GLOBALFOUNDRIES U.S. 2 LLC (“Petitioner”) hereby petitions for a Certificate of Public Good pursuant to 30 V.S.A. § 231 to operate an independent, self-managed utility beginning October 1, 2022, under de minimis regulation appropriate to its function. In support thereof, Petitioner states as follows:

1. GLOBALFOUNDRIES U.S. 2 LLC is a semiconductor company that owns and operates semiconductor manufacturing facilities in the Village of Essex Junction and the Town of Essex, Vermont (the “Essex Facility”).

2. It is part of a family of companies called GLOBALFOUNDRIES, headquartered in Santa Clara, California, which researches, designs, and manufactures integrated circuits in high volume at fabrication plants around the world. In addition to its Essex Facility, GLOBALFOUNDRIES owns semiconductor manufacturing facilities in Malta and East Fishkill, New York; Dresden, Germany; and Singapore.

3. GLOBALFOUNDRIES is the largest retail electric customer of Green Mountain Power Corporation (“GMP”) and the largest user in the State of Vermont by a significant margin, and is the only GMP customer that takes electricity directly from the transmission grid at 115kV. GLOBALFOUNDRIES uniquely owns and maintains the step-down transformers to which the
transmission service is connected and has its own internal on-site distribution system, unlike other GMP customers. It is also Vermont’s largest manufacturing employer.

4. In 2020, GLOBALFOUNDRIES’ electricity consumption for its Essex Facility was approximately 398 million kWh, equating to approximately $36 million in retail charges from GMP for this electricity, exclusive of its own onsite infrastructure costs and efficiency measures. For context, GLOBALFOUNDRIES alone accounts for about 8% of the State’s total electricity usage, which would make its load larger than all but two of the State’s existing utilities. GLOBALFOUNDRIES maintains its own transmission and distribution system on its campus, spending approximately $3 million per year for onsite grid maintenance and capital improvements. The GLOBALFOUNDRIES electric system would cost tens of millions of dollars to replicate anywhere else in Vermont.

5. In order to better manage its power costs and preserve the ongoing viability and competitiveness of its Vermont operations, GLOBALFOUNDRIES seeks to operate an independent, self-managed utility (the “Self-Managed Utility”) that would serve only its own distribution network and supply only its own load through the region’s wholesale power market beginning October 1, 2022.

**Impact of Power Costs on GLOBALFOUNDRIES’ Vermont Operations**

6. The semiconductor industry in which GLOBALFOUNDRIES participates is very capital intensive and cost sensitive. The business is measured in terms of the Average Selling Price of the consumer products served, and customers expect year-over-year reductions in the Average Selling Price in order to meet consumer demands. That means unit costs, driven by operation overhead and capital investment, must decline over time for the company to stay competitive.
7. Semiconductor manufacturers and their customers must constantly innovate to survive. Given the consumer-driven nature of the business, market life cycles are short (1 to 2 years) as retail products such as cell phones are developed, brought to market, and then replaced with the next model. This continuous upgrade cycle means that chip manufacturers need to be ready to provide technologies and features available to meet the next product cycle. This takes continuous capital investment to retool or modify production; a lack of investment in the next product development cycle can quickly result in demand erosion, which translates into consolidation, cessation of operations, and job loss.

8. GLOBALFOUNDRIES closely tracks its costs per unit and it aims to lower them year-over-year in order to remain competitive with the larger players in the industry and allow it to continue to make necessary capital investments in production. GLOBALFOUNDRIES has achieved some success stabilizing and reducing costs in key areas, including through negotiating price reductions and volume purchase agreements for commodities, materials, and services.

9. GLOBALFOUNDRIES’ efforts to manage power costs at its Essex Facility, however, have not proven sufficient to overcome the sustained upward trend in retail electricity costs for the facility, despite Term Contracts with GMP to limit increases. As GLOBALFOUNDRIES has reduced other cost centers for its Vermont operations, the relative impact of electricity costs has increased. The cost of electricity for GLOBALFOUNDRIES’ Essex Facility now represents nearly fifty percent of the operational cost of the site to support manufacturing—and thus has a significant impact on its unit costs. In addition to providing power to operate thousands of pieces of production equipment, GLOBALFOUNDRIES uses electricity for numerous direct support processes and equipment, including HVAC,
environmental control equipment, deionized water, high purity gases and chemicals, lighting, central utility plant equipment, chillers, compressors, pumps, and data processing equipment.

