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Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 24-3351-INV – Investigation into the potential need for transmission system improvements identified in the 2024 Vermont Long-Range Transmission Plan

Dear Ms. Anderson:

The Vermont Public Utility Commission ("Commission") requested participants in this docket respond to several information requests related to the 2024 Vermont Long-Range Transmission Plan ("Plan"). The Town of Stowe Electric Department ("SED") submits the following responses to the Commission's requests.

- In its comments, the Department notes that Commission Rule 5.136 includes a provision allowing distribution utilities to propose tariffs that would implement locational adjustor fees for new net-metering systems, or other new electric generation facilities, that connect within a constrained or limited headroom area of the grid. To date, no such tariff has been filed by utilities. Distribution utilities are requested to address whether they have any plans to propose tariffs. Responses should address what systems or facilities will be covered by the tariff and how the locational adjustor fees would be implemented.

Response: SED does not intend to file with the Commission a locational adjustor fee tariff. SED's Board of Commissioners determined that the constraint that had existed on one of SED's substations should be resolved as part of a larger system upgrade. SED does not have any constraints on its system to new net-metering systems. SED agrees with VEC's filing that identifies the complexity and cost associated with filing a location adjustor fee tariff. If SED were to file a tariff to resolve system constraints caused by new net-metering systems or other new electric generation facilities, then the fee would be designed to recover the costs required to safely interconnect the new system to SED's distribution system.

- To understand the barriers to implementing locational adjustor fees, distribution utilities and VELCO are requested to provide an assessment of the drawbacks, barriers, opportunities, and usefulness of locational adjustor fee tariffs. Distribution utilities should address whether the barriers are administrative or technical, or if a determination has been made that such a fee would not help optimize the location of distributed generation. For example, the GMP Solar Map shows significant portions of the distribution system that are served by a substation transformer with less than 10% capacity remaining; GMP should address whether these parts of the grid are candidates for adoption of a locational adjustor fee tariff.

Response: SED agrees with the filings submitted by VEC, BED, and VPPSA. SED does not have any system constraints that would require a locational adjustor fee tariff; therefore, we are unable to provide a more detailed response. SED reiterates VPPSA's filing that net-metering is already complex and expensive for public power utilities and installers to manage. SED utilizes engineering firms to provide an analysis of its distribution system and identify potential concerns. SED has not needed to publish information about the capacity of our substations and feeders to handle new net-metering projects, because we communicate to our ratepayers there are no system constraints to new net-metering. SED's compact geographic territory makes it difficult to justify adding additional costs for new tariffs, billing processes, or Solar Maps related to new net-metering resources or locational adjustor fees.

- Participants, including distribution utilities and VELCO, are requested to address whether there are other mechanisms to facilitate and enable a rational distribution of generation resources across the state with respect to distribution and transmission capacity.

Response: SED is not aware of other mechanisms available to facilitate siting of generation resources in Vermont. SED agrees with VPPSA that the current permitting process appears sufficient to guide the location of generation resources in Vermont. SED also agrees with BED's filing stating that large DERs could be prioritized based on maximizing the existing transmission infrastructure before creating additional costs and complexity for the distribution utilities.

- In their comments, BED and VPPSA state that any mechanism relying on active control of distributed energy resource assets needs to occur at the distribution utility level to ensure that actions taken for statewide benefit do not lead to offsetting localized system or reliability problems or cause cost shifting among stakeholders. Participants are requested to address whether active control of distributed energy resource assets needs to occur at the distribution utility level and address the potential benefits, disadvantages, and costs of active control of these assets.

Response: SED agrees with VELCO, VEC, BED and VPPSA that any active control of distributed energy resources should be managed by the distribution utilities ("DU"). SED is not aware of an active control of distributed energy resource ("DER") program in SED's territory that is not managed by SED. Therefore, SED cannot provide further comment on whether a DER program managed by a third-party could be more or less advantageous. Allowing third-party entities to manage DERs without participation from the distribution utility could cause a range of unintended consequences and sunk costs that can damage Vermont utilities and their customers.

- In its comments, VPPSA notes that the Plan discusses the desire to make use of nontransmission alternatives ("NTAs") and coordinate them with distributed generation siting and raises concerns about the reliance on active control or management of NTAs, including whether the active management of NTAs have the potential to negatively affect distribution level reliability, as loads are shifted locally or in time, and may result in significant cost shifting across stakeholders. Participants are requested to address the potential benefits, disadvantages, and costs that accompany active management of distributed energy resources and NTAs, including whether and how the shifting of costs or reliability problems across stakeholders can be avoided.

Response: SED agrees with VELCO's response. If NTAs are addressed under VELCO's Long-Range Transmission Plan, then it must provide a technical and financial benefit to VELCO's transmission system. SED is not in a position to provide comments on hypothetical scenarios, but SED looks forward to working with VELCO on potential NTAs that benefit SED's ratepayers.

Non-wire alternatives that benefit the distribution system and have an additional benefit for the transmission system should be addressed on a case-by-case basis. The DUs collaborate closely with VELCO and will continue to do so. SED supports VPPSA's concerns that programs solely focused on statewide demand reduction might impact DUs disproportionately or shift costs from larger utilities that can participate in non-transmission alternatives to small utilities that cannot.

