA as -- so we have that information. A lot of that is handled between a third party and EVT. Those NDAs between the third party and EVT. So none of that information necessarily travels through the Department so we don't actually have ready access to it so it's not in our systems. If there's a question or anything about a project, we can go and get that information and view it on EVT's systems, but we don't generally take copies of that simply because that would not necessarily be subject to a FOIA request. However, that information is available on request from EVT. I think that would require the customer to agree that this information be shared, but project information, project level detail, all that is available just not necessarily the specific customer who is getting that project.

MS. BAILEY: Assuming that the customer information protection confidentiality can be addressed through legal channels, which I would imagine it could, I'm still struggling with this from a Tier III limitation standpoint and I just want to make sure I'm understanding the request. Would it be that every time a utility was engaging with a customer about a potential custom project that would have to be filed with the PUC and made public, potentially open for comment and other stakeholders would be able to weigh in and potentially bring our resources to the table?

I'm just struggling with whether that's feasible and what that would do to timeline and how that influences the customer's interaction with the utility, and I don't think there's any parallel requirement for EVT to bring custom projects and make them public for comment which is also an expenditure of ratepayer funds.

MR. ALBRECHT: I don't think there would be any interest to adding even more layers to projects and slowing the process down. So there's sympathy in that regard, but just to back up, what Matt has said that, you know, there's to be said something -- I'll be frank with everybody here that this has become an electrification program. The original legislation that Vermont passed a number of years back envisioned a broad range of technologies under the Tier III program and it has, you know, focused almost exclusively on electrification measures. So I think there's a disconnect between what was intended with the program during the legislative phase and what it has become.

We have offered comments orally at the last meeting and then in writing that we think the obligated parties here should put out open calls for project measures under Tier III, okay, with, you know, you know, clear that we need to address confidentiality, personal information types of issues, and I think we can work through that, but one of the concerns that we have is that just many instances there would be opportunities for renewable fuels, whether it's solid biomass or biodiesel or renewable hydrocarbon diesel which is also a newer form of diesel fuel, and how do we get into the system just on an equal playing field, you know, with electrification measures, and so we have suggested that utilities offer open solicitations, calls for measures, okay, whether they are general programs or custom measures and, you know, be open to all submitters regardless of what part of the energy sector that they might come from and I think that would address a lot of questions.

Our concern is biodiesel is a relatively low cost form of renewable energy and it would compete very nicely with a lot of the more expensive measures and, you know, it's -- I think runs contrary to the intent of your original legislation here in Vermont to get skipped over so to speak. Okay. So I would see if there were open calls for projects that biodiesel would be very much in the mix, but we are concerned. We have expressed comments that the PUC staff should have some oversight role in the project selection, not to dig too deep into the weeds, but we have some issues here.

MS. SCHILLING: Did that get -- I don't know if that totally addressed your question.

MS. BAILEY: No I think it's taken us down a different path, but just respond quickly or we can put that on hold.

MR. KNAUER: Are you going to put on

your BED hat?

MS. BAILEY: Well I would just remind Burlington Electric did issue a RFP for Tier III projects and selected them based on price, and I just -- as speaking on behalf of VPPSA we've been really transparent about our prioritization of electrification measures at the expense of other measures and that's been a deliberate strategy and that's because of our belief that minimizing the cost shifting under Tier III is a priority, and recovering revenue that can be shared among all ratepayers is preferable to investing in potentially alternative fuels which can be cost effective and can have a benefit for the customer, but we prioritized equity among ratepayers over that. So that's been a transparent and clear policy choice we put it in our annual plan each year, and without further direction from the PUC that's probably the strategy we're going to continue to pursue. I just think that needs to be -- electrification will be on a different playing field than alternative fuels because of the funding source. These are electric ratepayer dollars. So unless we get a different policy direction the strategy will pursue.

MR. ALBRECHT: We understand what you're

saying, but we would voice the opinion that this particular topic then needs further discussion so --

MS. BAILEY: Definitely open to that.

MS. SCHILLING: Just going back to your prior question did REV have any response about the process or information?

MS. CAMPBELL ANDERSON: I mean not at this time. It seems like it might be a good idea for the Department and, you know, to -- for various folks to get together with the Department to understand what the existing process is and what is our -- what our path is to ensure that the RES Tier III statute, which requires partnerships to meet its -- for utilities to meet their compliance, is being undertaken appropriately and there's some either transparency or ability for partnership. I think the BED RFP was, you know, a great path that one utility took to address that.

MS. SCHILLING: Okay.

MR. MONDER: I would just add we've established numerous partnerships in the interest of finding and completing custom Tier III projects. So we're really open to conversations and I can say confidently I don't think we've turned anybody away. We've been open to every conversation that's come our way and we've been outwardly, you know, reaching out to find folks that can bring ideas. So, you know, we are eager to have those conversations.

MR. ALBRECHT: Although the solicitation that you refer to was that ever advertised via the channels of communication that we use within this forum and, you know, Matt Cota has been sitting in on a number of meetings. It would seem that -- and we have had much of these discussions repeatedly, okay, and it would seem that if BED were issuing a call for ideas, that perhaps somebody at BED ought to have given Matt a phone call and just given him a heads up. So we're all busy people, you know, so --

MS. SCHILLING: Kelly.

MS. LAUNDER: I wonder one of the requirements for annual plans that I think maybe has not always been addressed by the utilities' plans or maybe not addressed as robustly as could be that maybe would get to some of these concerns is the requirement that if there's an electrification project that the plan demonstrate how the utility analyze such projects and to see if there are least cost alternatives that did not increase electric consumption. If that was maybe more robustly and directly addressed, would that kind of get to -- and that would be in the plan so it would be before things happened and there's opportunity during the planning process to have stakeholder comments. So that might be something that would be helpful to address some of your concerns.

MS. CAMPBELL ANDERSON: Perhaps. I also, though, think it doesn't address the issue around transparency for the customizable projects or the need for partnership with non-utility service providers in compliance with Tier III.

MS. LAUNDER: Okay.

MS. CAMPBELL ANDERSON: But that's a good -- that's something we should definitely look at. Thank you, Kelly.

MS. MORRIS: Just to follow up on that I've always been confused by that language and how we would demonstrate that because the way our programs work is we have an offering. We have a series of offerings to people; if you want to do a heat pump, we'll give you this amount. If you want to do a pellet stove, we'll give you this amount. If you want an electric vehicle, here's your incentive, and so it's almost like we would have to drill down to that particular customer and what their other options were for how to change their plans, change their transportation, and it's a level of detail -- I just don't understand how we would actually include that as part of our program planning, you know, what the alternatives that were not electrification because it's usually just status quo. It's usually just continue heating with your oil. Continue driving your gas vehicle. So I would just -- if we are going to go down that path with, you know, some more, I would just want some more detail around what that means for the language included in the plans.

MR. KNAUER: I agree it's hard to say how to exactly implement that portion of the statute. I'm glad that Kelly brought it up because that was one point that I had highlighted after receiving the TAG Tier III annual report a few days ago. It's something that we've been asking for, for a few years and I think it's one of the things that we need to nail down in the next few months before we file the rule is how will utilities be complying with that aspect of the statute. So we can have that discussion today or we can kick the can down the road one more time and let you all discuss it behind the scenes.