10. GLOBALFOUNDRIES’ electricity costs at the Essex Facility are notably higher in comparison with its other facilities. Currently, the electricity cost difference between GLOBALFOUNDRIES’ Essex Facility compared to its two New York facilities is in the range of $15 million to $18 million annually—meaning roughly 90% higher energy cost for the Vermont site when compared to GLOBALFOUNDRIES’ sites in New York:

<table>
<thead>
<tr>
<th>Facility</th>
<th>2020 Unit Cost / kWH</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Essex Facility (actual)</td>
<td>$0.091</td>
<td>$36.1M</td>
</tr>
<tr>
<td>East Fishkill Facility</td>
<td>$0.055</td>
<td>$21.2M</td>
</tr>
<tr>
<td>Malta Facility</td>
<td>$0.046</td>
<td>$18.3M</td>
</tr>
</tbody>
</table>

This places the Essex Facility at a significant overall operating cost disadvantage, one that is not sustainable in the long run. GLOBALFOUNDRIES’ other sites also offer flexibilities and benefits not available in Vermont. For example, GLOBALFOUNDRIES’ Dresden plant operates a combined heat and power unit that provides essentially all energy needed to operate the site; the Singapore site receives substantial subsidies from the government for manufacturing costs; and GLOBALFOUNDRIES also receives power cost reductions in New York.

11. The higher costs in Vermont are mainly out of GMP’s control and are due to regional differences between the energy supply mixes, and costs and policies of the two independent system operators (ISO-NE and NY-ISO) in the areas where GLOBALFOUNDRIES sites are located. They are also due to state policy choices. For example, Vermont’s mandates for small-scale, distributed net metering are paid for by all electric consumers and make up over 6% of GMP’s overall cost of service.
12. Given GLOBALFOUNDRIES’ intensive electricity needs, the disparity in electricity costs for the Essex Facility is a significant deterrent to the growth, investment in, and continued presence of GLOBALFOUNDRIES’ manufacturing operations in the State.

13. To attempt to address these cost disparities, GLOBALFOUNDRIES—and for many years previously, its predecessor IBM—has aggressively pursued all available avenues to lower electricity costs at the Essex Facility.

14. GLOBALFOUNDRIES and IBM adopted extensive demand management measures at the facility, assisted by state policy designed to allow businesses like GLOBALFOUNDRIES to develop their own robust efficiency programs, implementing approximately 2,000 energy efficiency and conservation measures over the last twenty years.

15. At the same time, GLOBALFOUNDRIES and IBM have sought relief in various proceedings before the Commission, including intervening in GMP rate cases to communicate concerns about the impact of rising electricity costs on the ability of the Essex Facility to compete with semiconductor manufacturing plants elsewhere in the country and around the world. They have also engaged with GMP cooperatively over the years to explore means to control costs and meet the plant’s need for a stable, reliable power supply. See, e.g., Order of 12/22/2003 in Docket No. 6867, approving Special Contract #691.

The Term Contract and Collaborative Process

16. In 2018, GLOBALFOUNDRIES and GMP entered into a term contract (the “Term Contract”) designed to stabilize GLOBALFOUNDRIES’ electricity costs through September 30, 2022 and provide a bridge to a longer-term plan for meeting GLOBALFOUNDRIES’ needs. That term contract was approved by the PUC on December 31, 2018. See Order of 12/31/2018 in Docket No.18-3160-PET.
17. Pursuant to the Term Contract, GLOBALFOUNDRIES and GMP committed to engage in a “collaborative process to investigate and develop alternative rate structures or programs that would provide tools to retain or grow commercial and industrial load, bolstering both contributions to GMP’s overall cost of service and the Vermont economy, including commercial and industrial dispatchable (also known as interruptible or curtailable) load which would help lower overall energy costs for Vermont residents and businesses.”

18. GLOBALFOUNDRIES and GMP worked throughout 2019 to carry out the charge described in the term contract, and that work continued in 2020. The process yielded a common understanding of GLOBALFOUNDRIES’ business risks, electricity costs, and their components, as well as a work plan for 2020 to pursue new programs designed to meet GLOBALFOUNDRIES’ goal to further manage its energy costs in light of its unique needs as a high-use electricity customer with its own transmission and distribution system and competing worldwide manufacturing facilities.

19. In the course of their collaborative process, GLOBALFOUNDRIES and GMP closely evaluated a variety of options for meeting GLOBALFOUNDRIES’ goals, including, among others: pursuing further load management and efficiency measures; developing on-site energy storage technology to cover a portion of GLOBALFOUNDRIES’ load; and developing a Combined Heat and Power facility. These options were detailed in a report filed with the Commission in December 2019.

