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June 16, 2026

Via ePUC

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

Re: Case No. 26A-0009 – Amendment to Green Mountain Power’s Resilient Neighborhood 2.0 Innovative Pilot

Dear Ms. Anderson:

Green Mountain Power (GMP) respectfully submits this amendment to our January 5, 2026 filing for the Resilient Neighborhood 2.0 Innovative Pilot. Through this amendment, GMP seeks to offer an optional electrification rate (eRate) to customers participating in the Pilot. This amendment is a targeted refinement to the Pilot’s billing design based on customer feedback and lessons learned during this past winter, and it does not otherwise change the Pilot’s core resiliency package, distributed energy resource configuration, or underlying objectives.

This past winter was colder than average in Vermont, and customers in these all-electric homes heated with air source heat pumps experienced materially higher winter electricity usage. That experience highlighted an important rate design opportunity for homes that rely on electric heating as a primary heating source. Through the Resilient Neighborhood 2.0 Pilot, GMP wants to test and refine an optional eRate that better aligns rate design with the usage pattern of fully electrified homes in a cold climate state. We would like to test whether this rate structure can reduce a barrier to efficient electric heat pump heating while maintaining a positive benefit for customers not participating in the Pilot. Offering the eRate within the existing Pilot provides a defined group of fully electrified homes with a nearly identical suite of technology, making it an ideal setting to test and refine this rate design before potential broader application.

Under our current Rate 1, residential customers pay an energy charge of \$0.21457 per kilowatt-hour and a daily fixed charge of \$0.626. Under the proposed eRate, customers would pay an energy charge of \$0.18521 per kilowatt-hour and a daily fixed charge of \$1.335. This rate is designed to have a breakeven point at 725 kWh per month compared to Rate 1. Customers using more than 725 kWh would have a lower effective total cost per kWh rate and pay less than under Rate 1, while customers using less than that level would pay more. Customers in the Resilient Neighborhood who do not elect the eRate will remain on Rate 1.

The original filing explains that these all-electric homes provide a greater positive revenue benefit than the average customer, and the financial model includes the marginal contribution from all-electric customer usage as one of the value streams supporting a positive net present value for non-participating customers. Through this amendment, GMP proposes to return a portion of that electrification value to participating customers through a pilot rate designed to support all-electric home heating in Vermont while preserving positive benefits for non-participating customers.

eRate Design

Rate 1 is designed around an average residential customer whose primary heating source is not electric and who uses approximately 550 kWh per month. At that usage level, Rate 1 is intended to recover annual power supply costs, including energy, capacity, and Renewable Energy Standard costs, together with an average share of fixed, non-variable class costs. With that in mind, additional residential electrification usage above that level can be treated as largely marginal.

For the eRate, GMP values that incremental load using the margin between Rate 1 revenue and modeled marginal power supply costs. We have historically used a range of approximately \$0.07 to \$0.09 per kWh for this type of analysis. Although the 10-year normalized Rate 1-to-power-supply margin is approximately \$0.09 per kWh, we use the low end of that range in the Resilient Neighborhood model and value the incremental load from these all-electric homes at \$0.07 per kWh. For the eRate design, we return \$0.06 per kWh of the Rate 1 margin to participating customers to ensure the rate continues to recover GMP's cost to serve and is not subsidized by non-participants. The remaining \$0.01 per kWh flows back to maintaining a positive net present value for the O'Brien model and allows us to lower the monthly Resiliency Package fee for participating customers, as described in the original 2.0 filing.

To translate that value into rate design, we calculated the net present value of that \$0.06 per kWh marginal contribution over 25 years and converted it to a levelized present-value equivalent of \$0.02936 per lifetime electrification kWh. We distributed that effective per kWh value as a benefit in the eRate by reducing the Rate 1 volumetric charge by \$0.02936 and increasing the daily customer charge to \$1.335, establishing a break-even point at 725 kWh per month relative to Rate 1. We selected a break-even point above historical average residential usage to account for increased residential electrification in recent years across GMP's service area.

