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Date: September 18, 2025

Holly R. Anderson
Clerk of the Commission
112 State Street
Montpelier, VT 05620-2701

Subject: 25-1792-TF. SED tariff filing for approval of proposed time of use rates
25-1809-TF. SED tariff filing for approval of proposed EV and EVSE Flexible Load
Management Program.

Dear Ms. Anderson:

On September 17, 2025, the Vermont Department of Public Service (“Department”) requested the Vermont Public Utility Commission (“Commission”) open an investigation into the above captioned dockets. In their request, the Department stated an investigation would allow the Department “to better understand the planning behind SED’s novel approach to designing its EV tariff, such as automatic Program renewal, high peak TOU rate compared to other utilities’ programs, vehicle geolocation of curtailment events, and how these factors contribute to the attractiveness of SED’s Program.”

Commission Rule 2.405 gives the Commission discretion to grant a request to initiate an investigation. The Town of Stowe Electric Department (“SED”) is concerned that an investigation will create, at least, an additional 7-month delay in obtaining Commission approval of its time of use rates (“TOU”) and EV/EVSE Flexible Load Management Program (“Program”). See 30 VSA §227 (“The Commission shall proceed to hear the matter as promptly

as possible and shall make every effort to make its determination within seven months from the date the proceeding was instituted.”) Because of this regulatory approval uncertainty and the potential administrative cost to refund ratepayers that enroll in the new TOU rates and Program, SED will not be able to enroll customers starting on October 1, 2025. This delay could harm SED’s effectiveness in marketing these tariffs to our ratepayers, increase the regulatory and administrative costs to SED ratepayers, reduce the benefit of curtailing EV charging during the 2025-2026 winter season, and reduce the likelihood that SED customers can benefit from the \$100 enrollment incentive made possible by SED’s partnership with Efficiency Vermont (“EVT”). Should the Commission grant the Department’s request, SED will work diligently with the Department and Commission to obtain the expedited approval of the proposed rates presented in docket 25-1792-TF and the program presented in docket 25-1809-TF.

Commission Rule 2.401 provides the requirements for new service and modifications of existing service tariff filings. In the pre-filed testimony submitted with the tariffs, SED provided the calculations and analysis completed by its rate design consultant to establish the tariffs. SED staff also shared with Department staff additional information explaining the development of the tariffs. Despite this, the Department states SED’s TOU rates are high compared to other utility programs. While the Department might perceive the on-peak rate as high, this statement does not account for SED’s tariff design, lower customer charge as compared to other Vermont utilities, or the \$100 enrollment rebate and the \$10 per month per enrolled device incentive that are provided for in the Program design. Moreover, the evaluation of the justness and reasonableness of a utility’s tariffs is not based on the comparison of one utility tariff to another Vermont utility tariff. See 30 V.S.A. § 227. Rather the justness and reasonableness of SED’s tariffs are evaluated by the cost-of-service model developed for the tariff design and an estimate of the revenues and

costs attributable to the new service. SED's TOU rates and the Program are based on the information provided in the pre-filed direct testimony and additional information shared with the Department and is not based on other ancillary factors.

SED's tariff design is based on the understanding that TOU rates must provide a sufficient spread between the on-peak and off-peak rate to encourage customers to shift discretionary electric loads, like electric vehicle charging, to off-peak hours. According to a report published by the American Public Power Association, peak to off-peak price (POPP) ratios typically range from just above 1:1 to 7:1, though some utilities offer TOU rates with POPP ratios as high as 20:1. The report notes "[r]esearch shows that higher POPP ratios generate greater demand reduction. A POPP of 2:1 averages to a 5 percent reduction, whereas a 5:1 ratio averages 10 percent demand reduction."¹ As proposed, SED's summer POPP is approx. 4:1, winter POPP is approx. 3:1, and shoulder season POPP is approx. 2.5:1. These POPP ratios are well within the average range for TOU rates as identified by the American Public Power Association and supported by research from the Brattle Group².

The Department states that SED has a "novel" design to its Program; however, this does not reflect accurately on the Program design. As explained in the pre-filed testimony, SED's Program relies on Virtual Peaker's peak alert platform and the Massachusetts Municipal Wholesale Electric Company's ("MMWEC") Connected Homes Program. The terms and conditions of the Program are established by Virtual Peaker and MMWEC, which provide a consistent framework for customer enrollment. Green Mountain Power and Vermont Electric Cooperative have utilized the Virtual Peaker platform to send peak alerts and curtail demand

¹ https://www.publicpower.org/system/files/documents/ppf_rate_design_options_for_der.pdf

² https://www.brattle.com/wp-content/uploads/2021/05/17904_a_survey_of_residential_time-of-use_tou_rates.pdf.

from enrolled devices during peak events. Similarly, as stated in the pre-filed direct testimony, the rationale behind the 12-month enrollment period and the automatic customer renewal is to reduce the free rider effect and minimize administrative costs to enroll/unenroll customers. Vermont utilities already utilize a 12-month enrollment period for time of use and flexible load management programs, which have been approved by the Commission.

It is true that the Program will not provide a monthly benefit to a customer that opts-out of 2 or more events in a month and MMWEC typically makes 5 event calls per month. The Program depends on geolocation, which means if the device is not within the service territory or not reachable because WIFI service is disconnected, the device cannot receive an alert to curtail charging. However, a device being outside of SED's service territory or not reachable because WIFI is disconnected will not result in an opt-out event. Only when a device is reachable within SED's territory and the customer voluntarily opts out of an event will the action count against the customer's 2 per month opt-out limit. This opt-out provision is also applied per-device. In the instance a customer has enrolled multiple devices into Connected Homes, only those individual devices opting out of more than 2 events per month would not receive the monthly incentive, and the other participating devices would still be eligible for incentives. This structure provides optionality for consumers who have a need to charge during peak periods but also reflects the real cost of that decision through both the TOU on-peak rate and the elimination of the incentive if opt-out occurs more than twice in a single month.

The combination of implementing a TOU rate for participating customers in addition to directly curtailing EV charging through Connected Homes helps mitigate the socialization of costs created by growing EV charging loads from impacting SED's non-EV customers. This approach creates both behavioral change (shifting EV charging to off-peak hours as a matter of

habit to reap the benefits of a lower off-peak rate) as well as direct intervention during peak events to limit the cost and system impacts of EV charging during those critical periods. The TOU rates offered provide an accurate cost of service signal to customers, which allows customers to gain the benefit of reduced off-peak rates for EV charging and other home energy use.

The Program also provides a \$100 enrollment incentive and a \$10/month curtailment incentive for each enrolled EV or EVSE, which offers an additional \$220 savings in the first year on a customers' electric bill. The Program's design also does not factor in the additional savings the customer will gain by switching away from gasoline to power their automobile. SED believes that these savings provides both a motivation for ratepayers to opt-into the TOU rate and Program and provides electric rate savings to off-set the cost to a ratepayer for using flexible loads during on-peak time periods.

SED spent several months working with its rate consultant, Efficiency Vermont, and SED's Board of Commissioners to develop the TOU rates and Program. The result of this process is approval by SED's Board of Commissioners and support from the Town of Stowe Energy Committee, which reflects the strong community backing for the new tariffs. SED would not be able to offer this Program independently of Virtual Peaker and MMWEC. The Program provides an efficient platform for small municipal utilities to take advantage of peak alert forecasting and provide incentives to ratepayers who participate in demand side curtailment during system peaks. SED encourages the Commission to approve the tariffs without an expensive and time-consuming investigation.

Sincerely,

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