20. After study, GLOBALFOUNDRIES and GMP concluded that none of these physical and operational changes was likely to provide meaningful additional cost relief to GLOBALFOUNDRIES.
21. GLOBALFOUNDRIES and GMP also examined several options that would allow GLOBALFOUNDRIES access to the wholesale electricity market, either directly or indirectly, including term contracts indexed to the market, a “virtual choice” tariff or contract, and the formation of a self-managed utility by GLOBALFOUNDRIES.

22. Taking on the risk of operating as a self-managed utility, with participation in the wholesale electricity market and its attendant volatility, would not be an appropriate choice for any other electricity consumer in Vermont. GLOBALFOUNDRIES, however, is uniquely situated, given its large, stable load, direct connection to the transmission grid, internal distribution infrastructure, and the fact that its owners are invested in energy markets worldwide and understand power markets. GLOBALFOUNDRIES is cognizant of and able to take on both upside and downside risk from operating on its own and in the market.

23. Operating a Self-Managed Utility with access to wholesale markets offers the best chance of meeting GLOBALFOUNDRIES’ goals, as it would enable GLOBALFOUNDRIES to respond to market price signals about the value of electricity in line with its own business goals, using timelines and strategies appropriate for its own unique system and global operations, and allow the company to manage risk in a consistent manner across its plants.

GLOBALFOUNDRIES’ Proposed Self-Managed Utility

24. Subject to issuance of a Certificate of Public Good, GLOBALFOUNDRIES intends to establish and operate a Self-Managed Utility to purchase electricity on the wholesale market, allowing GLOBALFOUNDRIES to supply its own load.

25. The Self-Managed Utility will operate as a division of GLOBALFOUNDRIES U.S. 2 LLC, named the “GF Power Division,” with managers overseeing power operations, facilities, procurement, and regulatory compliance.
26. The Self-Managed Utility will supply only GLOBALFOUNDRIES U.S. 2 LLC; the Self-Managed Utility will not have retail customers or engage in the sale of electricity to the public, and its Certificate of Public Good should be conditioned accordingly.

27. The Self-Managed Utility would cover all areas of GLOBALFOUNDRIES’ campus in the Village of Essex Junction and Town of Essex (the “Essex Campus”). Concurrent with this petition, GMP is filing a petition pursuant to 30 V.S.A. § 249 to adjust its service territory to exclude GLOBALFOUNDRIES’ Essex Campus; upon approval of that petition, the Essex Campus would not be in the service territory of any distribution utility, and its load would be supplied exclusively by the Self-Managed Utility. The Williston portion of GLOBALFOUNDRIES’ campus will remain in GMP’s service territory.¹

28. For the first four years of the Self-Managed Utility’s operation, GMP will supply wholesale energy, capacity, renewable energy credits, and ancillary services to the Self-Managed Utility pursuant to a power purchase agreement.

29. After the four-year transition period, the Self-Managed Utility expects to designate an administrator (the “Administrator”) to procure power at market prices established through solicitations of service such as multi-year Fixed-Price-Full-Requirements or Hourly Price Service products.

30. During the four-year period of its power purchase agreement with GMP, GLOBALFOUNDRIES’ power supply portfolio will maintain the characteristics of the GMP portfolio as a whole, including GMP’s compliance with Vermont’s Renewable Energy Standard, 30 V.S.A. §§ 8004 and 8005. Thereafter, as discussed herein, since the Self-Managed Utility will not be engaged in the distribution or sale of electricity to the public, the requirements of

¹ The parties are also expected to execute an agreement for GMP to continue to provide service to two sets of lights located at two street intersections on the Essex Campus, as they are currently served separately through meters on GMP’s distribution system.
Title 30, Chapter 89 will not apply to it. However, GLOBALFOUNDRIES intends to continue and, as possible, grow its investment in renewable energy, consistent with its customer expectations and with market forces favoring a reduction in carbon footprint.

31. GLOBALFOUNDRIES will be developing a clean power procurement plan over the next several years, and requests that the Commission condition any Certificate of Public Good (“CPG”) issued in this proceeding by requiring that on or before January 1, 2026, GLOBALFOUNDRIES will report to the Commission on its power procurement plans going forward and the expected renewable energy attributes of its power supply portfolio.

