STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 25-0719-PET

Tariff filing of Green Mountain Power Corporation for approval of a Zone 4 Energy Storage Program Service tariff to be effective with bills rendered on or after May 30, 2025	

PREFILED TESTIMONY OF
WALTER (TJ) POOR

ON BEHALF OF THE
DEPARTMENT OF PUBLIC SERVICE

August 11, 2025

Summary: Mr. Poor addresses the proposed Tariff with respect to ratepayer and societal impacts, least-cost planning and investment principles, and risk to ratepayers. He also presents the Department's overall conclusion and recommendation.

Mr. Poor Sponsors the Following Exhibits:

Exhibit DPS-WP-1	Response to Q.DPS.GMP.1-5
Exhibit DPS-WP-2	Response to Q.DPS.GMP.2-2
Exhibit DPS-WP-3	Response to Q.DPS.GMP.2-6
Exhibit DPS-WP-4	Discovery attachment GMP.DPS.2-1a (excel spreadsheet)
Exhibit DPS-WP-5	Responses to Q.DPS.GMP.1-1, 1-2, 2-1
Exhibit DPS-WP-6	Response to Q.DPS.GMP.1.20
Exhibit DPS-WP-7	Response to Q.DPS.GMP.1-35
Exhibit DPS-WP-8	Response to Q.DPS.GMP.1-36

PREFILED DIRECT TESTIMONY OF WALTER (TJ) POOR

Q1. Please state your name, title, and business address.

A1. My name is Walter (TJ) Poor. I am the Director of Regulated Utility Planning for the Department of Public Service ("Department"). My business address is 112 State Street, Montpelier, Vermont.

Q2. Please describe your professional background and experience.

A2. Since December of 2021, I have been in my current position where I direct the Department's Regulated Utility Planning Division, conducting analyses on a broad range of utility, energy, and climate policy matters. From 2019-2021 I was the Director of the Efficiency & Energy Resources Division at the Department, where I oversaw the policy for, and regulation of, efficiency and distribution utilities, particularly as it pertains to their implementation of transformational programs. From 2015-2019, I was a Senior Power Supply Analyst at Vermont Public Power Supply Authority (VPPSA), where I completed comprehensive wholesale and retail power supply activities on behalf of VPPSA's Membership. From 2006-2015, I worked for the Department at various levels on a range of activities including comprehensive energy planning, energy efficiency policy and oversight, and economic evaluation of State energy policies and 30 V.S.A. § 248 petitions. I hold a Bachelor of Science in Sport Management from the University of Massachusetts-Amherst and a Master of Science in Environmental Law (MSEL) from Vermont Law School.

Q3. Have you previously testified before the Vermont Public Utility Commission ("Commission")?

A3. Yes. I have testified before the Commission in numerous proceedings on behalf of the Department, including Case No. 23-3501-PET (Green Mountain Power's petition for approval of its "Zero Outages Initiative" or "ZOI"). Most recently I testified in Case No. 23-3799-PET.

Q4. What is the purpose of your testimony in this proceeding?

A4. My testimony describes the Department's review and overall recommendation in this proceeding. The Department recommends that the Commission deny the proposed Zone 4 Tariff. The Department notes and supports GMP's continued work to improve electric grid resiliency and reliability. GMP has not yet, however, shown that the proposed investment will result in meaningful improvements in resiliency or that it is consistent with least-cost principles. More specifically, GMP has not provided sufficient information to conclude that the Tariff is just, reasonable, and nondiscriminatory.

Q5. Please introduce any other witnesses testifying on behalf of the Department.

A5. Sean Foley, Chief of Finance and Economics, reviews the financial model for the Tariff and the implications of the proposal regarding differentiated rate treatment.

Bill Jordan, Director of Engineering, discusses reliability considerations as relevant to the proposed Tariff.

Q6. Please describe how your testimony is organized.

A6. Part I of my testimony provides an overview of GMP's request and the context within which it was proposed. Part II describes the Department's review of GMP's proposal,

describing the economic tests used by the Department to consider the Tariff, and other factors that weigh in the evaluation, including least-cost planning principles. Finally, Part III describes the Department's recommendation to deny GMP's proposed Zone 4 Tariff.