MS. SCHILLING: Matt.

MR. COTA: I think at the very base

level if there is a custom project that's not an electrification project that is switching 6 oil to 2 oil and we know that by increasing the biodiesel content of that 2 oil that we can add Tier III benefits to the distributed utility, there should be at least a phone call in that the sellers of biodiesel shouldn't find out a year after, after filing a FOIA request, that that custom project was conducted.

MR. ALBRECHT: With the right amount of wordsmithing I think it's possible to provide project descriptions for the custom category that give people a heads up as to what it is that's being flaunted without necessarily, you know, violating, you know, their rights, you know, to a certain level of privacy, you know, and we all are in that business of written communications. Okay. So you can say okay a manufacturer in southern Vermont is being supported to such and such of a measure. Okay. I think something along that line would address and resolve a number of the questions that have been raised here.

So -- but yeah and my comments really were based on the general issue of transparency across Tier III, okay, because we're familiar with how electric and thermal RPS programs run in the rest of New England, okay, and Vermont is different, okay, in terms of who does the implementation and decision making of specific measures. In most other states there's a prequalification measure, you know, the sifting of technologies, the awarding of credits handled by, you know, the state and the electric utilities. The obligated parties basically have to purchase the certificates, okay, and so there's an arms length to the transaction, whereas, in Vermont you do not have that arms length nature, okay, and I think that needs to be addressed.

MR. KNAUER: I think Kelly's teed up the question.

MS. LAUNDER: The Department is happy to add that to the list when we meet with the DUs about the annual plan template and the compliance template. We can add that to the list.

MS. SCHILLING: All right. Sound good. Okay. Let's see. I've got to look at my outline for a second and see where we are. Are folks ready to move on to a different topic? Yeah okay. So going back to the Department's comments the next comment was related to the tracking of environmental attributes for energy from Hydro Quebec and the New York Power Authority. So the Department had proposed that for Hydro Quebec that we would continue to use the current process for the utilities which is providing the attestations from Hydro Quebec and then for the New York Power Authority. The Department proposed working with the utilities, VELCO, and New York Power Authority to register the appropriate units so that going forward RES compliance attributes would be tracked in equal JS.

So I guess I had a question related to that and whether the Department anticipates being able to register those things with NEPOOL JS before we would commence formal rulemaking in July.

MS. FISCHER: I think that should definitely be very doable.

MS. SCHILLING: Okay.

MS. FISCHER: VELCO is going to be the one kind of doing most of the work and just want some sign off on the utilities before they get started on that.

MS. SCHILLING: All right, and so if those New York Power Authority units are registered in NEPOOL JS, would the RECs then be tracked like all other RECs in NEPOOL JS?

MS. FISCHER: Yes. They would have to still submit a qualification application.

MS. SCHILLING: Okay. So there wouldn't be a special process it would just be the normal process?

MS. FISCHER: Right.

MS. SCHILLING: Okay. So did anyone else have comments, questions about the Hydro Quebec and New York Power Authority renewable energy standard process?

MS. RICHARDS: I have one procedural question. What is VELCO's role in this?

MS. FISCHER: VELCO receives those attributes from NYPA and then transfers them to the DUs I believe.

MS. RICHARDS: So WEC is getting the attributes through VPPSA?

MS. WANNOP: VELCO transfers them to VPPSA and then --

MS. RICHARDS: Just trying to get all the steps here.

MS. FISCHER: VELCO is the market participant.

MS. RICHARDS: Still on NYPA.

MS. FISCHER: Correct.

MS. RICHARDS: The contract with NYPA is with the DPS. VELCO's administering the contract with ISO through the ISO market system; is that correct?

MS. FISCHER: Correct.

MS. RICHARDS: So the DPS doesn't have --

MS. FISCHER: The DPS doesn't have an ISO account or NEPOOL GIS account that we can receive and transfer RECs. So that's done through VELCO.

MS. RICHARDS: So assuming VELCO -- I mean I would assume VELCO -- the procedural aspect for VELCO would be an easy thing?

MS. FISCHER: Yes.

MS. RICHARDS: Do we have any issues with NYPA converting the -- having them actually say yes these are the RECs that are associated with the power that are coming to all of Vermont?

MS. FISCHER: For Niagara it should be very clear-cut. It's in the contract that that includes the attributes. Saint Lawrence agreement is not reached so that contract does not include the attributes, although I understand that they are transferring. They have continued to transfer the quantities for both Niagara and St. Lawrence.

MS. RICHARDS: Okay. Thank you.

MS. SCHILLING: Anything else on this

topic? So the next issue that the Department raised was the RES qualification for Vermont Tier I and II and they suggested requiring that applicants provide the CPG number, that the registrations be reviewed quarterly, and that there be an opportunity for the utilities to provide comment on the registrations. Do folks have questions or comments about that Department recommendation?

MR. KNAUER: I do.

MS. SCHILLING: I do too. Would you like to go first?

MR. KNAUER: Sure. Olivia, you're in charge of speaking for developers today. What do --

MS. CAMPBELL ANDERSON: We prefer the term energy innovator or renewable energy providers.

MR. KNAUER: For all those entities do you have any comment on reviewing the qualification forms on a quarterly basis in bulk rather than doing it on a case-by-case basis one at a time?

MS. CAMPBELL ANDERSON: No. I mean I think as long as it's clear -- I think so long as it's clear and traceable that's fine.

MR. KNAUER: I think from our perspective in terms of implementation it would -- I think it would be more efficient to do it on a quarterly basis, and so what we would need to do is know the important dates for the utilities in terms of when does the NEPOOL GIS quarter close and then we need to go, you know, back up a certain amount of time to start our process for review, and then my question for the Department is why is it important for utilities to have an opportunity to comment during the -- our review process?

MS. MARGOLIS: So I think one of our concerns is that one of the items that we would be reviewing is whether the RECs are -- basically have already been transferred to the utilities or to another party through some sort of other agreement. For instance, net metering. So that we're trying to avoid the issue of double counting. So we feel that the resources that we have access to, to ensure that, you know, the checkbox wasn't checked during the net metering registration form process or application form process that would say that the RECs have already been given to the utility, you know, we would either be looking at the original form as filed in ePUC or the other sort of native place for that to be recorded is what the utilities -- they are also tracking whether the RECs have been given to them at least under the new net metering program and, therefore, whether they are giving the project an adjustor -- appropriate adjustor for that.

So because we're consulting, you know, basically secondary sources to us that aren't our native sources we also feel that it would be a double-check for the utilities while we're looking at the ePUC and the native registration form that the utilities would be able to check against their own systems to ensure that they are not already being -- that REC is not already being transferred to them. So it would be sort of a secondary check on that.

MS. CAMPBELL ANDERSON: Knowing the challenges that we all have had in tracking which, particularly on net metering projects, have been applied for, been installed, and, you know, what the deposition of the RECs are for CPGs, is there any way that to do some of this automatically through -- obviously with the RECs you would need to check with verification, but is there a way that you could look at updating the ePUC so that there's a box of yes it's installed or there's an easy check-off box related to the REC? I'm not sure. I don't think there is a box on the RECs so that some of the data can -- it will take less time.