The modeled blended average consumption for homes in the Resilient Neighborhood is approximately 13,200 kWh annually, excluding estimated EV charging, compared to approximately 6,600 kWh annually for a typical residential customer. GMP therefore treats the difference of 6,600 kWh per home per year as the incremental electrification load. EV

charging consumption is considered separately because it is billed on Rate 74, which will remain unchanged.

Customer Bill Impacts

The eRate is designed to return approximately \$0.02936 per lifetime incremental kilowatt-hour, which has a 25-year net present value of approximately \$3,417 per home, to participating customers through this rate design rather than a separate standalone incentive. At the blended average annual neighborhood consumption to date of 13,354 kWh, excluding EV charging usage, the eRate reduces a participating customer's annual bill by approximately \$136.67 compared to Rate 1. Appendix A shows the benefit of the eRate on the average customer bill compared to Rate 1 by month. Appendix B and C compare the potential benefit of the eRate for higher and lower-usage customers in the Resilient Neighborhood to date. At this time, 43 out of 45 customers living in the Resilient Neighborhood use more than 725 kWh per month on average and would see a reduction in their annual energy costs, with savings concentrated in the winter months. Annual energy cost savings for Resilient Neighborhood customers range from approximately \$67 to \$278.

Financial Model

The Pilot's revised financial model continues to show a positive benefit to non-participating customers as shown in Appendix D. After accounting for the value returned to participating customers through the optional eRate, assuming 100% uptake for customers above 725 kWh per month, the Pilot model remains net present value positive, at approximately \$18,728 over 25 years. This amendment is consistent with the Pilot's central premise that the project should remain beneficial to all GMP customers while improving the affordability and customer experience of fully electrified, resilient living.

Advancing State Energy Goals

This amendment also advances the broader purpose of the Pilot and the State's electrification goals. The original filing states that objectives of Resilient Neighborhood 2.0 include improving customer experience and refining a model for fully electric residential development that may ultimately serve as a template for future projects. Offering the eRate within this Pilot is an important next step in that refinement. Air source heat pumps have become a mainstream heating technology in Vermont, and rate design should evolve to support customers' transition to efficient, electric heating in our cold climate state. Evaluating how customers respond to this rate structure within this Pilot will help GMP determine whether and how a similar approach could support broader beneficial electrification in the future for more customers. In addition, we will continue to explore alternative metering technologies and configurations for the Resilient

Neighborhood, including whether embedded metering capabilities may help reduce exterior equipment and simplify installation.

An eRate through this Pilot will also help inform our broader rate design work that is set to start in 2027. We can make refinements and evaluate customer uptake, bill benefits, and overall economics, helping determine how similar rate design could work for broader application to electrified residential customers outside of the Resilient Neighborhood. GMP will include information on these stated objectives in the existing Pilot updates.

Objectives and Evaluation

The table below builds on the objectives set forth in the January 5, 2026 Resilient Neighborhood 2.0 filing.

Objective	Measurement Method	Measure of Success
Determine whether the eRate improves the customer experience for fully electric homes.	Track customer enrollment in the eRate, customer questions and customer feedback after receiving bills under the eRate. We will report on customer uptake and feedback in the existing Pilot updates.	Customers enroll in the eRate, remain enrolled, and report that the rate is understandable and useful.
Evaluate whether the eRate is helpful in managing the cost of operating a fully electric home.	Compare monthly and annual bills under the eRate against Rate 1, including average, high-usage, and low-usage homes. We will review savings during the heating season and over the full evaluation period.	The eRate produces bill savings for participating customers, especially during the heating season.
Determine whether the eRate can inform future rate design for electrified residential customers.	Review customer uptake, seasonal billing outcomes, customer feedback, operational and billing implementation, interaction with budget billing and Rate 74, and overall economics. We will also evaluate whether the break-even point, fixed charge, and volumetric charge design should be refined.	Gather real-world information to determine if the eRate structure should be refined, expanded, or not advanced beyond the Pilot.

