

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 25-0948-PET

Petition of Green Mountain Power for investment in its customer-driven Energy Storage System program pursuant to the tariffed new initiative provision of the multi-year regulation plan

COMMENTS OF THE VERMONT DEPARTMENT OF PUBLIC SERVICE

On May 13, 2025, Green Mountain Power Corporation (“GMP”) filed a petition with the Vermont Public Utility Commission (“Commission”), pursuant to 30 V.S.A. § 218d and Section IV(A)(1)(iv) of GMP’s Multi-Year Regulation Plan (“MYRP” or “Plan”), seeking approval for up to \$32 million in additional capital investments above the current MYRP capital limits. GMP proposes this additional spending under a provision in the MYRP for “New Initiative Tariffed Offerings,” to support its Energy Storage System Tariff (“ESS Tariff”) through the remaining term of the MYRP and ESS Tariff authorization.¹ Under the proposal, investments would be made based on actual completed installations using the accounting and rate treatment previously approved.

Last year, based on a proposal GMP filed in May 2024 and revised in July 2024, the Commission approved up to \$15 million in expenditures for the ESS Tariff through the end of the MYRP, subject to reporting obligations and the requirement to file for approval of any further capital spending. In that case, the Commission recognized the previously approved expansion of the ESS Tariff, which enabled GMP to reach more customers by removing the cap on enrolled capacity.² However, the Commission also found it important to “ensure that the ESS program

¹ Both the MYRP and the ESS Tariff are approved through September 30, 2026. *See* Case Nos. 21-3707-PET (MYRP), 21-5254-TF (ESS).

² *See Petition of Green Mountain Power Corp.*, 24-1715-PET, Order of 9/10/24 at 6; *see generally Tariff Filing of Green Mountain Power Corp.*, Case No. 23-1335-TF, Order of 8/17/23.

growth is consistent with the goals of the MYRP, including balancing capital investment opportunities with rate impacts, as well as monitoring associated performance outcomes.”³ As the Commission stated, “[g]rowth of the ESS program exposes GMP ratepayers to potential financial risks because the utility-level financial impact of the battery storage in future years may vary from GMP’s current assumptions.”⁴ These considerations apply with equal force to GMP’s current capital spending request.

While the Vermont Department of Public Service (“Department”) appreciates the success of the innovative ESS Tariff and commends GMP for its management of the program, the Department must continue to evaluate GMP’s spending requests within a broader context. This includes prior approvals, the goals and intent of the MYRP, impacts to ratepayers, and associated risks. Based on its review, as described more fully below, the Department recommends partial approval of up to \$16 million in capital investment which would be expected to fund the ESS Tariff until at least January of 2026, with the opportunity for GMP to request additional capital expenditures supported by further information at that time.

GMP’s ESS Tariff has been successful in enrollment, with over 2700 customers enrolled in the program in addition to the approximately 1500 customers who joined via pilots prior to the tariff. In total, the amount of residential storage available to GMP for flexible load management is over 40 MW.⁵ As described by GMP, these resources provide value to the grid, and to all ratepayers, by lowering peak loads and participating in regional markets. Nonetheless, GMP’s \$32 million proposal contemplates an amount of capital expenditure approaching the total spending

³ *Petition of Green Mountain Power Corp.*, 24-1715-PET, Order of 9/10/24 at 6.

⁴ *Id.*

⁵ See Madeline Murry-Clasen, Green Mountain Power Corp., prefiled testimony (5/13/25) at 5.

amount for all new initiatives assumed for the entire term of the MYRP, and more than 25% of the overall FY26 capital expenditures approved in that same MYRP.⁶ The magnitude of the proposal is, therefore, substantial and significant.

GMP has provided an updated financial model in support of its request, and the Department finds its overall analysis of net present value of spending and revenues to be reasonable; proposed expenditures are currently expected to continue to hold a value for all ratepayers. That said, ratepayers remain exposed to potential financial risks – risks that grow as the program expands.⁷ Should those risks materialize, the impacts would be related to the amount of spending in rates.

One specific area of financial uncertainty, in the near term, relates to the investment tax credits for battery storage that GMP would receive as a result of the ESS deployment.⁸ Following the enactment of the federal “One Big Beautiful Bill Act,” the Department understands that the relevant tax credits are expected to remain available until 2033. The potential impacts of new provisions around “domestic content” and “foreign entities of concern”, however, are uncertain and may impact both the amount of the credits and qualification beginning in 2026.⁹ The financial analysis underpinning the ESS program should be updated and reviewed once there is more clarity on how these new requirements will apply.

⁶ See *Tariff Filing of Green Mountain Power Corp.*, Case No. 23-1335-TF, Order of 8/17/23 at 5 (“The MYRP includes averaged annual overall capital spending limits for GMP of approximately \$117 million, inclusive of \$10 million that is forecasted to be directed to new initiatives spending (including the ESS program)”).

⁷ See *Petition of Green Mountain Power Corp.*, Case No. 24-1715-PET, Order of 9/10/24 at 6 (“Growth of the ESS program exposes GMP ratepayers to potential financial risks because the utility-level financial impact of the battery storage in future years may vary from GMP’s current assumptions.”); *Tariff Filing of Green Mountain Power Corp.*, Case No. 23-1335-TF, Order of 8/17/23 at 6 (noting that “it will be important for the Commission and the Department to closely monitor both the rate of expansion and performance of these programs to ensure that any underlying financial risks have not materialized and the impacts on the capital limits included in the MYRP are as minimal as possible”).

⁸ See Exhibit GMP-MMC-1, assumptions tab (assuming a 40% investment tax credit).

⁹ See generally H.R. 1, 119th Cong. § 70513 (2025), available at: <https://www.congress.gov/bill/119th-congress/house-bill/1/text>.

Limiting the approval to \$16 million will allow for continued investment in the ESS Tariff, which is driven by customer demand, ensuring that the program can continue to be available. It will also facilitate continued monitoring and maintain appropriate safeguards during the remaining term of the MYRP and the Tariff itself, rather than deferring further review until the program has expired. For the reasons above, the Department recommends a limited approval of up to \$16 million to: (1) support the program's continued growth; (2) avoid reimposing a cap on enrollment; and, (3) ensure that any further spending is reviewed with the benefit of updated information.¹⁰ The Department further recommends that the Commission require any future spending requests to include an updated cost-benefit analysis consistent with the conditions imposed in Case No. 24-1715-PET, and an assessment of the investment tax credit outlook at that time.

Dated at Montpelier, Vermont this 1st day of August, 2025

VERMONT DEPARTMENT OF PUBLIC SERVICE

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¹⁰ See *Petition of Green Mountain Power Corp.*, 24-1715-PET, Order of 9/10/24 at 6.