MS. SCHILLING: I mean this is something

I'm interested in looking into as well because this is becoming a bit of a time sink for something that should be fairly straightforward. So I think I would propose that the Department and the Commission reach out to NEPOOL JS, get some more information about their processes, and then look into ways that we can automate the commercial and the Department processes so that this is a lot more seamless and straightforward because I think the registrations that are coming in now often are incorrect or have errors or information missing, and it does seem like a process that could be streamlined or automated in some type of way. So maybe we can work offline and also reach out to NEPOOL JS to get more information about their processes and how things work with them, and then we can come back to the group with the information that we find out and some proposals for making things a little better.

MR. KNAUER: I would follow up. I can say with a hundred percent certainty that we don't receive information about what systems are ultimately constructed and interconnected. We don't know that so you would have to get that through the -- from the utilities. I can say with about 65 percent certainty that you can run a search in ePUC and get an Excel spreadsheet that has every single net metering project that was ever -- that ever applied for a CPG, and one of the fields is were the RECs retained by the CPG holder or were they transferred to the utility. So that data is available I can say with some certainty.

MS. CAMPBELL ANDERSON: Yeah, but if you don't know if it's been installed and the utilities don't track based on the CPG number, it's impossible to actually use that data base effectively for some of these issues and track what really is going on. So maybe I'm just recommending that it could be helpful to have a checkbox on installed yes or no at some point in that process or there may be other ways. I appreciate you looking into that.

MR. KNAUER: So would we ask the CPG holder to come back to the PUC with another filing requirement saying when it was interconnected? Yes.

MS. CAMPBELL ANDERSON: Fine. I mean if it literally is something like check a box, you know, we wouldn't have any problems with that.

MS. BAILEY: That's a recommendation that VPPSA had made in the net metering rulemaking process that there be a requirement for an as-built certification once the project was actually installed and that would kind of close the reporting loop and also accounted for any potential changes in like system size that could happen in the filing. So we would support that recommendation that there be an affirmative filing from the customer or developer at the end of the project installation.

MS. ANDERSON: GMP would support that as well.

MS. MORRIS: I would just say unless there's some sort of consequence if that doesn't happen, the data quality is not going to be good.

MS. ANDERSON: Agreed.

MS. MORRIS: Well the credits sure, but we, as the utility, would have to verify that they have gone in to do that because our process is separate from the PUC at that point after they filed the registration.

MS. CAMPBELL ANDERSON: I mean alternatively given that you, the utilities, are the ones that know when something interconnects you could go back and check a box.

MS. MORRIS: I would feel more confident in that data. We have processes that we do. It would be another step for us. It's not --

MS. SCHILLING: So the utilities would

then submit something saying the project is interconnected and you would support that idea?

MS. BAILEY: It's a question of who bears the burden, right? The utility on behalf of all ratepayers or the individual ratepayer is potentially benefitting as a net metering customer. We prefer that come from the CPG holder. We can build a process and an additional layer of reporting from utilities is really a policy question.

MS. SCHILLING: That's helpful. Thank you. Is there anything further on that topic? We'll move on to the next issue raised by the Department. So the next topic was the format of the rule, and the Department suggested that where possible the rule reference any required forms as provided by the Commission and then maybe not include all of the particular details of what would need to be included on the form so that forms could be updated as needed with new information. So my question on that one would be could the Department go through the 8550 order and identify any sections specifically where you think maybe it's too prescriptive right now? That would be helpful, and then did others have comments or questions on this one?

MS. WANNOP: Yeah. The Department can

do that.

MS. SCHILLING: Okay. Thank you. The next topic was Tier I and the Department voiced that it supported giving the utilities full discretion regarding their annual treatment of their REC inventory with respect to which RECs are used for compliance versus which are banked. Didn't hear or see any objections to that in the other comments. Anyone have any other thoughts on that?

The next topic gets into several issues related to Tier III and I think we already covered the first issue which was the summary table to be used when the utilities are submitting their annual Tier III plans and reports. So the Department will work with the utilities to come up with a proposed summary table as part of looking at the Excel spreadsheet.

The next issue was the administrative cost issue. So the Department had proposed a definition for administrative cost as well as how administrative costs should be allocated. I note there were some concerns from several of the utilities about being overly prescriptive with the administrative cost issue. So what are folks' thoughts on a definition as well as a process for allocating the administrative costs for Tier III projects? Barry.

MR. MURPHY: So our reason for including this is obviously administrative costs are real costs for the Tier III program, and we just want to ensure that there's consistency among the DUs when they're reporting their administrative costs that they are including the same things so that, you know, it's a real cost that you can compare from one DU to the next and that's really what we're trying to get at here.

I mean whether or not you're able to track them on a specific project basis would be great, but it's not necessarily something that we would need you to do. As we suggested here that it could even be based upon a weighting on the megawatthours and that's how you determine it overall, but, you know, really we do think it's important that we know what administrative costs are for -- if at all possible for the individual programs or projects that you're doing. Maybe for the custom ones might be easier to track rather than the prescriptive, but definitely for an overall for the Tier III piece we really would like to see what those administrative costs are and especially since they are real costs and they do belong in the Tier III. So it should be reported.

MR. MONDER: So you're content with applying some methodology because we've got administrative costs that really come in like a pool of resources that work on a lot of different things and don't necessarily report time and, you know, every --

MR. MURPHY: Yeah. As long as we can know what that methodology is and as long as it's applied uniformly across the DUs if possible or where possible, yeah I think we would be okay with that, but we really would like to get a handle on what these administrative costs are and make sure they are being reported consistently, and consistency is really what we're looking for here where possible.

MS. ANDERSON: I guess without knowing what everybody's methodology is it's hard to -- I mean I'm not sure if you mean include -- that we're all including the same types of costs depending on how you handle projects internally, how you break down those costs may be different among the different utilities.

MR. MURPHY: I think in terms of like the large bucket shall we say, as long as we're including the same large bucket exactly how they are broken down might differ between the different DUs, but if we're calling it the same thing and it's mostly the same thing, I think that's -- we would be okay with that overall.

MR. MONDER: Do you have a list of elements in mind?

MR. MURPHY: We have developed a list of -- we went through a process similar with this with EVT through administrative costs.

MS. ANDERSON: All the EEU.

MR. MURPHY: All the EEU stuff and we did develop a list of administrative and non-administrative cost and I think that would at least provide a starting point for the discussion of what costs should be included and what shouldn't.

MR. MONDER: That would be good.

MS. LAUNDER: We can send that around and we could add this -- I'm not trying to make the meeting that we're going to have last for ages, but we can possibly add this to the list of discussion points as well, but I think it would be helpful for everyone to see what we figured out with the energy efficiency utilities especially when that includes two utilities.