Part I - Overview

Q7. Please describe GMP's proposal.

A7. GMP has proposed a "Zone 4 Energy Storage Program" tariff ("Zone 4 Tariff" or "Tariff") seeking authorization for capital expenditures of up to $30 million to deploy Tesla Powerwall or equivalent energy storage systems at no direct cost to approximately 1200 customers that live in the most remote portions of select GMP circuits in Southeastern Vermont, which are some of the most rural portions of GMP's service territory. These areas are generally referred to as "Zone 4," using GMP's naming convention for broad zones of decreasing customer density and stemming from the so-called "Zero" Outages Initiative ("ZOI") proposed in Case No. 23-3501-PET. According to GMP, the Tariff "seeks to deliver lasting and more cost-effective solutions for the entire grid by coupling distribution line upgrades and undergrounding with energy storage in our most rural communities."[1]

Q8. Please provide more context for this proceeding.

A8. GMP's Multi-Year Rate Plan ("MYRP") has been in effect since October of 2022 and will continue through September of 2026; GMP will propose a new MYRP in just a few weeks and follow that with proposed new base rates that are expected to include a set amount of allowable capital expenditures. MYRP capital expenditures for 2022-26 were originally

[1] Josh Castonguay, Green Mountain Power Corp. (Castonguay), pf. at 17-18.

limited to $476 million over the four years.[2] As recognized by the Commission in the ZOI proceeding, this cap was "a deliberate decision to set bounds on GMP's rate base growth to allow for a relative degree of retail rate stability over the term of the MYRP."[3]

The MYRP also allowed for flexibility, to enable informed investment decisions that could benefit ratepayers over the course of time. This too was recognized in the ZOI case, where the Commission approved $150 million in additional capital expenditures to make investments that are expected to limit damage from the increasing frequency and severity of storms. Additional funds for new initiatives and services have also been approved and further funding is currently under consideration, including additions to GMP's existing Energy Storage Services ("ESS") Tariff ($15 million approved in Case No. 24-1715-PET and another $32 million proposed by GMP in Case No. 25-0948-PET). If all spending proposals including this one were approved, GMP would now have authorization to spend $227 million more in the last two years of the MYRP than was initially contemplated– a 99% increase over the amount originally envisioned to better ensure rate stability given the assessment of ratepayers' ability to absorb costs. This amount of capital expenditure – and rapid increase in associated spending – underscores the need to carefully consider new expenditures and their value with respect to state policy goals, least-cost planning objectives, ratepayer capacity, and the broader utility and statewide economic affordability context.

[2] *See Petition of Green Mountain Power,* Case No. 21-3707-PET, Order of 8/31/22 at 12.
[3] *Petition of Green Mountain Power* Corporation, Case No. 23-3501-PET, Order of 10/18/24 at 19.

Indeed, the broader context is sobering. The Financial Assessment in GMP's proposed Integrated Resource Plan ("IRP") includes an estimate of over $200 million more to be collected in fiscal year 2030 through retail rate revenues than what had been expected according to their 2025 final budget: a nearly 30% increase.[4] Some of this increased revenue is related to load growth and associated additional customer payments to the utility, but the increase is also a result of significant cost pressures expected from rising regional transmission charges, inflationary pressures to labor and material costs, and renewable energy standard compliance costs - all of which put upward pressure on rates. GMP's revenue forecast also assumes significant spending associated with attempts to mitigate storm recovery costs, including expenditures approved in the original MYRP and the approved $150 million in Case No. 23-3501-PET – which GMP projects to increase further in years 2027-2030.[5]

At the same time, Vermonters' income is expected to increase at rates ranging from only 2.8% to 3.8%, or about 15%, between Fiscal Years 2026 and 2030,[6] significantly less than the forecasted increases in GMP's revenue collection over the same time period. Vermonters are feeling the economic pinch. Over 100,000 Vermonters (23%) in 2024 indicated that they were unable to pay an energy bill in full in the last year.[7] GMP reported