32. GLOBALFOUNDRIES will obtain any required regulatory approvals from Federal Energy Regulatory Commission (“FERC”) in order to participate in a wholesale transaction by October 1, 2022, and will register with ISO New England.

33. GLOBALFOUNDRIES and GMP have entered into a Memorandum of Understanding with the Vermont Electric Power Company Inc. (“VELCO”), for itself and Vermont Transco LLC (“VTransco”) (these parties together the “MOU Parties”), establishing VTransco as the serving entity for transmission of electricity to the Self-Managed Utility (the “Transmission MOU”). A copy of the Transmission MOU is filed with this Petition as Exhibit GF-GR-2.

34. Pursuant to the Transmission MOU, GLOBALFOUNDRIES will receive Local Network Service as a customer of VTransco under its existing Schedule-21-VTransco of the ISO New England Open Access Transmission Tariff. GLOBALFOUNDRIES will be responsible for paying directly to ISO New England GLOBALFOUNDRIES’ share of all ISO New England Tariff costs allocated to the regional network load, known as the Regional Network Service
costs. Additionally, GLOBALFOUNDRIES will pay directly to VTransco the Local Network Service charges allocated to its load.

35. The Transmission MOU also provides for a series of four annual payments by GLOBALFOUNDRIES between 2022 and 2026, which shall be paid to and held by VELCO, in the amount of $250,000 in 2023, $200,000 in 2024, $150,000 in 2025, and $100,000 in 2026. These payments are intended to help compensate for any shortfall to Vermont distribution utilities other than GMP (the “Other VDUs”) that is the difference in (i) the Other VDUs’ pro-rata share of the 1991 Vermont Transmission Agreement (“VTA”) costs if GLOBALFOUNDRIES’ load had been retained by GMP and (ii) the Other VDUs’ pro-rata share of the actual VTA costs with GLOBALFOUNDRIES as a Schedule 21-VTransco customer.

36. These payments under the terms of the Transmission MOU are intended to keep all Vermont distribution utilities as financially whole as reasonably possible, with respect to transmission costs, compared to the status quo for a period of twenty years.

37. In addition, GLOBALFOUNDRIES’ direct payment of transmission costs (a contribution projected to be approximately $2.6 million per year to VELCO’s net revenue requirement) is a benefit to all Vermont distribution utilities because it helps pay for VELCO’s overall cost of service; were GLOBALFOUNDRIES to cease its Vermont operations, those costs would otherwise shift to all Vermont distribution utilities and their customers. To the extent GLOBALFOUNDRIES’ transmission payments after the transaction remain the same as GLOBALFOUNDRIES’ current contribution toward transmission costs as a GMP customer, the Vermont distribution utilities and their customers (that pay as owners of VELCO for costs not covered by transmission payments) would experience only very small transmission cost impacts.
from GLOBALFOUNDRIES’ shift to a Self-Managed Utility. These impacts are expected to be covered, for a period of twenty years, by the $700,000 fund paid for over four years through the Transmission MOU.

38. In connection with the establishment of the Self-Managed Utility, certain transmission-related assets would be transferred between the MOU Parties. These include the transfer to GMP of GLOBALFOUNDRIES-owned facilities known as the Williston Substation; and the transfer to GLOBALFOUNDRIES of certain GMP-owned facilities known as Substation 86 that connect to GLOBALFOUNDRIES; and the transfer to VTransco of GMP-owned facilities at Substations 86 and 87 that are necessary to connect GLOBALFOUNDRIES directly to VTransco’s system. The MOU Parties will seek any necessary Commission approval prior to the transfer of ownership and for any necessary equipment upgrades at these facilities as appropriate, to the extent the required work is beyond regular maintenance activities.

39. To help mitigate any impact to GMP’s other customers from GLOBALFOUNDRIES leaving GMP’s load, GLOBALFOUNDRIES and GMP have agreed to a four-year transition fee totaling $15.6 million. It is intended in part to cover a portion of costs GLOBALFOUNDRIES would otherwise continue to pay to GMP if it were to remain a customer, thereby benefiting GMP’s other customers during that period. The fee would be paid in monthly installments and would gradually phase out during the four-year transition period, as follows:

   a. $500,000 per month starting on October 1, 2022 ($6 million for GMP FY 2023),
   b. $416,667 per month starting on October 1, 2023 ($5 million for GMP FY 2024),
   c. $250,000 per month starting on October 1, 2024 ($3 million for GMP FY 2025),

and
d. $133,333 per month starting on October 1, 2025 ($1.6 million for GMP FY 2026).

