

To: Judith C. Whitney
From: *S* Stephen Bushman, WEC member
Date: July 24, 2019
Subject: Public Comments for Investigation 19-1270-TF

Attached please find my comments for the above references investigation.

I will not be able to attend the public hearing on August 5 but would like to submit these comments to the Commission. They are in addition to the comments I submitted in response to the filing of the tariff petition.

Thank you.

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PUBLIC UTILITY COMMISSION

Please add these comments to the ones I filed for the rate redesign tariff petition. I will not be able to attend the public hearing on August 5. Stephen Bushman, WEC member

- The State of Vermont encourages distributed generation (residential solar), energy efficiency, and electric vehicles (as presented in the recent report) without cost shifting to rate payers.
- WEC claims their proposed rate design is revenue neutral. However, it is not cost neutral. Lower energy users (up to about 500 kWh per month) will see significant increases in their monthly utility bills while higher energy users will see lower monthly utility bills. Many lower energy users would still see higher utility bills under the proposed rate design even if they switched to an electric vehicle or electric heat pumps. It is only if the 500 kWh per month or greater usage level is obtained will a rate payer see a marginally lower utility bill with the proposed rate design compared to the current rates.
- "Customer Charge" needs to be defined in the PUC rules. Customer charges are fixed charges, but without a clear definition of what charges are fixed, utilities will be able to propose shifting those charges that have typically been considered variable to fixed. Many utilities across the nation have attempted to shift distribution charges, typically a variable charge covered by kWh rates, over to fixed charges. The customer charges could easily spiral upward out of control if this were to happen. Customer charges should be based on billing, metering, and customer service. Based on WECs submittals, currently these average around \$11 per month in Vermont.
- It needs to be pointed out that WECs exhibit WEC-5-PR-5 (comparison of current rates to proposed rates) does not include EEC costs. This is important because the remaining tables that show typical bills at various usage levels do include the EEC cost. To get the full comparison of WECs proposal to the other utilities, the EEC charge needs to be added. This shows that WECs proposed rate design will result in the highest utility bills across all usage levels and utilities. The current rate structure allows WEC to be competitive up to about 350 kWh per month usage based on the information in their petition.
- The State has set a goal of 50000 to 60000 electric vehicles registered in Vermont by 2025. This is approximately 11% to 13% of all vehicles. Based on these numbers, most WEC members will not elect to own EVs (at least in the short term) but many will pay higher utility bills to subsidize those that do. Purchase incentives (for both vehicles and home charging stations), fuel prices, and infrastructure improvements are all factors in the decision to purchase an EV. If electricity recharge cost is less than gasoline cost, WEC should not have to redesign their rate structure to encourage EV use. However if WEC wants to further incentivize EV purchases by reducing kWh recharge cost at residences, it should be targeted specifically to EV owners. This could take the form of TOU rates, bill credits, or a lower cost tier for EV recharging. The same type of rate structure could be used for members that install heat pumps. This would insure costs are not shifted to members that elect not to own an EV or install heat pumps.
- ISO New England indicates that typically the energy supply for New England is about 80 to 85% natural gas and nuclear and the remainder renewables. Although WEC claims a 100% renewable portfolio, regionally there is still a lot of work to be done to encourage renewable energy and reduce energy consumption to minimize the need for fossil fuel energy generation. Residential energy efficiency and residential distributed renewable energy production is key to this reduction. WECs proposed rate redesign, by shifting more of the cost for low energy users to a fixed cost, will most likely be a disincentive to become more efficient or install residential distributed generation.
- The investigation should determine why WECs proposed rate design results in the highest utility bills in the state, and to suggest ways WEC can reduce, not increase, fixed customer charges and kWh rates while still encouraging energy efficiency, distributed generation and incentives for fuel switching without cost shifting.