[4] *See* Green Mountain Power Corp., 2024 Proposed IRP Ch. 8-5, filed in Case No. 24-3614-PET, available at: https://greenmountainpower.com/wp-content/uploads/2025/01/2024-12-10-GMP-218c-Integrated-Resource-Plan.pdf.
[5] *See id*. at ch. 8-3.
[6] *See* Kavet, Rockler & Assocs., July 2025 Economic Review and Revenue Forecast Update at 39, available at: https://ljfo.vermont.gov/subjects/revenue-and-tax/state-forecasts/consensus-revenue-forecasts-legislative-economic-outlook.
[7] U.S. Census Bureau, *Household Pulse Survey Interactive Tool*, https://www.census.gov/data-tools/demo/hhp/#/?measures=ENERGYBILL&s_state=00050&periodSelector=9&periodFilter=9 (last visited 8/11/25).

to the Department in April of 2025 that the preceding year had 1791 disconnects, a 36% increase from 1319 reported at the same time in 2024.

The Department appreciates the creative, innovative proposals offered by GMP to address some of Vermont's most pressing energy issues. It is some good measure of the MYRP and Vermont's regulatory structure that GMP can propose investments that have the potential to benefit ratepayers and/or Vermonters as a whole. Increases in approved capital expenditure above what was originally contemplated shows the willingness of regulators to balance competing priorities and invest in solutions that have long-term value for ratepayers. Of course, proposed investments must be examined closely by the Department and Commission to understand impacts to ratepayers and broader society.

Undertaking such an examination has perhaps never been more important in Vermont than now, with rising costs from housing to health care to groceries to education to energy impacting affordability. As noted above, revenues collected from GMP customers are projected to rise much faster than wages, with disconnects and arrearages showing similar trends. It is within this context that the Commission must review GMP's proposed Tariff.

Part II – Department's review

Q9. Please provide an overview of the Department's review of GMP's proposal.

A9. The Department's primary interest in reviewing this and other GMP proposals is to ensure that GMP provides safe and reliable, reasonably adequate least-cost service[8] at just and reasonable rates, consistent with the Comprehensive Energy Plan and the State's energy

[8] See 30 V.S.A. §§ 218c, 219, 225.

policy. In this Part I review the Tariff's impact on ratepayers and to society in general using long-established concepts of ratepayer and societal cost-effectiveness. I then discuss whether the proposal is a least-cost solution to achieve quantified benefits, highlighting concerns as to the length of time before benefits begin to accrue to ratepayers, and the risk fully borne by ratepayers that the return does not materialize. Finally, I discuss whether GMP has provided sufficient justification for differentiated treatment of customers through the proposed Tariff.

Q10. Please describe the basis for least-cost planning and the use of utility ratepayer and societal cost-effectiveness analysis in Vermont.

A10. 30 V.S.A § 218c has long required least cost planning for regulated utilities:

> (a)(1) A "least-cost integrated plan" for a regulated electric or gas utility is a plan for meeting the public's need for energy services, after safety concerns are addressed, **at the lowest present value life cycle cost, including environmental and economic costs**, through a strategy combining investments and expenditures on energy supply, transmission, and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. . .[9]

Generally speaking, 30 V.S.A § 218(c)'s inclusion of "environmental costs" has formed the basis for Vermont's application of societal evaluation in addition to traditional ratepayer (also often referred to as the utility cost test, or program administrator) economic evaluation. In the societal framework, non-energy impacts such as greenhouse gas emissions or specific impacts to customers should be quantified. The societal and ratepayer cost-effectiveness tests (among others) are described in Vermont's Comprehensive Energy

[9] 30 V.S.A §218c (emphasis added).

Plan.[10] Put simply, the Societal framework answers the question "what are the net costs to society?", while the Utility framework answers the question "what are the net costs to the utility?" The societal perspective generally offers the most comprehensive assessment of impacts, because it includes externalities regardless of who experiences them. The Utility Ratepayer perspective describes the impacts to utility ratepayers as a whole.[11]

Specifically related to Transmission and Distribution (T&D) investments, the Department's Integrated Resource Plan guidance encourages that T&D investments be examined using both societal and ratepayer perspectives.[12] It is also instructive to review the Commission's Final Order in Docket No. 7081,[13] in which it adopted an MOU related to Transmission planning and non-transmission alternatives. While not specific to the distribution system planning most relevant to GMP's proposal, this order shows the "standards of review" adopted in the MOU. The same principles apply here:

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[10] *See* Vermont Department of Public Service, 2022 Vermont Comprehensive Energy Plan at 41, available at https://publicservice.vermont.gov/content/2022-plan.