40. The Self-Managed Utility will not be eligible to continue participation in Vermont’s Self-Managed Energy Efficiency Program (“SMEEP”) as GLOBALFOUNDRIES and IBM have done since the program’s inception in 2009, because participation is limited to “transmission and industrial electric ratepayers only.” See 30 V.S.A. § 209(j). After October 1, 2022, GLOBALFOUNDRIES would cease to qualify as a transmission or industrial electric ratepayer.

41. GLOBALFOUNDRIES nevertheless intends to file a plan in January 2022 for the SMEEP cycle running from 2022 through 2025 for approximately $1 million in investments each year (as under the current SMEEP program), and will execute on its commitments under the plan during that cycle and make annual reports to the Commission as it did under the SMEEP. Over the next two years, GLOBALFOUNDRIES will evaluate potential further efficiency investments as well as demand reduction opportunities that the Self-Managed Utility structure may present. By April 1, 2024, GLOBALFOUNDRIES will file a report with the Commission detailing its future plans for energy efficiency investments and demand reduction measures following completion of the 2022-2025 SMEEP cycle. GLOBALFOUNDRIES requests that the Commission condition any CPG issued in this proceeding by requiring that the filing of this report on or before April 1, 2024.

42. GLOBALFOUNDRIES and GMP have agreed, and request that the Commission include as a condition to any CPG issued following this Petition, that GLOBALFOUNDRIES shall require any successor of GLOBALFOUNDRIES U.S. 2 LLC to assume all obligations of GLOBALFOUNDRIES’ agreements with GMP and with VELCO, any conditions imposed by the Commission and FERC, and any other applicable regulatory requirements of the Self-
Managed Utility; and that, in the event any successor or assign fails to assume all such
obligations, the Essex Campus will revert to GMP’s service territory, to be treated within GMP’s
then-applicable tariffs.

**Approval of the Self-Managed Utility Will Promote the General Good of the State**

43. Approval of GLOBALFOUNDRIES’ establishment and operation of a Self-
Managed Utility will promote the general good of the State, consistent with 30 V.S.A. § 231, by
incentivizing Vermont’s largest manufacturing business to maintain and potentially grow
operations in the State for the benefit of Vermont’s economy, securing an ongoing contribution
to GMP’s costs for a period of four years, to the benefit of GMP’s customers, and preserving
GLOBALFOUNDRIES’ contribution to transmission costs in the long run for the benefit of all
utilities and customers in the State.

44. The Legislature, in enacting 30 V.S.A. § 218e, has expressly directed that the
State’s energy policy be implemented to encourage retention and recruitment of manufacturing
businesses:

To give effect to the policies of section 202a of this title to provide reliable and
affordable energy and assure the State's economic vitality, it is critical to retain
and recruit manufacturing and other businesses and to consider the impact on
manufacturing and other businesses when issuing orders, adopting rules, and
making other decisions affecting the cost and reliability of electricity and other
fuels. Implementation of the State's energy policy should:

(1) encourage recruitment and retention of employers providing high-quality jobs and
related economic investment and support the State's economic welfare; and

(2) appropriately balance the objectives of this section with the other policy goals and
criteria established in this title.

45. GLOBALFOUNDRIES, as the single largest manufacturer in Vermont, is a
unique employer within the State. The quality of opportunities for employment in high-tech
manufacturing GLOBALFOUNDRIES offers sets it apart from other industrial employers in
Vermont. In 2019, GLOBALFOUNDRIES provided approximately $270 million in total annual compensation, including benefits, to its Vermont employees, and the average compensation package for employees in Vermont is more than $100,000 per year. GLOBALFOUNDRIES currently has 2,189 Vermont employees, and continues to hire. Since GLOBALFOUNDRIES started its Vermont operations after acquiring the facility from IBM, GLOBALFOUNDRIES has hired 1,125 employees (671 production employees, 317 professional employees, and 127 technicians). The Essex Facility also brings on dozens of interns and apprentices each year, and recently launched an apprentice program designed to bring 60 additional students to the facility over the next four years.

46. Since launching its Vermont operation, GLOBALFOUNDRIES has invested $380 million in capital improvements at the Essex Facility and has another $150 million under consideration for the upcoming years.

47. Having the ability to directly manage its own electricity grid and portfolio will give GLOBALFOUNDRIES the opportunity to narrow the “power cost” gap between this facility and others it owns, which will help justify maintaining and growing investments and operations here rather than moving production to another location.