Except as amended herein, all other aspects of the Phase 2 Pilot as described in the initial notice we filed in January remain unchanged, and we will be ready to submit the first full status report reflecting six months of enrollment data this August. We provided a copy of this amendment to the Department of Public Service ahead of filing, as well as with Efficiency Vermont (EVT) and Renewable Energy Vermont (REV). Neither EVT nor REV have any conflicts with respect to this amendment.

Sincerely,

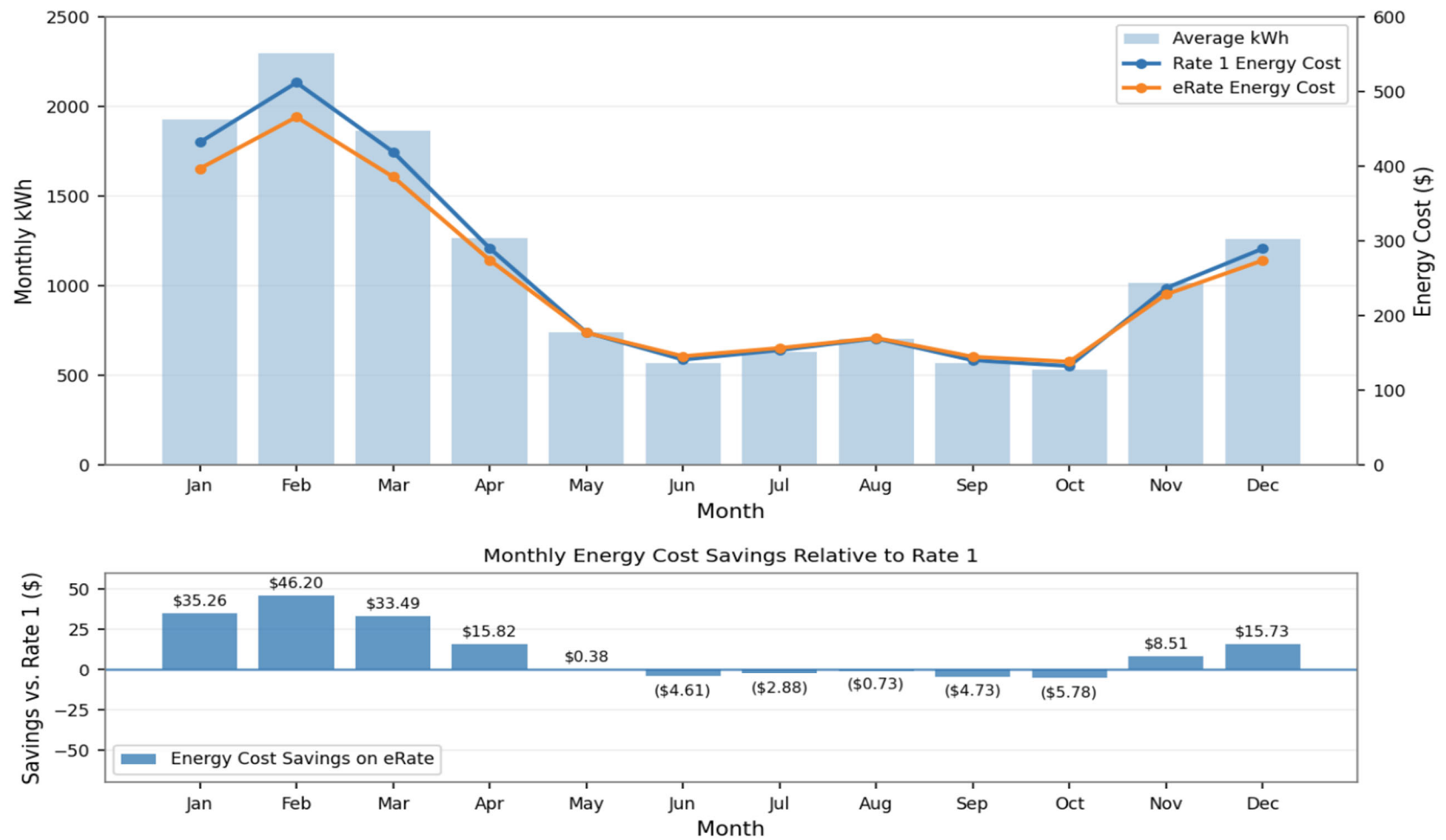
A handwritten signature in dark ink, appearing to read 'E. Pereira', with a stylized flourish at the end.