[11] *Id*.

[12] The guidance states:

> The standard for establishing optimum T&D system configurations and for selecting transmission and distribution equipment is the net present value of life cycle cost. **This life cycle cost should be evaluated on both a societal and utility/ratepayer basis**. This standard requires consideration of a project's capital costs and life cycle operating costs, as well as benefits resulting from the construction of enhanced system configurations and the installation of energy efficient T&D components. These benefits may include avoided operation and maintenance costs, avoided energy and capacity costs, and increased reliability. . .
>
> …
>
> …**Benefits and costs should be evaluated using both a societal test and a utility or ratepayer test**; other tests or metrics (such as rate impacts or robustness to uncertainty) may also be appropriate to include and should be clearly identified.

See Vermont Department of Public Service, Guidance for Integrated Resource Plans and 202(f) Determination Requests at 18, 26 (emphasis added), available at: https://publicservice.vermont.gov/sites/dps/files/documents/Guidance%20for%20Integrated%20Resource%20Plans%20and%20202%28f%29%20Determination%20Requests%20-%20April%202023.pdf.

[13] *See Investigation into Least-Cost Integrated Resource Planning for Vermont Electric Power Company, Inc.'s Transmission System*, Docket No. 7081, Order of 6/20/07.

> 40. Once alternatives to the likely Transmission-only solution to a Reliability Deficiency have been identified, each alternative, including the Transmission-only solution, will be analyzed under the standard described in 30 V.S.A. § 218c(a)(1). This analysis will **include an evaluation of each alternative under the societal test**, and an evaluation of each alternative with respect to other factors, including but not limited to:
>
> **a. The relative rate and bill impacts on Vermont consumers** (analyzed both with and without Vermont's share of the regional PTF cost allocation, and taking into account RECs and tax credits), assessed on a life-cycle basis over the life of each alternative;
> …
> d. The relative economic benefits to the state, including access to other power markets; and
>
> e. Other significant relevant costs and benefits particular to the set of alternatives under consideration.[14]

Q11. Is GMP's proposal designed to primarily support ratepayers, or broader society?

A11. It is unclear. GMP repeatedly describes the proposed Tariff's resiliency benefits qualitatively,[15] but does not or cannot quantify them. These potential benefits would accrue only to participants – the 1200 eligible customers on the chosen circuits – and if quantifiable would be counted under a societal cost-benefit analysis. On the other hand, GMP asserts that the proposed Tariff is beneficial to ratepayers (Exhibit GMP-JC-3 is a good example of a utility benefit-cost analysis), using mainly benefits from power supply and transmission avoidance to justify the project.[16] As described below, the Department suggests that these same benefits can be achieved more cost-effectively through other means. GMP asserts that any resilience or reliability benefits are additive benefits to the

[14] *Id*. at 21 (quoting the MOU) (emphasis added).
[15] *See* Castonguay pf. (4/15/25) at 19, 32.
[16] Exhibit GMP-JC-3, Financial Analysis; *see* Castonguay pf. (4/15/25) at 26.

analysis of ratepayer impact.[17] However, this creates an incongruency in the application of economic cost-effectiveness analysis, where GMP is adding societal benefits to a ratepayer or utility cost framework. In other words, GMP is mixing and matching economic tests in its analysis.

If GMP is to consider resilience benefits in cost effectiveness screening, then those must be quantified – something GMP has not done – and applied under the societal frame. However, under that framework, certain values that accrue to ratepayers do not count as a societal benefit. Most critically, values associated with avoided Regional Network Service (RNS) charges do not count in a societal framework because they represent a transfer payment from one segment of society to another.[18] This is important because avoided RNS comprises over 50% of the benefits associated with battery storage investments.[19] It is unclear from the information presented in this case if the proposed Tariff would show net benefits in a societal benefit cost analysis (for example, greenhouse gas impacts of storage discharge have not been quantified). Additional benefits would have to be significant to replace the value of the RNS.

