

STATE OF VERMONT
PUBLIC SERVICE BOARD

Case No. 17-3142-PET

Vermont Department of Public Service request for workshop on utility rate regulation	
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Order entered: 6/26/2017

**ORDER OPENING INVESTIGATION, REQUEST FOR COMMENTS,
AND NOTICE OF WORKSHOP**

I. INTRODUCTION

On April 10, 2017, the Department of Public Service (“Department”) requested that the Public Service Board (“Board”) undertake a workshop process to broadly review emerging trends in the utility sector and to evaluate existing forms of regulation in light of these trends. The Department cites to several significant changes that have affected the electric and natural gas utilities in Vermont, including:

- The enactment of various renewable energy development goals and requirements, through the Renewable Energy Standard (“RES”), Net Metering Program, and Standard Offer Program;
- Shifts in enabling technologies, including the deployment of advanced metering infrastructure and the emergence of electric vehicles, battery storage, and heat pumps;
- A more dynamic energy environment in which end users and third-party aggregators have greater ability to manage loads in real time;
- The merger of the state’s two largest electric utilities; and
- The expansion of the state’s only natural gas utility to a new part of the state, as well as its designation as an energy efficiency utility.

In light of these changes, the Department recommends that the Board reexamine the manner in which utilities are regulated in Vermont and schedule one or more workshops for this purpose. In advance of such workshops, the Department proposes that the Board solicit comments on potential items for discussion. The Department recommends that the Board include the following topics:

- Review of regulatory practices and performance in Vermont as well as in other jurisdictions;
- Identification of emerging industry trends and opportunities; and
- Discussion of regulatory goals, how they can be articulated and measured, and how they overlap with existing statutory criteria.

II. DISCUSSION

As the Department's filing highlights, the electric and natural gas sectors are experiencing significant changes. State policies impose obligations for the deployment of renewable energy and have resulted in a large number of such energy projects being developed representing a significant portion of the state's capacity. Implementation of these policies will require further development of renewable facilities and the integration of these intermittent resources into the power system.

At the same time, technological changes are offering new opportunities and challenges. These include opportunities for further electrification of the energy sector, with electric vehicles and heat pumps, as well as the deployment of battery storage. Vermont's RES, which requires utilities to engage in energy transformation projects, is likely to encourage the development of such projects. Electrification opportunities also have the potential to affect natural gas service, by providing heating alternatives that may be more cost-effective for the customer.

Vermont's current regulatory structure was developed prior to the advent of these changes. For the past decade, Vermont's largest electric and gas utilities have been operating under alternative regulation plans. These plans help provide the companies more certainty by allowing them to flow power costs through to customers in a timely manner recover other costs without the need for litigated rate cases.

The Board has not, however, comprehensively examined the effectiveness of these alternative regulation mechanisms.¹ With the expiration of the alternative regulation plans for Green Mountain Power Corporation and Vermont Gas Systems, Inc. and the changes in the electric and gas industries identified by the Department, we agree that this is an appropriate time

¹ As the Department's filing observes, the Board held a single workshop in 2013 to broadly examine such issues, but took no further action.

for the Board to take a broader look at the regulatory structure in Vermont. To do this, the Board will schedule an initial workshop on August 8, 2017. The workshop will be led by Board staff. In advance of the workshop, by July 18, 2017, interested persons should file comments on potential topics for discussion. The Department has proposed that, following the submission of the comments, it will work with Board staff and other interested persons to develop an agenda for the workshop. We find this proposal to be reasonable. Following the development of the agenda, the Board will distribute it to utilities and other interested persons in advance of the workshop.

The Board will establish a service list for this proceeding, which is not a contested case. Anyone interested in participating shall contact the Clerk of the Board.

This case is being processed in the Board's online document management system, known as ePSB, which can be accessed at <http://epsb.vermont.gov>. Information about how to use ePSB, including how to make a filing and how to search for documents, is available on the Board's website at <http://psb.vermont.gov/epsb-information>.

III. ORDER

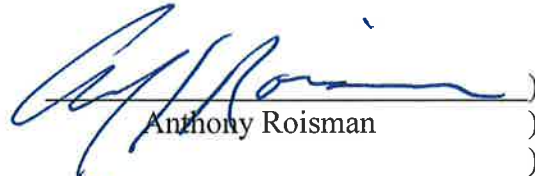
IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board ("Board") of the State of Vermont that:

1. Pursuant to 30 V.S.A. §§ 209, 218, and 218d, an investigation is opened into the regulation of electric and natural gas utilities in Vermont.

The Public Service Board will hold a workshop on August 8, 2017, commencing at 9:30 A.M., at the Susan M. Hudson Hearing Room, Third Floor, People's United Bank Building, 112 State Street, Montpelier, Vermont.

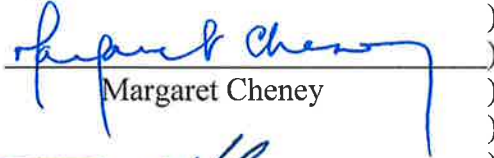
2. Any interested person may submit comments on the potential issues for the workshop no later than July 18, 2017.

Dated at Montpelier, Vermont, this 26th day of June, 2017.



Anthony Roisman

) PUBLIC SERVICE
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Margaret Cheney

) BOARD
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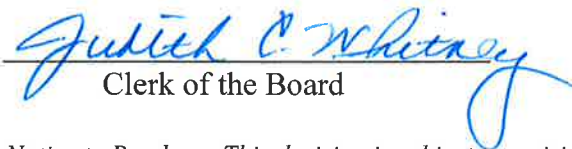


Sarah Hofmann

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OFFICE OF THE CLERK

Filed: June 26, 2017

Attest: 
Clerk of the Board

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)

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