48. As the proposed Self-Managed Utility will encourage the retention of a critical employer providing high-quality manufacturing jobs and related economic investment, thereby supporting the State’s economic welfare, 30 V.S.A. §§ 218e and 231 strongly favor its approval.

49. As described above, GLOBALFOUNDRIES’ proposed transition to service via the Self-Managed Utility will also produce benefits to utility customers statewide and to GMP customers by preserving GLOBALFOUNDRIES’ contribution to transmission costs and, for a period of four years, providing payments towards GMP’s costs. These are benefits that would be
forfeited in the event that the proposed Self-Managed Utility were denied a CPG and GLOBALFOUNDRIES were to leave the state, resulting in increased costs borne by customers statewide and significant harm to the Vermont economy.

50. In determining whether to issue a Certificate of Public Good under 30 V.S.A. § 231, the Commission typically considers a list of criteria that include: (1) technical expertise, (2) adequate service, (3) facility maintenance, (4) balance between customers and shareholders, (5) financial stability, (6) company's ability to obtain finance, (7) business reputation, and (8) relationship with customers. See, e.g., Order of 12/5/2018 in Docket No. 18-3449-PET.

51. These criteria reflect a regulatory concern with ensuring quality and continuity of service by traditional utilities that serve the public; as such, the criteria do not directly fit the Self-Managed Utility model wherein GLOBALFOUNDRIES will serve only itself and will not sell electricity to the public. The Commission has previously noted that these criteria are guidelines only and that the Commission may deviate from them where circumstances justify such departure (see e.g., Final Order in Docket No. 7038 at 9). Given that a Self-Managed Utility is appropriate for GLOBALFOUNDRIES based on its unique size and transmission-level electric service, it is reasonable for the Commission to likewise apply the Section 231 factors only to the extent they make sense based on the structure proposed. It is clear that, to the extent that they do apply here, these criteria support issuance of a Certificate of Public Good.

52. Criteria (1) and (3) are satisfied by the fact that GLOBALFOUNDRIES, and IBM before it, have maintained and operated an internal distribution system and step-down transformers for many decades, under the supervision of facilities staff with deep experience in electric systems. Continual investment in GLOBALFOUNDRIES’ electrical infrastructure is assured because GLOBALFOUNDRIES requires the highest quality power delivery to operate
Additionally, the Self-Managed Utility will designate or engage an Administrator with appropriate expertise to handle procurement of the power supply portfolio for GLOBALFOUNDRIES.

53. As the Self-Managed Utility will solely serve GLOBALFOUNDRIES’ electrical needs and will not sell electricity to the public, criteria (2), (4), and (8) have no application to the petition here. To provide assurance that no issues related to these criteria arise in the future, GLOBALFOUNDRIES is proposing a condition to any CPG issued in this proceeding which expressly prohibits the Self-Managed Utility from providing retail service.

54. With respect to criteria (5) and (6), the traditional regulatory concern with the financial stability of a utility engaged in the provision of service to the public is not implicated by the proposed Self-Managed Utility, as it will not serve any retail customers. GLOBALFOUNDRIES currently has the highest annual expenditures on electricity of any manufacturer or private business in Vermont, as it (and IBM before it) has for a long time. It has faithfully paid its electric bills over many years. As detailed above, the total amount paid to GMP for electricity in 2020 was approximately $36 million, excluding other costs incurred by GLOBALFOUNDRIES to maintain its power infrastructure. GLOBALFOUNDRIES’ long track record and demonstrated ability to finance substantial electricity costs speak to its financial stability.

55. While not directly pertinent to criteria (5) and (6) (at least as they are typically formulated), the proposed Self-Managed Utility structure will also promote and contribute to the financial stability of Vermont’s retail electricity sector generally by preserving GLOBALFOUNDRIES’ contribution to transmission costs, which would otherwise shift to Vermont’s distribution utilities.
56. Factor (7), business reputation, is sometimes referred to as the “fair partner” factor that considers the CPG holder’s ability to work productively and cooperatively with the State in support of the general good. To the extent that this factor would apply to the Self-Managed Utility with no retail customers, GLOBALFOUNDRIES clearly meets it as demonstrated by its long history of regulatory engagement in matters before the Commission. Through several term contracts, rate proceedings, SMEEP reporting, and the collaborative process with GMP that resulted in this Petition, as well as its positive engagement with other agencies of the State, local municipalities, and civic and charitable organizations in its role as a leading manufacturer, GLOBALFOUNDRIES has consistently demonstrated its deep commitment to serving as a fair partner with and within the State of Vermont.