Investments in resilience and/or reliability can create utility ratepayer benefits. Avoided costs that materialize from less tree trimming (e.g., with undergrounding), reduced need to pre-position crews or procure mutual aid or outside help (or just less overtime) in storm recovery, or other avoided costs that directly accrue to ratepayers would

[17] Castonguay, pf. (4/15/25) at 22.
[18] The Commission has explained this several times in Orders relating to Energy Efficiency Utility screening. *See, e.g.*, Case No. EEU-2013-07, Order of 4/4/14 at 9 (excluding transfer payment from societal cost-effectiveness screening); Case No. 19-0397-PET Order of 7/6/20 at 20 ("[T]ransfers of any sort are not recognized under the societal cost test").
[19] *See* Exhibit GMP-JC-3, "Single System" tab cell E16 as a percentage of total benefits in E16:E24.

be both ratepayer and societal benefits. However, GMP has not quantified these benefits, which are crucial to understanding the impact of the investments associated with the proposed Tariff (and the impact of broader investments being made pursuant to the partial approval in Case No. 23-3501-PET).[20]

To be clear, results from any one test are not dispositive, and even investments that pass both tests must be considered in light of the broader context in which they are proposed. That said, it is important for the analysis and evaluation to be clear and consistent. That is not the case with the current proposal.

Q12. Looking at Exhibit GMP-JC-3 as a representation of the Utility or Ratepayer Cost test, do you have any concerns with the inputs or structure of the analysis?

A12. Leaving aside the absence of any quantification for reduced storm recovery costs, GMP's analysis does a good job of explaining a range of proposed benefits. The Department has two concerns with inputs, which have a relatively minor bearing on the results. The Department also has further, fundamental concerns about the results of the analysis as described in answers to questions 14 through 16 below: regarding whether Zone 4 is a least-cost mechanism for securing power supply and transmission benefits, the length of time before ratepayers start to see a benefit, and the potential differential treatment between ESS customers and Zone 4 Tariff customers.

As to the specific modeling inputs: First, Department Witness Mr. Foley concludes that the inclusion of capitalized Administrative & General (A&G) expense as a modeled

[20] See Exhibits DPS-WP-1 (response to Q.DPS.GMP.1-5), DPS-WP-2 (response to Q.DPS.GMP.2-2).

program benefit is not appropriate.[21] Second, GMP has provided no basis for including significant value associated with avoided transmission and distribution costs.

GMP quantified the value for avoided T&D system upgrades based on the 2024 Avoided Energy Supply Component (AESC) Study. GMP notes that the AESC Study assigned no value for local T&D deferral to Vermont, so it aligned the model with other states.[22] However, as confirmed in discovery, GMP has reported no load-growth related distribution constraints on its system.[23] In a July 16 meeting of the Vermont System Planning Committee, GMP asserted that load growth related Transmission constraints identified in the 2024 Vermont Long Range Transmission Plan could largely be avoided with modifications to line ratings and its current fleet of flexible assets, including storage and electric vehicle rates. Moreover, these constraints are largely in the northern half of the state – about as far as it is possible to be from this proposed Tariff's investments. While there may be a greater than zero value for avoiding some smaller infrastructure investments,[24] basing a valuation on other states when GMP itself has identified no significant constraints does not make sense. The current assumed value to ratepayers is not supported.

[21] Sean Foley, Vermont Department of Public Service ("Foley") pf. (8/11/25).
[22] Castonguay, pf. (4/15/25) at 27-28.
[23] *See* Exhibit DPS-WP-3 (response to Q.DPS.GMP.2-6).
[24] *See* Castonguay, pf. (4/15/25) at 13–14. Not all of the listed impacts are applicable.

Q13. Please describe the primary differences between the financial models and quantified benefits underpinning the existing ESS Tariff and the proposed Zone 4 Tariff.