MS. ANDERSON: That would be helpful.
MS. RICHARDS: I think that makes a lot of sense. One of our concerns is we get too complicated and burdensome in terms of reporting. We don't want to go down that path, but if we can work through some details of what you're looking for and try to keep that simple --
MS. LAUNDER: We are not looking for counting every hour spent on every project. That's not our intent. Barry said we want to agree on some kind of consistent ways so we're somewhat comparing apples-to-apples.
MS. SCHILLING: So any other thoughts about the administrative cost issue or shall we move on?
The next topic would be approval of annual plans for Tier III projects. The Department proposed a process and schedule by which the plans would be deemed approved absent an investigation by the Commission. I know several of the utilities voiced concerns with having an approval process. At least one or two seemed okay with the deemed approved process, and GMP also suggested midyear check-ins with the Department as an alternative to the approval process. So what are people thinking about that

topic?

MR. ALBRECHT: I guess I would just jump in again and say if there were an approval process with public comment opportunities, that might be a point for the non-electric people to, you know, jump in and say hey you know we think we could be part of your program, you know. So --

MS. SCHILLING: So the Tier III annual plans are filed now November 1st and then there often is a workshop that the Commission holds for asking questions about the plans. So I think there is some process there right now.

MR. ALBRECHT: I think we need to just get better involved with that.

MS. SCHILLING: Others? I know folks have concerns about an approval process, but how are the utilities feeling about a deemed approved process in line with the schedule proposed by the Department?

MS. ANDERSON: I think that from our perspective we want to be really careful. One of the -- and I forget which one -- one of the 8550 orders stated that there was no reason -- that we were not going to have an approval process. So I guess we're not clear what's changed that would necessitate that, and so we just want to be really careful that we don't add process that's not going to really benefit or improve the program.

Part of Tier III is to be innovative and nimble and so there is some concern that having such a regimented process and under that process you can get to January 15th and suddenly open an investigation on the plan that you're supposed to be implementing on January 1st. So it just seems like we could really be running into some problems if that type of a process continued. If you just had it deemed approved on January 15th then that was the end of it, I guess that, you know, we could work with that, but these plans are pretty nimble and for good reason. I mean you're constantly working on those projects and tweaking them and seeing what works and what doesn't and then all of a sudden you'll have to switch midstream. I mean I believe we had that with our Tier II 2017 plan where we had anticipated I think that heat pumps were going to really fill that program and they didn't, something unexpected came up, and so we probably -- that's what we want to keep in mind here. So --

MR. KNAUER: It's my understanding based on the Department's most recent comments is that they would be seeking not for the Commission to say we like your mix of resources, but rather the plan that you have submitted meets the requirements of Tier III and it attributes no judgment to what projects we've selected. Is that an accurate characterization?

MS. LAUNDER: Yeah that's correct. I don't think that -- we don't see any change in the nimbleness, and right now there's a requirement that if there's programs that are dropped that were included in the annual plan or added, there's already a requirement that there's a notification for that and we wouldn't be asking for anything more. As we said we're not looking at, you know, we're going to do 20 heat pumps. Oh wait no we're not we're going to do 10. Oh wait no we're going to do 50. That is not the level we're looking for and that's not what happens in the energy efficiency plan process either. There's always that nimbleness to change programs or offerings based on the needs and what you're seeing in the market. So we wouldn't see that changing, but to say again like what's changed I think, as the Department mentioned last time, we have definitely seen plans that don't address all the things that were meant to be addressed, and our hope is if you have an approval process it's very well spelled out what that process is, when things happen, what happens if there's discrepancies or things that haven't been addressed how that's handled, and we tried to map out a process that would be succinct and not add a lengthy additional process.

We're happy to consider other dates, pushing it earlier if there's a concern about when the plan would have final approval, but it would certainly be the Department's hope that we would be working with the utilities beforehand to address any issues so that we would not get to that point where we would need to continue our process on after the December date. That's what we would be striving for, but if we need to push back discovery earlier to make sure that happens, we're certainly willing to do that.

MS. ANDERSON: That's actually very helpful and I think we could sit down and go through that. I think one of the things that concerned us the most was not losing that ability to be nimble. So it might be helpful to understand exactly what's getting approved and we can be -- specifically identify that.

MS. LAUNDER: Absolutely.

MS. ANDERSON: That might address some of our concerns, and then at the end I'm not sure what the reason would be for an investigation and maybe -- you know what I mean. You're either going to -- you're either going to get your savings or be told you can't have your savings at the end. So that investigation hanging over I'm not sure what we would be investigating. So it might be helpful to talk through that as well.

MS. LAUNDER: Sure.

MS. RICHARDS: The other concern that WEC has is we don't want to open up an administrative proceeding around approval so that we have to come in for workshops and reviews, and I ask the question to the PUC could you turn around approvals on a timely basis so it's not like an IRP basis; we file something, we ask for approval, it might be six months, it might be two months, it might be a year and a half. It's kind of this -- I don't want to have public hearings. It's really one of the quick and nimble and make sure that we're not bogged down in administrative work load rather than delivering programs.

MR. KNAUER: Well we're already holding an annual workshop for Tier III. So I think the Department's proposal doesn't really introduce any change in that regard other than giving some certainty hey PUC you need to schedule your workshop pretty early which we're not always good about. To the extent that it is analogous to a tariff review process we usually issue orders on tariff filings consistent with the 45-day statutory requirement, and to the extent that we could come up with a template order, if necessary, I think we could turn them around pretty quickly, but we're all usually pretty busy, you folks too, at the end of the year.

MS. RICHARDS: Right. If this cascades and we have to give notice in the local paper, we have to get certain -- like a tariff we have to give certain notices. For the IRP we have to have a public hearing. So if this turns into that, if it cascades into several notice provisions, I'm still concerned about approval. Just an enormous thing that is -- sounds easy, but I'm just concerned about what it could cascade into.

MS. LAUNDER: I guess we're building off the EEU process and we don't have any of that kind of notification. So we are trying to stick to that same kind of process which is pretty succinct. It does not run on into January. I'm not sure if the PUC has answered whether you could -- you think this deemed approval option would be possible. I would love to hear that. We thought it might be but --

MR. KNAUER: I can't say. You know there have been various proposals over my career here for deeming things approved and various makeups of the Commission have had various levels of comfort with that. So I can't answer for this Commission, but we'll certainly take that upstairs and ask them.

MS. MORRIS: I have a question. I guess maybe it's more of a -- like a legal or procedural question, but in the schedule it says -- in the Department's comments it says if the Department or the Commission does not raise questions regarding whether an annual plan, you know, then it goes into the process, but is it possible to actually limit, if it's a formal piece, the approval process, the objection to the Department and the Commission or does this open it up to any sort of public intervention if we have this process?

MS. LAUNDER: I think what we were trying to get at is that there would be comments until the last of November and that can include stakeholder comments. I think we were envisioning the PUC could always say that other stakeholder comments deserve further investigation. We just didn't think that -- you know we didn't want to stop the process for any comment that could possibly come in. We thought that that could be really burdensome, and that -- but there might be more weight given if the Commission or Department had concerns given our role in the compliance of Tier III, but --

MS. MORRIS: Yeah, I'm sorry, just my question gets to the concern that Patty raised about kind of it being a spiraling process. We're now having hearings and we're not able to implement programs and things just get tied up and filing comments and all sorts of, you know, like a long drawn out process.

MS. LAUNDER: That would certainly be good to hear feedback from the PUC on all of that schedule proposal and whether that's really going to work before we go forward with a decision on that and that would be one of the items.