Elias Pereira
Energy Innovator

cc: Jim Porter, DPS (*via ePUC*)
Peter Walke, Efficiency Vermont (*via email*)
Jonathan Dowds, Renewable Energy Vermont (*via email*)

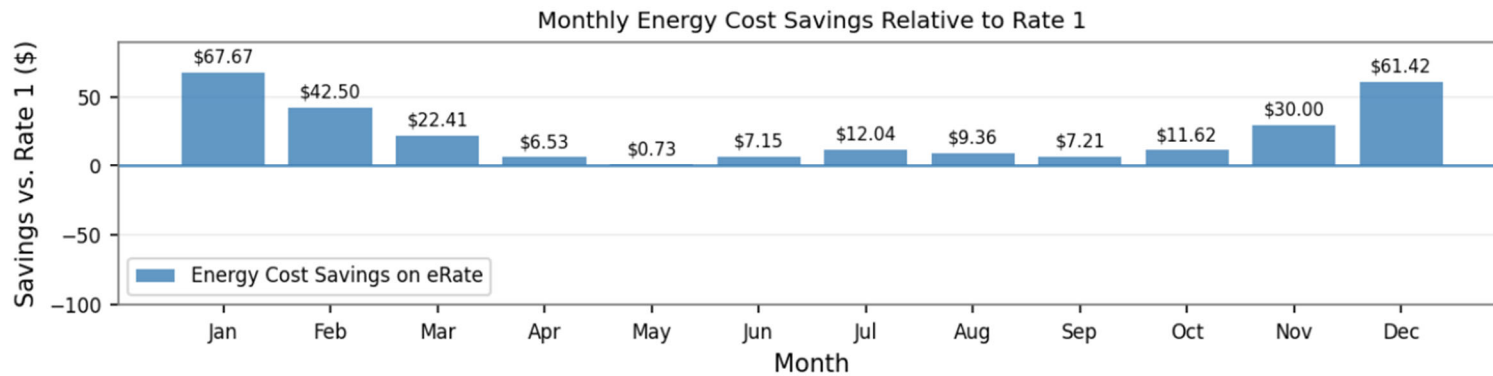
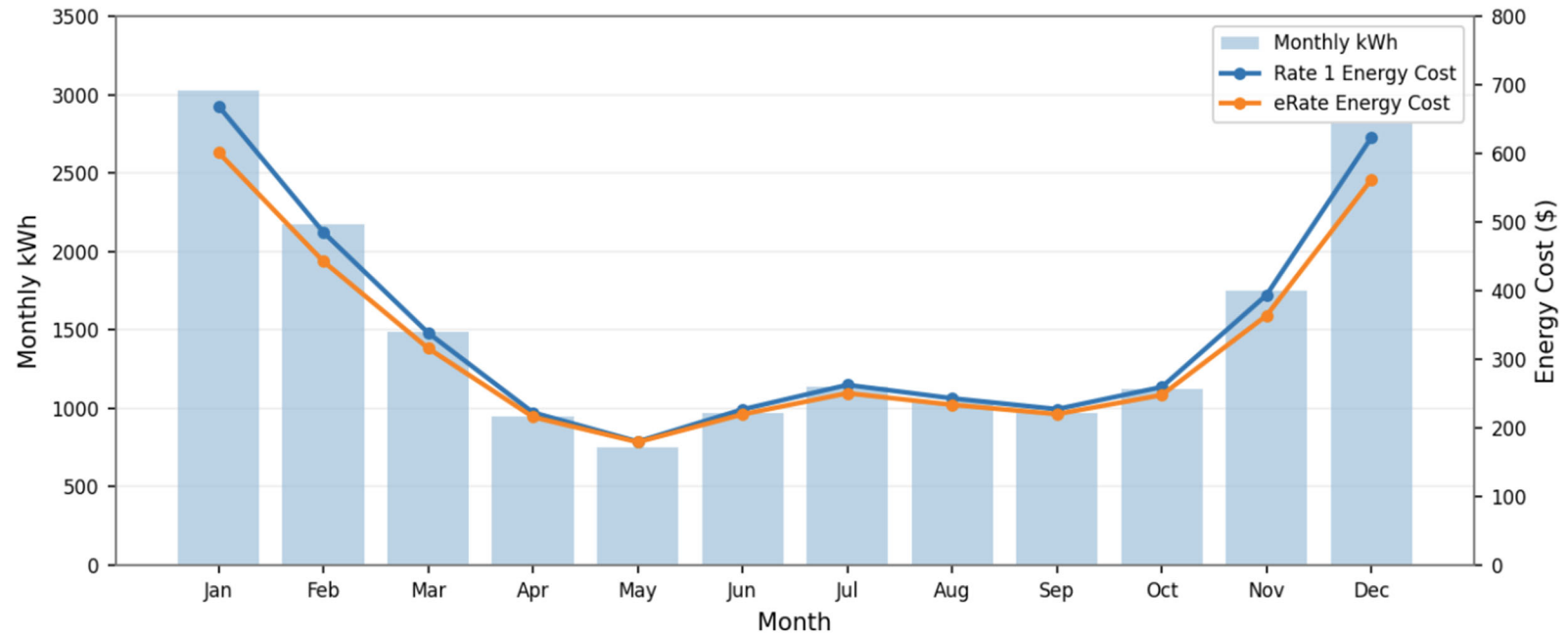
Appendix A