A13. The primary difference between the financial models quantifying economic impacts between the ESS Tariff and the proposed Zone 4 Tariff is the customer contribution. In the ESS Tariff, customers contribute either $55 per month or $5,500 up front as a contribution to the cost of the battery. In the Zone 4 Tariff, there is no customer contribution.[25]

Q14. Is GMP's proposed Zone 4 Tariff the least-cost way to acquire the benefits quantified by GMP?

A14. No. In fact, the analysis shows that providing no-cost batteries to Zone 4 customers is more expensive than other methods to secure the same power supply and transmission related benefit streams. While not a perfect apples to apples comparison because each resource provides slightly different power supply and transmission benefits (i.e the duration of available storage, and use cases), GMP describes the range of cost for current energy storage service agreements (ESSAs) for utility-scale batteries as $6/kW-month to $13.25/kW-month.[26] The cost of the existing ESS tariff is toward the high end of that range, currently just below $11/kW-month.[27] The proposed Zone 4 tariff would be notably more expensive than the ESS tariff – with costs ranging from $12.72 - $12.93.[28] As explained above, GMP has not quantified any resilience benefits that would accrue to

[25] *See* Exhibit DPS-WP-4 (discovery attachment GMP.DPS.2-1a, ESS Model) also filed as Exhibit GMP-MMC-1 in Case No. 25-0948-PET; Exhibit GMP-JC-3 (Zone 4 Model).
[26] *See* Exhibit DPS-WP-5 (responses to Q.DPS.GMP.1-1, 1-2, 2-1).
[27] *See id.*
[28] *See id.*; *see also* Exhibit GMP-JC-3.

ratepayers, and it isn't clear whether the investments would pass a societal screen, or whether similar resilience benefits would be captured by the ESS tariff. Given the information presented, the Zone 4 Tariff proposal is not a least cost investment.

The Department supports a range of resources to meet a portfolio's needs. For example, policy choices were made a decade ago to support expansion of small-scale solar programs in Vermont – increasing the amount of distributed solar resources providing generation close to load. That diversity in resource came at a cost, but it did support a range of residential, small utility, and larger utility projects. Notably, it was difficult to scale back incentives even when it became clear that value was no longer being provided commensurate with the incentive. The Department is cautious of that mistake being made again. In this instance, the proposed Tariff provides the same exact power supply and transmission resource provided by the ESS tariff. The ESS tariff is providing diversity in battery size, and the proposed Zone 4 Tariff is simply more expensive to non-participating ratepayers.

The Department observes that GMP does not necessarily earn the same return on Energy Storage Service Agreements, in contrast to the structure of residential storage capital investments where the utility owns the battery, since it is not making a capital investment. These ESSAs appear to be more cost-effectively acquiring similar power supply and transmission benefits than residential storage tariffs. While there remains a place for residential storage tariffs, the ESS tariff is lower cost than the proposed Zone 4 tariff because it requires customer contribution, but no differences in impact for ratepayers

have been quantified. For the reasons above, the Zone 4 tariff is not a least cost way to secure power supply and transmission resources.

Q15. Isn't the Zone 4 tariff least cost compared to undergrounding service to customers?

A15. GMP compares the services provided by the proposed Tariff to undergrounding service for Zone 4 customers and posits that the Zone 4 tariff is "least cost" when compared to undergrounding.[29] The Department rejects the premise of this comparison. It presumes that GMP's chosen level of safety and reliability – a target that is not clearly articulated in GMP testimony - is valid and should be met at all costs.

In general, GMP has been very successful at meeting the reliability targets in its Service Quality and Reliability Plan. Department Witness Mr. Jordan describes GMP's history in meeting its targets.[30] The Department recognizes that updates to Vermont's current framework for measuring and assessing reliability – SAIDI and CAIFI – may be warranted, which is actively being discussed in the Commission's Resilience proceeding (Case No. 25-0339-PET). The Commission recognized in Case No. 23-3501-PET that doing nothing beyond meeting those targets – which are systemwide averages excluding major storms – was not an option.[31] However, it did not adopt a target of "zero" outages:

[29] For example, see Exhibit DPS-WP-6 (response to discovery Q.DPS.GMP.1-20) ("The intent of least-cost planning is to ensure we are incurring an amount of capital spending that is necessary for the provision of safe and reliable service. Deploying energy storage to these customers in Zone 4 meets this requirement as compared to the alternative T&D solution . . . .").