MR. MONDER: Just to add one kind of -- to try to color the conversation hitting the Tier III targets each year is hard and it's getting harder. So, you know, delays in implementation or process involved in, you know, examining programs in the year where those credits are trying to be achieved becomes -- you know, adds to that challenge.

MS. SCHILLING: Melissa.

MS. BAILEY: VPPSA and BED share the concerns the other utilities have articulated. We're supportive of the Department's proposal, and in the interest of increasing transparency to the extent that those dates are formalized to the extent that we do have a date under which we know we can move forward with programs, we like the deemed approved approach where we can roll out programs without having uncertainty, and I think what led us to support this proposal is it potentially gives us more certainty than we currently have right now. The PUC obviously could open an investigation on any of our Tier III plans at any point and there's no timeline in the order or in statute obviously. So to the extent that this increases certainty for all parties we support the proposal, but if those dates were eliminated and it was left as an open-ended approval process, we would have serious concern.

MS. MORRIS: I'm just thinking it's almost analogous to a net metering registration in 10 days it's deemed approved, but if somebody intervenes it can go on and on and on. So I think even having a timeline is great, but when somebody intervenes then suddenly it deviates the timeline and it's basically out the window.

MS. SCHILLING: Shall we move on to a different topic or any other thoughts on approval of annual plans? So I think that covered all of the Department's topics. Looking at the utilities' individual comments the only thing that I had noted that wasn't -- that we haven't already addressed was the -- several of the utilities expressed that they would be agreeable to providing a load growth estimate as part of their Tier III process. Do any of the utilities want to speak to that topic in greater detail or does the Department want to respond?

MS. RICHARDS: Can you summarize the ask again on the load growth? How many years forward? Is it one year at a time?

MS. SCHILLING: I don't recall.

MR. WILLIAMS: It's an one year plan. I would assume the impact of that year's plan would be the same if there's years forward.

MS. RICHARDS: As long as it's not a 20 year load forecast. Just checking.

MS. BAILEY: I guess we would need a little more clarity on that and I'm not sure if that came from the Department's comments that were filed in the other docket. It's been a little hard to keep track of the comments, but I thought that the impetus behind that recommendation was so the utilities could discuss how they are going to manage ongoing load from electrification. So I would be curious whether it really was an one year. We need more clarity on that versus a long term forecast.

MS. LAUNDER: We can go back and clarify.

MS. SCHILLING: Okay.

MR. KNAUER: Mr. Albrecht.

MR. ALBRECHT: As part of any additional activity related to load growth I think we should address marginal emission rates. Vermont is pretty unique as a state in terms of where you get your power from. It's very dependent upon where you are in the state. If you're in Burlington, you know, you're looking at hydro power from Quebec or other sources, but elsewhere maybe pulling in power from the ISO-New England grid, and there's a lot of contentious issues being addressed by ISO-New England in terms of especially during peak winter periods such as what we're going to have soon this week where is that power coming from. So -- and are we firing up coal and 6 oil fired plants, you know, or during peak periods. Not to make life terribly complicated, but I think there needs to be some -- some recognition of that issue so -- I don't -- that's definitely another thorny topic so I'll just stop there.

MR. KNAUER: So is the proposal that that would happen as part of the overall RES or is that unique to Tier III measures?

MR. ALBRECHT: I don't know. I don't think I would venture to answer that. I think it's such a complex issue that, you know, I don't think we could come up with the complete answer, but I think there should at least be a qualitative recognition that intensely adding electric load during peak winter periods does have ramifications on the grid both in terms of the environmental attributes of incremental power generation at the merchant as well as the cost impact to all ratepayers, you know, for utilities that are purchasing power, you know, from the grid under ISO-New England.

MR. KNAUER: Does the TAG measure characterization of those measures that would most likely be working during peak winter times take that into account? What is the system mix while those units would be in service?

MR. ALBRECHT: The tables that VEIC put

together, if I remember right, they reflect just the average generation mix.

MS. MORRIS: It just looks at an annual projection of how many additional kilowatthours would be produced as a result of the measure and it doesn't consider load profiles.

MR. WILLIAMS: Back to the load growth piece of the Tier III plan load forecast, are we talking about just the impact from the Tier III plan itself or are we looking at a load forecast similar to what we provide for the IRP where we're looking at a base forecast typically provided by a third party that's driven by economic factors in addition to forecasts on net metering installations Tier III all layered on top of each other? Just wondering what exactly -- I didn't see the initial proposal. This is the first I have heard so --

MS. LAUNDER: I think we need to go back and just try to map this out a little further. I would hate to speak out of turn. I mean just my first initial reaction is that it doesn't seem like it would make sense to have just impact of like Tier III measures as far as electrification and not at least mention that there's a counterbalance like through net metering, but I think the Department does need to think a little bit through this and try to put out some advisement of what we would think and discuss it and see what you think, but it seems like you wouldn't want do it in isolation because of that.

MS. SCHILLING: All right. So the Department.

MS. LAUNDER: Another one for the list. Here we go. All day meeting. It will be fun.

MS. SCHILLING: All right. So I had not noted any other unique comments in the utilities' filings. Were there any other topics that I missed from the utilities? Not at this point. Okay. So then the last set of comments were from the National Biodiesel Board and I think we've covered at least one or two of them.

MR. ALBRECHT: I think you covered most of them.

MS. SCHILLING: Okay, but let's make sure. You did suggest that utilities use third parties to fulfill all or most of the Tier III obligations.

MR. ALBRECHT: Well that's sort of a zinger to -- it's a way of voicing frustration on the part of people in the energy industry, you know, here in Vermont who are not part of the world of electricity. Okay. So the other states in New England, you know, have basically programs where the electric utilities purchase, you know, certificates and, you know, all the activities behind all those certificates are prequalified by the state PUCs, but they are implemented -- generally managed by non-utility partners. So there's this arms length attribute, okay.

You know in this case well, you know, I mean Vermont is more of a homegrown state, okay, and I'm from upstate New York and I much prefer coming to meetings in Vermont than I do going to meetings in New York where for every issue for each person you have here, in New York you would have at least ten times as many people involved, especially people from New York City. Okay. So -- who can make anything more complicated and just difficult. Okay. So I think if we could break through the issue of the entirety of the program being electrification I think a lot of this would go away, you know, and so I think if we have more robust public engagement during the, you know, the workshop maybe make that a little bit earlier, you know, so that we don't slow down the folks here, you know, I think that would help to resolve this.

Matt and I have had discussions about, you know, the biodiesel folks here in Vermont really could and should talk with each of the obligated parties and say hey we're willing to give you enough activity to provide you with the megawatthours that you need to fill the gap, okay, at a very economical price. Okay. So, Matt, I guess my feeling is there's almost the grounds here for making an uniform price, you know, uniform program offer across the board, okay, so --

MS. SCHILLING: Okay. You had one other comment that I just wanted to clarify. So you commented that the Commission should oversee funding to ensure there's proper differentiation between the use of shareholder versus ratepayer funds for implementation of Tier III. Just clarify what you were getting at.