Average Resilient Neighborhood Home - Monthly Usage and Energy Cost Comparison
Annual Energy Cost Difference: \$136.68 lower on eRate



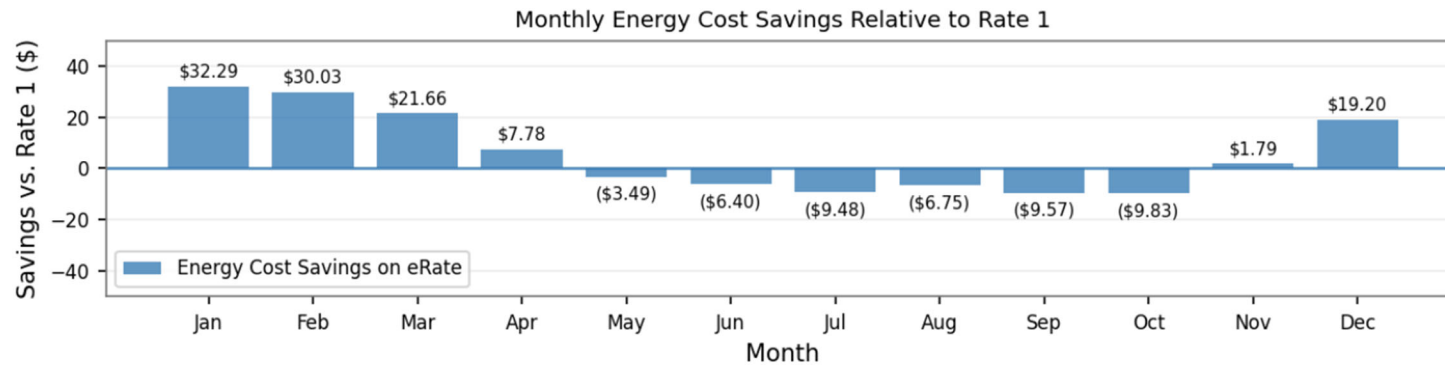
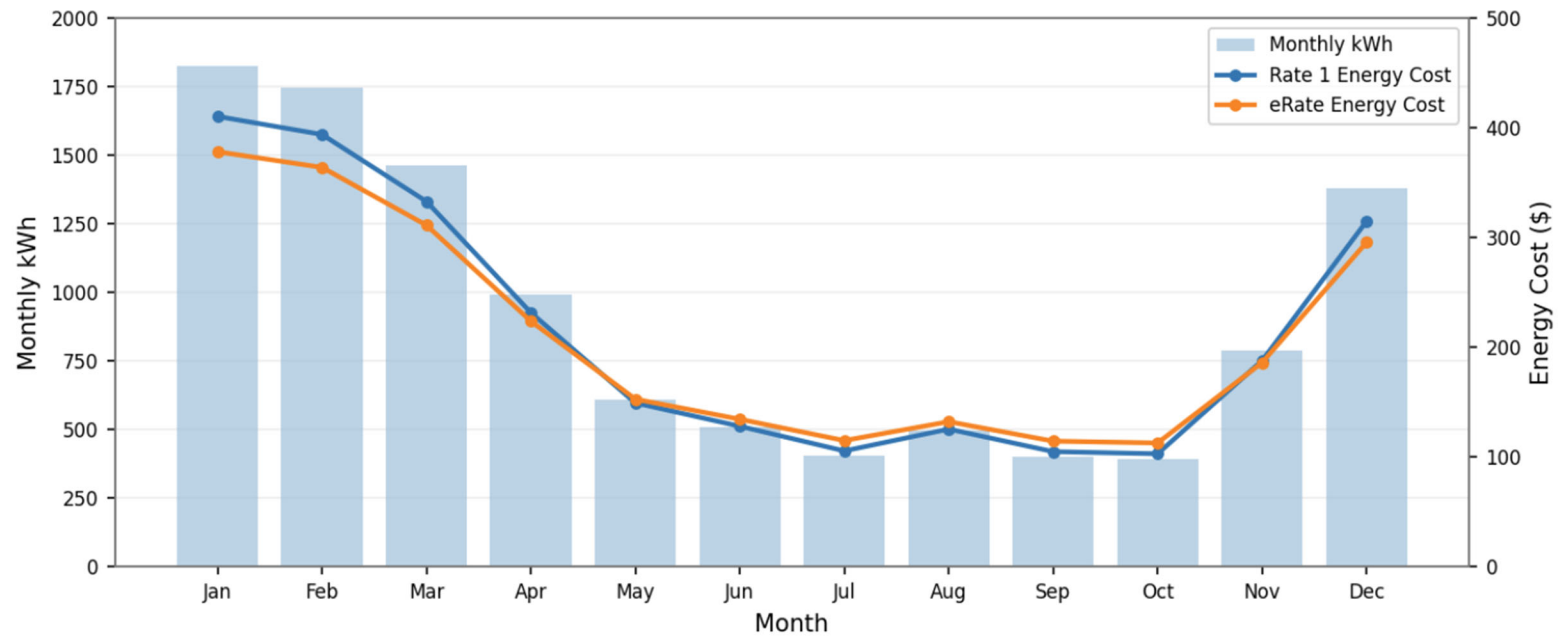
Appendix B

Highest Usage Single Family Home - Monthly Usage and Energy Cost Comparison
Annual Energy Cost Difference: \$278.64 lower on eRate



Appendix C

Lower-Usage Townhome - Monthly Usage and Energy Cost Comparison
Annual Energy Cost Difference: \$67.22 lower on eRate