[30] "For the 11 calendar years (2013-2023) after the merger of legacy GMP and the former CVPS, the current version of GMP has met its SQRP performance measures each year with major storms excluded (which is the standard for SQRP). In calendar year 2024, GMP met its SAIFI performance measure, but did not meet its CAIDI performance measure (2.77 versus performance measure of 2.70)." Bill Jordan, Vermont Department of Public Service ("Jordan") pf. (8/11/25) at 8.

[31] "We recognize the need for immediate action on climate resiliency and we are largely supportive of the direction that GMP is taking with the ZOI. However, we also remain mindful of our regulatory oversight responsibilities and our statutory mandate to ensure that GMP's rates remain just and reasonable." *Petition of Green Mountain Power*, Case No. 23-3501-PET, Order of 10/18/24, at 3.

indeed, the Commission noted that "zero customer outages on the GMP distribution grid is likely a physical impossibility" and "strongly encourage[d] GMP to ensure that its customers are provided with accurate and realistic information about the potential benefits" of its investments.[32] GMP has not outlined a specific metric (though they are testing many as a condition of the Commission's order in Case No. 23-3501-PET) nor a target for each metric, but has asserted Zone 4 Tariff investments are more cost effective than other options to meet its unspecified target.[33] When utilities set goals that exceed statutory or regulatory requirements, especially where ratepayers are paying for significant associated investments and a profit for the utility, robust benefit cost analysis under at least Societal and Ratepayer frameworks must be utilized to justify those investments.

Were the target to be "zero", it remains far from clear that the proposed Zone 4 investments will achieve the desired outcome. When GMP offered no-cost batteries as part of its Grafton Resilience Pilot, 72% of eligible customers accepted batteries.[34] GMP has provided no indication that a different participation rate would occur for the Zone 4 Tariff, and considering nonparticipants, it is likely that GMP will still need to spend the same amount on storm recovery that it does today. Thus, the only benefit will be to those who are participating, at the expense of all other ratepayers. Currently, GMP is testing the distribution of no-cost batteries to at least 100 participants under the Energy Storage Access Program (ESAP), with $1.5 million in state funds to serve low and moderate-income customers. This work, combined with the results of the Grafton project and the learnings

[32] *See Petition of Green Mountain Power,* Case No. 23-3501-PET, Order of 10/18/24 at 27-28.
[33] Castonguay, pf. (4/15/25) at 28–29.
[34] *Id.* at 20.

from the ESS program, should provide GMP sufficient information to understand and quantify impacts that they have yet to provide. It isn't clear what new information would be gathered with the proposed Tariff that GMP would not be able to glean through its other collective efforts.

Q16. Please describe your concern related to the timing of benefits to ratepayers.

A16. According to Exhibit GMP-JC-3, ratepayers making these investments will start to see positive cash flow in 12-15 years.[35] The Department has multiple concerns with this dynamic. 12-15 years is a long time for ratepayers to wait to secure estimated benefits, particularly when there are other options available to secure the same benefits more affordably. GMP customers today will be paying for benefits they may never see. Importantly, the risk of estimated benefit streams not materializing is fully borne by ratepayers. A performance mechanism for installed batteries could be a useful tool to mitigate this risk, and I expect that such a mechanism will be a component of upcoming discussions about a new MYRP. Ensuring the appropriate risk-reward balance between GMP and ratepayers, through a performance mechanism or other means, should be considered for all new battery tariffs.

Further, while GMP states that their current fleet of batteries seems to be operating well,[36] the warranty period on the proposed Zone 4 batteries is 10 years.[37] In economic valuation, the life of the measure is generally the length of time over which cost-benefit

[35] *See* Exhibit GMP-JC-3; Exhibit DPS-WP-7 (response to Q.DPS.GMP.1-35). This includes the assumed avoidance of distribution investments, which as described above, are questionable.
[36] Castonguay, pf. (4/15/25) at 24.
[37] *See* Exhibit DPS-WP-8 (response to Q.DPS.GMP.1-36).

analysis is done, and the life is generally aligned with a manufacturer warranty period.[38] There may be reason to assume longer benefit streams, however the risk of those streams materializing should not be placed solely on the ratepayer.