57. For all of the foregoing reasons, GLOBALFOUNDRIES’ establishment and operation of a Self-Managed Utility as proposed and as conditioned will promote the general good of the State.

*De Minimis Regulation of the Self-Managed Utility*

58. The regulatory structure that will apply to the proposed Self-Managed Utility is directly material to the feasibility of the proposal: GLOBALFOUNDRIES’ ability to realize the benefits of the Self-Managed Utility structure and effectively manage its operations and power costs of its Vermont facility requires that its regulatory oversight take into account that it will not serve customers as a traditional utility.

59. While the Commission has and will retain general jurisdiction over the Self-Managed Utility under Title 30, the Commission has discretion to exercise its regulatory authority over GLOBALFOUNDRIES to the extent it deems necessary. See 30 V.S.A. § 203 (stating that “jurisdiction shall be exercised by the Commission . . . so far as may be necessary to
enable [it] to perform the duties and exercise the powers conferred upon [it] by law”). The circumstances here warrant limited application of that authority, consistent with the Commission’s prior orders applying de minimis regulation in other instances.

60. Because the Self-Managed Utility will not provide service to or for the public, the Self-Managed Utility will not engage in a “public service business” and will not own or conduct “any public service business or property used in connection therewith” within the meaning of 30 V.S.A. § 201(1). While its facilities will interconnect with VELCO and it will operate to serve its own load, the traditional core functions of a public utility will not apply to GLOBALFOUNDRIES’ Self-Managed Utility.

61. Accordingly, GLOBALFOUNDRIES requests that, in granting a certificate of public good, the Commission exercise its discretion and provide for de minimis regulation of the Self-Managed Utility limited to the areas detailed below, in light of the narrow scope of the Self-Managed Utility’s planned operations:

   a. Regulatory oversight necessary to ensure the Self-Managed Utility confines its operations to procurement of power for GLOBALFOUNDRIES’ Essex Facility and does not provide retail electricity service to the public. In the event that GLOBALFOUNDRIES ever were to seek to commence the provision of service to the public, it would be required seek an amendment to the CPG, at which point the Commission would have the opportunity to impose additional regulatory oversight as required in those circumstances.

   b. Full regulatory authority over the transmission facilities serving the Self-Managed Utility, to ensure compliance with those facilities’ CPGs and regulate any substantial change to or transfer of such infrastructure.
c. Regulatory oversight to ensure compliance with the Transmission MOU and all terms of the Self-Managed Utility’s CPG, including the requirements outlined above for reporting on the Self-Managed Utility’s energy efficiency and demand reduction initiatives and power procurement plans.

62. Provided that the Self-Managed Utility does not engage in the provision of service to the public and for so long as that condition to its CPG remains, GLOBALFOUNDRIES requests that the Commission exercise its jurisdiction only in the areas identified above, and otherwise withhold exercising jurisdiction with respect to those requirements applicable to traditional public utilities that are intended to protect ratepayers and other members of the public, but which are not necessary in the context of a Self-Managed Utility. These include but are not limited to: the provisions of Chapter 3 of Title 30; any requirement that GLOBALFOUNDRIES file its articles of association or a copy of its certificate of paid up capital stock, if any, with the Commission and Department of Public Service under 30 V.S.A. § 204; provisions of 30 V.S.A. § 209 not directly related to ensuring the GLOBALFOUNDRIES fulfill its obligations under the MOU and any CPG issued by the Commission; rate setting under § 218; requirements for least-cost integrated planning under § 218c; the duty to serve under 30 V.S.A. § 219; requirements for filing rate schedules for approval under 30 V.S.A. § 225; and providing notification of utility power supply transactions to the Commission pursuant to PUC Rule 5.200.

63. Because it will not sell electricity to the public, the Self-Managed Utility will not be a “retail electricity provider” within the meaning of 30 V.S.A. § 8002(23). GLOBALFOUNDRIES accordingly requests that the Commission exercise de minimis regulation in this respect as well, and issue a CPG that finds that GLOBALFOUNDRIES is not
subject to the requirements of Chapter 89 of Title 30 for so long as it does not sell electricity to retail customers.