MR. ALBRECHT: Yeah. You know it's -- there's a lot of subjectivity to the selection of measures and there are, you know, concerns -- legitimate concerns in the case of an investor owned utility, you know, do you maybe do one type of activity versus another based upon what is best for the ratepayer or what is also then what is best for the shareholder. I know that you have still a special relationship here in terms of regulation with the utilities. Okay. I want to be respectful of that, but I think without going into, you know, the weeds too deeply on that, you know, I think that while increased electric sales will help an electric utility in terms of how would you say spreading the fixed costs over a wider base of kilowatthours of consumption, the impact on the energy charge, in other words, what we pay to ISO-New England for power generation or, you know, under that process that, you know, those energy charges ought to pass through. They are not really analyzed the way they should be. There are increased costs to everybody when we intentionally add load. Something that shows up under severe peak conditions.

This is a very complicated subject, but the -- it's a growing importance. It's a very painful one also as when you watch marginal pricing at ISO-New England. I have ISO-New England on my computer. Everyday I watch the marginal pricing throughout the northeast in the United States, and when you see prices going up well past a hundred bucks per megawatthour due to heavy loads, switching to oil for generation or the price of natural gas -- spot market natural gas going up, okay, you know, there's a lot more that we need to consider in terms of then what is best for the ratepayer.

MS. SCHILLING: Thank you. That's helpful.

MR. KNAUER: Does anyone have any reaction to the Mr. Albrecht's comments on shareholder versus ratepayer funds?

MR. MONDER: I do want to say something that in the context of, you know, getting away from the abstract and talking about what the Tier III projects actually achieve they are making a tremendous difference in offsetting fossil fuels and improving efficiency for our customers. You know what we're seeing is satisfied customers. We're seeing fossil fuel reductions. Examples like diesel generators being decommissioned that consumed 30 and 40,000 gallons of diesel fuel per year, trying to make progress on getting gas powered vehicles off the road and replaced with electric vehicles, a really difficult challenge for all of us. So, you know, using the Tier III program to focus on achieving those goals seems to me to be really supportive of the intent of the energy plan and the RES.

MS. SCHILLING: Mr. Smith, did you have something to add?

MR. SMITH: Yeah I just had a question. You were making a point, which I have some sympathy to, watching the interaction between electric demand, LNP prices, et cetera. My question was just are you basically noting here today that this is -- that a proper evaluation of programs that add electric load is something we need to watch, if you will, or are you -- is it your sense that presently the way GMP or other entities are evaluating the costs and benefits of these programs that we're blowing it or missing something big in that regard?

MR. ALBRECHT: I would say across the northeast United States, New York through New England, that there's not enough attention paid to what is happening to the grid, okay, and what the wholesale price of power becomes. As you know power becomes especially expensive under heavy load conditions, and then also the same attention to the environmental attributes of the grid. Okay. So as we increase electric load on the grids in New York and New England, which are heavily interconnected by the way, as we increase loads the environmental characteristics deteriorate rapidly, okay.

On the other hand, if through efficiency and the addition of renewable power, okay, as we add those types of activities then the strain on the grid drops off. Okay. Even if it's just a marginal incremental relief to the grid, the environmental characteristics of the grid improve substantially, okay, and it's really the grid it's almost like a pressure cooker so to speak, okay, and I'm just saying that we need to pay more attention to that and I'm not saying that all electrification is bad. Okay. I'm very much open to, you know, my personal background is -- has been fuel neutral for decades. Okay. Some of you know that I spent 30 years running the renewable heating and cooling program at NYSERTA. Okay. So I'm -- you know my background is indeed very broad.

MR. WILLIAMS: To your point I think that's important to consider and look at moving forward. I think this directly relates to the discussions we had a while back on whether or not to allow residential storage to be included for Tier III credit. I think the main argument here is primarily the same looking at the different times on the grid. The fuel supply is more or less green. In that case one of the major talking points was that the RES is specific to in-state fuel use, and if we're reducing -- if we're improving the greenness of the ISO grid, can we prove that that carbon reduction is happening within the state boundaries. So if we rule one way in one case, I think we would want to at least be consistent across the board because battery usage, storage, can help that problem that you're talking about.

MR. ALBRECHT: Yeah or thermal storage as well. Hot water, chilled water, yeah, they are all valid.

MR. WILLIAMS: And that would add more flexibility and more nimbleness to utilities in their overall strategy.

MS. CAMPBELL ANDERSON: So can you clarify are you making an argument for consistency with the statement that you just made or are you trying to say that the concerns about managing our energy supply and our Tier III plans to -- should be only around reducing emissions in the state?

MR. WILLIAMS: I think --

MS. CAMPBELL ANDERSON: I'm trying to follow the point there.

MR. WILLIAMS: Not picking a side on either side of the fence. I think we need to keep in mind that we may have argued a certain way on the residential storage program and we want to be consistent if we start bringing that piece of the analysis into how much each Tier III technology measures were for carbon credit.

MS. CAMPBELL ANDERSON: Well I think that's an important point because if that's the case, then utilities should not be getting renewable energy credit for nuclear energy that is procured out of the state. So I appreciate the change in VEC's position with that statement.

MS. MORRIS: Sorry, but we're not getting renewable energy credit.

MS. CAMPBELL ANDERSON: No, but I think you're seeking to reduce your compliance under the RES for Tier III because of your purchase of nuclear energy.

MS. MORRIS: The difference was renewable versus non-fossil fuel.

MS. CAMPBELL ANDERSON: Right. So it's -- I think the renewable energy standard as it's named is about renewable not non-fossil fuel. So if you're making a point that we need to -- that we need to be focusing on our emissions in the state, then, you know, I think that should also apply to how you're seeking compliance or waivers of compliance or reductions of compliance for the renewable energy standard in Vermont based on your out-of-state power purchases which I understand that's another docket, but perhaps these are issues we also need to be looking at with the integrity of the RES as a whole.

MR. WILLIAMS: I think the major difference there is the renewable energy credits that utilities retire -- are retired in Vermont. So I think that would be the big difference.

MS. MORRIS: And I'll just say Tiers I and II directly relate to the renewability of our power portfolio and Tier III specifically the fuel reduction was the argument that we were making in our filing.

MR. MONDER: And that is supported in statute.

MS. ANDERSON: Yes.

MS. BAILEY: I would throw out a pitch again for consistency and I do think they are raising a really important issue around nuclear, whether the nuclear portion of a portfolio can count towards an utility's fossil free credit essentially. I think from VPPSA's standpoint again we favor consistency and transparency, and I think that was potentially an unfortunate process that was followed in that decision making, and again I hope that we set up through the RES rule a framework where all utilities are treated equal and there's transparency around decision making and I don't know if the DPS is the steward of that. I don't know if that's something that is assigned to the TAG. I think that's another discussion potentially down the road in this proceeding what responsibilities are assigned to the TAG, but again the issue of nuclear, whether that's the right policy decision or not, again I think that could have been a more transparent discussion and again one that applied to all utilities.

In our view if the Department is aware of one utility using one methodology and another using another, that should potentially be brought to all utilities and be made public rather than having a utility -- have it be incumbent on one utility to file a revised filing and then the ultimate outcome being appeal the order.