- In its comments, GMP states that its 2024 Integrated Resources Plan ("IRP") identifies that GMP has identified what an optimized deployment of solar and flexible resources would look like and how much generation capacity headroom exists across GMP's system. GMP is requested to file that information on optimized deployment and capacity headroom into this proceeding and address its efforts to date and plans for future work with stakeholders to ensure optimal deployment.

Response: SED has no response.

- In its comments, GMP states that it will use additional tools to limit the scope of grid upgrades needed to integrate new distributed renewables, including limited curtailment of distributed renewable generation, use of distributed storage and flexible load resources, and solar plant design choices that can enhance plant capacity factors. GMP is requested to provide additional information on how it implements these tools, including how GMP determines the most cost-effective way to integrate additional distributed generation. Responses should address how GMP determines what grid upgrades are the most cost effective option.

Response: SED has no response.

- In its comments, BED states that the Plan could benefit from additional analyses and discussion on the following issues: (1) duration, frequency, and load profile of transformer overloads under N-1-1 conditions; (2) rate of increase in the deployment of distributed generation and other distributed energy resources; (3) rate of increase in the deployment of electric vehicles and advanced heat pumps; (4) rate of increase in the deployment of energy storage in key areas of the state; (5) whether existing rate structures, such as electric vehicle rates, could alleviate forecasted overload conditions; and (6) whether future dynamic rate structures could alleviate forecasted overload conditions. Participants are requested to address how the Plan and state distribution and transmission planning can benefit from analysis of these issues and file any supplemental information, data, or analyses that would aid in the discussion of these issues.

Response: SED supports the other utilities that the current framework is sufficient. SED also is satisfied with the response provided by VELCO to this question. As a general matter, SED does not support expanding the current level of analysis and complexity that public power utilities already provide through the Integrated Resource Plan (IRP), Tier III Program planning, and other regulatory planning with respect to DERs. SED is not clear on how requesting VELCO to provide more analysis will lead to more efficient and less costly electric service for Vermont ratepayers. Analyzing DERs beyond what is already provided in existing utility planning document or evaluating whether dynamic rate structures could provide a benefit to SED's system adds a level of cost and complexity that does not currently provide clear benefits to our ratepayers. SED, like all public power utilities, has an obligation to provide least-cost and reliable electric service to our ratepayers, which is also easy to understand and implement.

- In its comments, Efficiency Vermont identifies some additional analysis and considerations: (1) What are the parameters and sensitivities to electrification and load growth in the state? What assumptions about growth and load profiles are being utilized in the Plan's forecast that might be instructive to a potential solution? What metrics should be tracked to determine if this forecast is likely to materialize? (2) What attributes of the growth of distributed generation and time of generation throughout the state should be understood? (3) How can the use of flexible load resources serve as a potential mitigating solution to overload conditions and/or absorption of excess renewables? (4) What are the avoided costs that should be used as a basis for deciding whether NTA investments are cost-effective? (5) How should stakeholders identify the time for planning, implementation, and measuring results? Participants are requested to address these issues along with the issues identified by BED.

Response: SED is satisfied with the response provided by VELCO. Regarding #3, SED refers to its previous comments: any active flexible load management program or demand side management program that implicates a distribution utility's customer should be managed by the utility.

- As identified in the Department's comments, participants are requested to address the present condition of coordination of statewide distribution and transmission planning work, including strengths and weaknesses, and what steps are needed to ensure that NTAs are given full, fair and timely consideration as envisioned by Docket 7081. Responses should include a step-by-step recitation of how: (1) effective data and information gathering and collaboration will occur; (2) load growth, load controllability, and other key assumptions will be collectively determined; and (3) grid cost and resiliency factors can be better reflected in distributed generation siting and utility infrastructure investment decisions moving forward and incorporated in the next iteration of the Plan. Responses should also address: (1) any recommendations for changes to the Docket 7081 process to ensure NTAs are given full consideration; and (2) any recommendations for which entities are responsible for paying for transmission level upgrades that become necessary because of distributed generation growth, rather than load growth.

Response: SED agrees with VPPSA's response – VELCO and the DUs have different obligations and responsibilities. VELCO should not be involved in DU Integrated Resource Planning, load control programs, resiliency factors, and utility infrastructure investments. These are the purview of the DU, their Board of Commissioners, and their ratepayers.

The Vermont System Planning Committee appears to provide a time and cost-efficient manner to engage in transmission system planning and provides a forum for the DUs to inform VELCO and stakeholders about distribution projects that could have an impact on the transmission system.

- VELCO announced its enhanced Point of Interconnection Heat Map – a publicly accessible, interactive tool designed to improve transparency regarding available capacity on VELCO's transmission system. This tool is intended to assist in the optimized siting of distributed generation resources across the state. Participants are requested to address how this tool can be used in coordination of statewide distribution and transmission planning work.

Response: SED supports VELCO's effort to provide more information to solar developers regarding where system constraints might be located and where the efficient siting of large solar projects in Vermont can occur. Interconnection proposals will remain subject to relevant Commission, ISO-NE, and utility interconnection rules and procedures.

SED appreciates the participation from the stakeholders in this docket. SED looks forward to continuing to participate through the VSPC process.

Sincerely,
/s/ Michael Lazorchak
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