64. The limited regulatory requirements under the CPG would apply to GLOBALFOUNDRIES U.S. 2 LLC’s operation of the Self-Managed Utility. Any successor of GLOBALFOUNDRIES U.S. 2 LLC would need to petition the Commission to assume all obligations of GLOBALFOUNDRIES’ agreements with GMP and with VELCO, any conditions imposed by the Commission, and any other applicable regulatory requirements of the Self-Managed Utility. Further, as agreed to between GLOBALFOUNDRIES and GMP, in the event any successor or assign failed to assume all such obligations, the CPG can and should require that the Essex Campus revert to GMP’s service territory, to be treated within GMP’s then-applicable tariffs.

This Petition is supported by the:

a. Prefiled Direct Testimony and Exhibits of Gregory L. Rieder; and

b. Prefiled Direct Testimony of Arthur Woolf, Ph.D.²

WHEREFORE, GLOBALFOUNDRIES requests that the Commission:

1. Establish a schedule for review of this Petition, including hearings as necessary, and consolidate this proceeding for scheduling purposes with GMP’s related petition to exclude the Essex Campus from GMP’s service territory under 30 V.S.A § 249;

2. Make findings of fact and conclusions of law with respect to the matters set forth in this Petition, including but not limited to findings of fact and conclusions of law (a) that approval of the Self-Managed Utility will promote the general good of the State and advance the

² GLOBALFOUNDRIES understands that GMP plans to intervene and will also offer testimony in support of the Petition.
State interests enumerated in 30 V.S.A. § 218e, and (b) that regulation of Self-Managed Utility under the limited requirements set forth herein will promote the general good of the State;

3. Exercise its discretion to impose limited regulatory requirements on the Self-Managed Utility in the following manner:

a. Exercise such regulatory oversight as is necessary to ensure the Self-Managed Utility confines its operations to procurement of power for GLOBALFOUNDRIES’ Essex Facility and does not provide retail electricity service to the public;

b. Exercise jurisdiction over the transmission facilities serving the Self-Managed Utility, to ensure compliance with the terms of the CPGs and regulate any substantial change to or transfer of such facilities;

c. Exercise regulatory oversight to ensure compliance with the Transmission MOU and all terms of the Self-Managed Utility’s Certificate of Public Good, including but not limited to the requirements that (i) on or before January 1, 2026, GLOBALFOUNDRIES report to the Commission on its power procurement plans going forward and the expected renewable energy attributes of its power supply portfolio and (ii) on or before April 1, 2024, GLOBALFOUNDRIES report to the Commission on its future plans for energy efficiency investments and demand reduction measures following completion of the 2022-2025 SMEEP cycle;

d. Exercise jurisdiction to require any successor of GLOBALFOUNDRIES U.S. 2 LLC to assume all obligations of GLOBALFOUNDRIES’ agreements with GMP and with VELCO, any conditions imposed by the Commission, and any
other applicable regulatory requirements of the Self-Managed Utility; and to require that, in the event any successor or assign failed to assume all such obligations, the Essex Campus would revert to GMP’s service territory, to be treated within GMP’s then-applicable tariffs; and

e. Otherwise, as long as the Self-Managed Utility does not distribute or sell electricity to the public or engage in a “public service business” or own or conduct “any public service business or property used in connection therewith” within the meaning of 30 V.S.A. § 201(1), exercise de minimis regulation and decline from requiring the Self-Managed Utility to comply with the requirements of Chapter 3 of Title 30, to file its articles of association or a copy of its certificate of paid up capital stock, if any, with the Commission and Department of Public Service under 30 V.S.A. § 204, to submit to any provisions of 30 V.S.A. § 209 not directly related to ensuring the GLOBALFOUNDRIES fulfill its obligations under the MOU and any CPG issued by the Commission, to comply with rate setting requirements under § 218, to comply with requirements for least-cost integrated planning under § 218c, to comply with any duty to serve under 30 V.S.A. § 219, to file rate schedules for approval by the Commission under 30 V.S.A. § 225, to comply with the requirements of Chapter 89 of Title 30, or to provide notification of utility power supply transactions to the Commission pursuant to PUC Rule 5.200.

4. Issue a Certificate of Public Good for the Self-Managed Utility pursuant to Section 231 of Title 30; and
5. Take such other actions as in the Commission’s judgment are necessary or advisable in connection with this Petition.

Dated at Burlington, Vermont this 17th day of March, 2021.

By /s/ Shapleigh Smith, Jr.
Shapleigh Smith, Jr., Esq.
Justin B. Barnard, Esq.
DINSE
209 Battery Street
Burlington, VT 05401
(802) 864-5751
ssmith@dinse.com
jbarnard@dinse.com

Counsel for GLOBALFOUNDRIES U.S. 2 LLC