Appendix D

	Year	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>	<u>13</u>
	Customers Year 1	20												
	Customers Year 2		20											
Costs														
Total Battery & Installation Costs*		(\$78,672)	(\$151,053)	(\$138,513)	(\$127,401)	(\$118,154)	(\$109,768)	(\$102,560)	(\$96,493)	(\$90,785)	(\$85,097)	(\$79,409)	(\$73,702)	(\$67,994)
Software Fees		(\$480)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)
FR Participation credit		(\$1,620)	(\$3,240)	(\$3,240)	(\$3,240)	(\$3,240)	(\$3,240)	(\$1,620)	\$0	\$0	\$0	\$0	\$0	\$0
RTE Credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Solar		(\$27,206)	(\$54,141)	(\$53,870)	(\$53,601)	(\$53,333)	(\$53,066)	(\$52,801)	(\$52,537)	(\$52,274)	(\$52,013)	(\$51,753)	(\$51,494)	(\$51,236)
Total Costs		(\$107,979)	(\$209,394)	(\$196,583)	(\$185,201)	(\$175,687)	(\$167,033)	(\$157,941)	(\$149,989)	(\$144,019)	(\$138,070)	(\$132,122)	(\$126,155)	(\$120,190)
Revenues														
Total Battery Value		\$37,785	\$76,526	\$86,187	\$89,041	\$87,957	\$85,733	\$97,658	\$109,661	\$92,942	\$77,221	\$81,875	\$83,946	\$82,102
Tier 3 Value		\$9,700	\$9,700											
End of life removal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$60)	(\$120)	(\$120)
Capitalized A&G		\$32,130	\$32,130	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Resiliency Package Payments		\$15,600	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$31,200	\$15,600	\$0	\$0
All Electric Cust. Marginal Contribution		\$5,940	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880
Value of Solar		\$16,028	\$31,895	\$31,735	\$31,577	\$31,419	\$31,262	\$31,105	\$30,950	\$30,795	\$30,641	\$30,488	\$30,335	\$30,184
Total Revenue		\$117,182	\$193,331	\$161,003	\$163,698	\$162,456	\$160,075	\$171,843	\$183,691	\$166,817	\$150,943	\$139,783	\$126,041	\$124,046
Net Benefit		\$9,203	(\$16,063)	(\$35,580)	(\$21,504)	(\$13,231)	(\$6,959)	\$13,902	\$33,701	\$22,798	\$12,873	\$7,661	(\$114)	\$3,855

*Includes 5.14% A&G allocation for all batteries.

	Year	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	<u>18</u>	<u>19</u>	<u>20</u>	<u>21</u>	<u>22</u>	<u>23</u>	<u>24</u>	<u>25</u>	<u>26</u>	
	Customers Year 1														
	Customers Year 2														
Costs															Lifetime NPV
Total Battery & Installation Costs*		(\$62,306)	(\$56,578)	(\$50,851)	(\$24,003)	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Software Fees		(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$960)	(\$480)	\$0	\$0	\$0	\$0	\$0	
FR Participation credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
RTE Credit		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Cost of Solar		(\$50,980)	(\$50,725)	(\$50,472)	(\$50,219)	(\$49,968)	(\$49,718)	(\$49,470)	(\$49,222)	(\$48,976)	(\$48,731)	(\$48,488)	(\$48,245)	(\$24,002)	
Total Costs		(\$114,246)	(\$108,264)	(\$102,282)	(\$75,183)	(\$50,928)	(\$50,678)	(\$50,430)	(\$49,702)	(\$48,976)	(\$48,731)	(\$48,488)	(\$48,245)	(\$24,002)	
Revenues															
Total Battery Value		\$79,581	\$75,653	\$70,886	\$63,533	\$51,565	\$35,142	\$15,471	\$2,540	\$0	\$0	\$0	\$0	\$0	
Tier 3 Value															
End of life removal		(\$240)	(\$360)	(\$480)	(\$960)	(\$1,860)	(\$2,700)	(\$3,300)	(\$1,800)	\$0	\$0	\$0	\$0	\$0	
Capitalized A&G		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Resiliency Package Payments		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
All Electric Cust. Marginal Contribution		\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$11,880	\$5,940	
Value of Solar		\$30,033	\$29,883	\$29,733	\$29,585	\$29,437	\$29,289	\$29,143	\$28,997	\$28,852	\$28,708	\$28,565	\$28,422	\$14,140	
Total Revenue		\$121,254	\$117,055	\$112,019	\$104,038	\$91,022	\$73,612	\$53,194	\$41,617	\$40,732	\$40,588	\$40,445	\$40,302	\$20,080	
Net Benefit		\$7,008	\$8,792	\$9,737	\$28,855	\$40,094	\$22,933	\$2,765	(\$8,085)	(\$8,244)	(\$8,143)	(\$8,043)	(\$7,944)	(\$3,922)	\$18,728

*Includes 5.14% A&G allocation for all batteries.