Q17. Does the Department have other concerns about the Zone 4 Tariff proposal?

A17. Yes. As described in Mr. Foley's testimony, GMP has not adequately demonstrated that the Zone 4 tariff would result in nondiscriminatory rates. As described above, existing ESS customers will receive the same service from GMP, but will be continuing to pay a monthly contribution. GMP has not established a clear difference in value – either to ratepayers or societally – between the ESS and Zone 4 tariffs to support providing batteries to customers on some circuits at no cost, at the expense of all other ratepayers.

Part III – Conclusion and Recommendation

Q18. Please summarize your testimony.

A18. As described in Part 1, GMP's proposal comes at a time of significant financial strain for Vermonters. At the same time, Vermont has a need for continued innovative approaches to cost-effectively meet the moment – in this case preparing for and responding to significant storms caused by climate change. The Department, again, notes and appreciates GMP's willingness to innovate and propose solutions that have the potential to further the evolution of Vermont's electric grid.

However, as described in Part II, the proposed Tariff suffers from incomplete evaluation of its impacts. It is unclear if the proposed Tariff would have benefits greater than costs from a societal perspective. From a ratepayer perspective, even including

[38] *See* Vermont Act 56 Tier III Technical Advisory Group, 2024 Annual Report at 81, filed as Case No. 24A-3056.

questionable assumptions regarding avoided transmission and distribution benefits, cumulative benefits do not exceed the costs for 12-15 years, well past the warranty period of the batteries. Ratepayers today may never see the benefits of these investments. Moreover, the risk of estimated benefits materializing is placed squarely on the shoulders of ratepayers. Even if those concerns were properly addressed, the information provided by GMP shows that the proposed Tariff is not a least-cost mechanism to acquire power supply and transmission benefits. The Department rejects the notion that the proper comparison is to undergrounding: GMP offers a highly successful ESS Tariff that will secure power supply and transmission benefits at lower costs while providing a reasonable residential energy storage solution. Larger batteries can also provide similar benefits at lower costs, without adding such volume to GMP's rate base.

Finally, GMP has not provided sufficient information to differentiate the proposed Tariff from its existing ESS Tariff, therefore the Department cannot conclude that the proposal is nondiscriminatory.

Q19. What is the Department's recommendation?

A19. The Department recommends that the Commission deny GMP's proposed Zone 4 Tariff as currently constructed and justified. The Commission should reconsider this Tariff, and the associated spending, if and when the proposal is fully supported with attendant cost analyses. From a ratepayer perspective, the information necessary for a full evaluation would include: (1) an estimated value of reduced storm costs that directly benefit ratepayers; (2) clear analysis as to whether this value can be achieved more cost-effectively through other means; and (3) a clear differentiation from the value of other services offered

by the company. From a societal perspective, the necessary information would include (1) a measurable target level of service; and (2) a societal cost benefit analysis that estimates the resilience values of reaching that target. The proposal should also provide a more balanced sharing of risk and reward between GMP and its ratepayers. Finally, benefits to ratepayers should accrue ahead of the known useful lifetime of the battery (i.e. warranty life).

Some of the information above may take time to gather. The Department agrees with the Commission's statement in Case No. 23-3501-PET: "There are considerable uncertainties and financial risks associated with the [Zero Outages Initiative], and it would be preferable that GMP gets it right from the outset."[39] This proposed Tariff follows from the outcome of 23-3501-PET, and focuses on a resource which GMP has significant experience in deploying.[40] In this context it remains relevant for GMP to get it right from the outset. For the foregoing reasons, the Department cannot conclude that the proposed Tariff is just, reasonable, and nondiscriminatory. The Department therefore recommends the Commission deny the Zone 4 Tariff.

Q20. Does this conclude your testimony?

A20. Yes, it does.

[39] *See Petition of Green Mountain Power*, Case No. 23-3501-PET, Order of 10/18/24, at 22.
[40] *See id*. at 28.