So again just I hope the rulemaking clarifies some of that, and again I'm not sure if that should be something that the TAG is responsible for or not, and that's worth exploring further and to what extent is TAG -- that came up in the forum when Matt was making his comments -- is that the appropriate forum for partnerships and for involving technologies other than electrification or potentially not, but is there a forum for those conversations to happen if the TAG is not the right place.

MS. CAMPBELL ANDERSON: There's not a lot of public information around the TAG. There's no -- when are they meeting, nothing about that is posted or available to the public for people to be participating in. So it should be, I think, a clearer process.

MR. ALBRECHT: I think the TAG has -- has the TAG been dormant now for a couple years?

MS. RICHARDS: No. It's alive and well.

MS. MORRIS: We typically start meeting over the summer and end in November. This last year was I think a five-month window.

MR. ALBRECHT: Okay. All right.

MR. SMITH: Doug Smith GMP. Just to support something my colleague Mr. Monder said, in our view on this point of if and how nuclear energy in a portfolio should count, I think the distinction that a couple commenters made in our view is absolutely right. It's not being claimed as a renewable, but in our view the statute is clear that with respect to the essentially conversion calculation of BTUs, the purpose of Tier III to convert transformation projects into Tier III credit in our view the statute is clear on that point. I'm making the distinction between some of the other discussion topics we've discussed today. There are much more -- I think much more broad field as to how to interpret the guidance in our view that the RES statute gave. On this point it looks much clearer cut to us as the conversion fraction is about non-fossil fuel and what amounts constitute non-fossil fuel. So in our view it doesn't -- it hasn't warranted the same type of exploratory dialogue that some of these other topics seem to clearly warrant.

MS. CAMPBELL ANDERSON: Well and I think frankly that it's not for utilities to be deciding that and we are very concerned about those orders. Unfortunately we didn't know about it until after the fact and weren't alerted to it until another utility tried to have -- seek compliance and calculations in that fashion and this issue has not been discussed and certainly should be put on some type of agenda.

MS. MORRIS: I definitely support clarification. I think part of the issue was this was our first compliance year so there were some things that fell into a gray area, and these are just some of the things that I think are the growing pains of getting started with the whole new program.

MR. SMITH: I think from GMP's perspective we're not against clarification, but as far as a lack of clarity or a need for clarifying dialogue just to be clear we're not seeing it. The Legislature in defining the conversion of BTUs for purposes of Tier III could have defined it in terms of the fraction of the power that's not renewable. They didn't. So not objecting to have a further dialogue, but I don't think you missed something up until now in my view. I don't think you have been remiss.

MS. WANNOP: For the Department's part we looked at the statute and the compliance filing and we did see, notwithstanding that it's renewable energy credit, that if you just look at the plain language of the statute, it does speak in terms of reducing fossil fuel emissions and so that's why we took the position that we did. We were expecting more analysis in the order that eventually came out approving the plan. We thought it was going to be more analysis or discussion regarding that point so --

MS. BAILEY: And VPPSA and BED don't take a position on the nuclear piece, but again my point is consistency and when that came to the Department's attention utilities were handling the power supply portfolios differently there should have been communication around that and there should have been some clarity around what utilities should be doing. It shouldn't be left to the individual utilities to interpret the statute. GMP has its interpretation. It should be there should be more openness and clarity around treating utilities the same.

MS. WANNOP: Just from my own understanding so would that have looked like us, you know, when VEC's motion came contacting you individually and saying this is what we are thinking of filing because I just don't know the process.

MS. BAILEY: I think from my standpoint it would have looked like when you got two compliance filings from two different utilities that were implementing a different methodology flagging that as a potential issue.

MR. LEVENSON: This issue was identified in the TAG meeting with all the DUs present. Different -- that's a different issue.

MS. CAMPBELL ANDERSON: Sorry to interrupt.

MR. LEVENSON: But that was identified and all DUs were present and we brought that to their attention and the question is how is that issue going to be handled in front of the PUC.

MS. BAILEY: Right.

MR. MONDER: I think to Lisa's point this is -- this is a feature of a characteristic of a program that's being developed that we're figuring it out, and one thing that I think we learned was that within the TAG process it might be helpful to work through how each utility is actually calculating things and what models it's using and that kind of stuff so that we can compare notes as we're kind of going into a year and I think that would be a helpful exercise.

MS. LAUNDER: I'm not directly involved in the TAG process, but I guess it was my understanding that all the utilities were participating and that, you know, if there was an issue that came up like this that someone thought was more of a policy decision that shouldn't be decided in TAG that that would be raised, but I'm happy to have -- do what you're saying is like if we can define more like what are appropriate things for TAG to discuss and decide and what's more appropriate to be decided in another avenue, I think that would be great clarity to have, and again maybe this is a particular example and instance of a learning lesson of like maybe that wasn't -- I'm not saying it was or not, but maybe that wasn't the right place to have the discussion and the decision made and we're happy to learn from that and do it differently next time.

MS. BAILEY: Agreed it's a learning opportunity and not looking to assign fault. It's really more about I think it was raised at the TAG that GMP is using this methodology. That was a piece of information that the other utilities received, but I think the next step would have been what is the TAG's position on this, what is the Department's position on this, and bringing that before the regulators. The utilities are meeting a regulatory requirement and the parameters of that are a little bit fuzzy and I'm not -- VPPSA and BED are not comfortable with that fuzziness.

MS. MORRIS: So this was a little bit of a timing issue. We filed our compliance reports in March and then the Department made a recommendation in June and this issue surfaced in August which was when we -- then it was the end of August and then we went and refiled after some discussions with the Department. So again I think it's just a fact GMP had certain assumptions and didn't raise -- didn't think to raise the question. We had certain assumptions and didn't think to raise the question, and I think it's just a matter of the messiness of the first compliance year in this case. It would be great if we could all have the same understanding moving forward.

MS. CAMPBELL ANDERSON: Yeah and I think that speaks to the importance of transparency in the process particularly moving ahead.

MS. SCHILLING: All right. Do you have any other questions?

MR. KNAUER: No.

MR. ALBRECHT: I'm a daily watcher of ISO-New England grid, okay, and they have a great web site, okay, called ISO-New England express and right here, I know you can't see it, but this sort of circular pie chart here shows the current energy mix, okay, for generation in New England, okay, and I guess my question I would like to take a stab at identifying what fuel is providing the marginal power currently today, this week, in New England.

MS. RICHARDS: I'm sure everybody in this room can answer that question because we all have that same web site up.

MS. WANNOP: I have it on my phone.

MR. ALBRECHT: It's always black appropriately. So coal. So that's why it's -- you know I don't want to belabor this worse than I have already, but I think when we talk about electricity use it's the environmental characteristics of electricity are so sensitively dependent upon the time of day, okay, what the load is, what the weather is, okay. A good part of the time it's very good, okay, but when we started adding -- purposely adding electric load on your cold weather conditions the scale tips in the other direction, okay, and so I guess the final thing the Europeans have figured this out to a significant extent to the point that a number of countries they try to incentivise using heat pumps during mild to moderate weather and then let the fuel backup. So -- and it should not be fossil fuel as your backup. It should be renewable fuel as your backup.

MS. WANNOP: Can I ask a quick question whether the PUC takes an official position on whether it's Tier III with a number or Tier III with a roman numeral?

MS. SCHILLING: I've been writing it with a roman numeral.

MS. WANNOP: That's what the order says.

MS. SCHILLING: It's a totally valid question. The order --

MR. KNAUER: I don't think there is an official position yet. We will make sure that that is covered in the rulemaking.

MS. WANNOP: Thank you. It would alleviate some internal discussion.

MS. SCHILLING: I think I was planning to use roman numerals as well.

MS. WANNOP: You have one supporter here.

MS. SCHILLING: All right.

MR. KNAUER: I've personally been trying to move away from roman numerals.

MS. SCHILLING: We can bring this to the Commission.

MS. WANNOP: The order says roman numerals, but I've seen it both ways.

MS. SCHILLING: We'll get back to you on that one.

MS. WANNOP: Great.

MS. SCHILLING: Great. All right. So if there aren't any other substantive issues to discuss, I was thinking we could talk a little bit about schedule moving forward and what next steps should be. So I know that there are quite a few items that the group is going to discuss separately from this meeting. Is there a timeline that you're envisioning for that meeting and when you would be capable of filing something in writing with the Commission?

MS. LAUNDER: I mean given the set of players that are involved in this I would think it would take a few weeks even to find a date -- a few weeks out to find a date that would work for all the organizations. So is there a way we could do that first?

MS. WANNOP: Could we maybe set a date two weeks after the meeting or two or three weeks after our meeting that we would schedule and call you guys with that information?

MS. LAUNDER: And I'm not sure if it will also take multiple meetings. There's a lot on the list as of now.

MS. SCHILLING: Right, there is, and I'm wondering if we can move forward with maybe two processes simultaneously. So the group working on the issues -- the thornier issues that have been identified, the more complicated things, but then maybe also still moving forward with trying to get some type of draft rule language out to everyone by April 1st. So I'm currently working on a framework based on the 8550 order including the things that folks seem agreeable to and are straightforward changes, and so I think my goal would be to issue something like that before April 1st -- or by April 1st, but to know that's a starting point for discussion and would not necessarily address all of the various more substantive issues that the group would still be discussing. So there might be some placeholder language or just have the language from the 8550 order and we would know even with a comment bubble the group is working on making changes to this section just because I feel like having language in a document like that to work from can really help to further discussions and drill down into the very specific things that we need to work on.

So I think that will be my plan the April 1st deadline to get things out to you all in the form of a real draft and then probably asking for some written comments on that draft -- well trying to think -- maybe a workshop immediately after the draft came out or something like that. I guess it will be dependent on where you all are in the process regarding the other issues and when you think you might be able to file something. So maybe the thing to do would be to not set any formal dates today for next steps, but to know that you're going to take actions to meet and then I'm going to work on getting a draft rule out.

MS. WANNOP: Maybe we could file a comment in say three weeks time with the non-discussion issues like, for example, the orders that are too prescriptive and those kind of things and that could include the date that we had coordinated to have a meeting and what we would think based on that date would be for the next discussion. Does that sound good?

MS. LAUNDER: Sure.

MS. SCHILLING: So anything that can be easily followed up from this meeting in the form of a written comment or if there are things that people just want to follow up on that maybe didn't bring to the group today. Yeah I think written comments and a date for your meeting. Do you have your calendar up?

MS. WANNOP: So that would be -- the

19th would be three weeks from today.

MS. SCHILLING: That's fine with me. Does that date work for other people? Kelly.

MS. LAUNDER: I find it helpful to know -- I'm not quite clear when you're going through the previous order to determine what you are going to put in the rulemaking are you trying to have that be duplicative and all inclusive or are there priority items? Like I'm not sure should we be trying to categorize every single thing that we think that was in the previous order should be in that or the rulemaking? I'm just not clear exactly what you're seeing as a process if you really want just everything included in the rulemaking or are there particular things that you think lends itself more to be in the rulemaking?

MS. SCHILLING: I'm not sure I'm totally following your question.

MS. LAUNDER: Are you trying to have a rulemaking that encompasses all the stuff that was decided in the previous orders or are you letting those orders lie and you're only including in the rulemaking things that maybe need to be changed or clarified?

MS. SCHILLING: I can't speak entirely

to that. The Commission is going to have to weigh in on all the substance that ultimately ends up in the rule. We're directed to do rulemaking and to the extent that rule is all encompassing I think it's preferred to put -- we don't want to have to be looking back at three different orders plus a rule. So I think hopefully the rule would be all encompassing as possible.

MS. WANNOP: My understanding was that part of this is that the order -- if a lot of the stuff is in the order, it might not be consistent with the recent amendments to the procedures act. Is that part of what's going on? Some of this stuff --

MS. SCHILLING: There's a statutory requirement that we start formal rulemaking for the renewable energy standard by July 1, 2019. So that is what we are doing.

MS. WANNOP: Right. I guess I just also thought part of letting -- pulling all of whatever needs to be kept from the 8550 order into a rule was because of the amendments and I think it was Act 156 in the last legislative session, but that's not right.

MS. SCHILLING: No. The impetus is the statutory requirement that we do this as a rule.

MS. ANDERSON: So could I just be clear on what Allison said. What are you looking for by the 19th? Is that a letter from the DPS only?

MS. SCHILLING: So I think one would be a comment letter from the Department establishing a date by which you all are going to have another meeting as well as responding to anything that the Department can respond to that was raised today that doesn't need to be discussed by the broader group, and then that would also be the date by which the participants in this proceeding could file any followup written comments, clarifications. If something came up today and you wanted to address it in a written comment, those comments would be due by February 19th.

MS. ANDERSON: Okay. Thank you. I was just trying to clarify whether it was just the Department filing something on the 19th or if you were looking for comments.

MS. SCHILLING: Certainly if folks don't think they need to file followup things there's no need to file, but if there's something you wanted to make another point about or address that didn't get addressed today, that would be February 19th.

MS. ANDERSON: Thank you.

MS. SCHILLING: Do you think there's anything else to cover in the schedule for right now?

MR. KNAUER: No.

MS. SCHILLING: All right. Well any final issues before we adjourn for today? All right. Thank you all. We're adjourned.

(Whereupon, the proceeding was adjourned at 11:30 a.m.)

C E R T I F I C A T E

I, JoAnn Q. Carson, do hereby certify that I recorded by stenographic means the workshop re: Case Number 18-3810-INV at the Susan M. Hudson Hearing Room of the Public Utility Commission, 112 State Street, Montpelier, Vermont, on January 29, 2019, beginning at 9:30 a.m.

I further certify that the foregoing testimony was taken by me stenographically and thereafter reduced to typewriting, and the foregoing 81 pages are a transcript of the stenograph notes taken by me of the evidence and the proceedings, to the best of my ability.

I further certify that I am not related to any of the parties thereto or their Counsel, and I am in no way interested in the outcome of said cause.

Dated at Burlington, Vermont, this 31st day of January, 2019.

JoAnn Q. Carson

JoAnn Q. Carson
Registered Merit Reporter
Certified Real Time Reporter