



BURLINGTON  
ELECTRIC  
DEPARTMENT



January 18, 2019

Judith Whitney, Clerk  
Vermont Public Utility Commission  
112 State Street, Montpelier, VT

Re: Case 18-3810 - INV – RES Rulemaking

Dear Ms. Whitney:

In a memo dated December 12, 2018, the Public Utility Commission (“Commission”) requested comments in response to the discussion at the December 10<sup>th</sup> workshop in this proceeding. Stakeholders were also asked to respond to comments filed by the Public Service Department (“Department”) in this proceeding on December 5<sup>th</sup> and in Case 18-3702 on December 10<sup>th</sup> and comments filed by William Scully on December 10<sup>th</sup> in this case. Vermont Public Power Supply Authority (“VPPSA”) and Burlington Electric Department (“BED”) attended the December 10<sup>th</sup> workshop in this proceeding and submit the following comments related to the Renewable Energy Standard (“RES”) Rulemaking.

#### *Consistency*

The Department has requested greater consistency among utilities in reporting across all three Tiers of the RES. The Department asserts that increased consistency will improve transparency and facilitate analysis of RES compliance.<sup>1</sup> Towards this end, the Department has circulated a reporting template among the distribution utilities (“DUS” or “utilities”) for comment. BED and VPPSA agree that transparency and accuracy around RES compliance should be promoted to ensure there is a clear understanding of the costs and benefits of Vermont’s RES. We agree that a reporting template can help achieve the goals of transparency and efficiency in program evaluation and have provided comments to the Department on the proposed template.

#### *Defining and Calculating Administrative Costs*

In its comments on Tier 3 Annual Plans, the Department recommends “that administrative costs be defined, calculated, and reported in a consistent manner by all utilities.”<sup>2</sup> BED and VPPSA agree that it is important to calculate and report administrative costs associated with utilities’ Tier 3 programs. The

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<sup>1</sup> PSD Comments on RES Rulemaking, at 1, 18-3810-INV – Investigation into Renewable Energy Standard Rulemaking (12/5/18)

<sup>2</sup> 18-3702-INV, Renewable Energy Standard 2019 Tier III Plans Department of Public Service Comments on 2019 Tier III Plans, at 2 (12/10/18)

Commission's *Order Implementing the Renewable Energy Standard* issued in Docket No. 8550 currently requires that administrative costs be calculated by the DUs and be included in program screening.

However, BED and VPPSA caution the Commission against imposing an overly-prescriptive allocation of administrative costs to a utility's Tier 3 program. Although the Department's comments recommend that program administrative costs should "be applied to each measure weighted according to the total amount of MWh savings per measure,"<sup>3</sup> we believe that other methods may be more appropriate, such as allocating costs equally among prescriptive measures, by applying a flat percentage fee against the total budget of each program, or determining an allocation based on expected efforts required by program. As just one example, BED's electric bus program has very limited administrative burden, but to overcome significant market barriers the incentive is high relative to the Alternative Compliance Payment ("ACP"). A simplistic or pro-rata assignment of overhead costs would likely lead to the incorrect conclusion that the costs of this program exceeded the applicable ACP. There are multiple valid approaches for allocating these costs, and each utility should have the flexibility to determine its own methodology based on its internal capabilities and assessment of which allocation methodology is most realistic and efficient to administer.

#### *Annual Plans*

The potential requirements regarding utilities' Annual Plans were discussed at length in the Docket 8550 proceeding. BED and VPPSA maintain that Commission approval of Tier 3 Annual Plans is not necessary, and a formal approval process has the potential to increase administrative burden without a clear accompanying benefit. The current Annual Plan framework implemented under Docket 8550 contains adequate process to allow stakeholders to comment on Annual Plans and, when necessary, the Commission directs utilities to provide supplemental information.

Since the December 10<sup>th</sup> workshop, the Department has communicated with the DUs about a possible approval process for Tier 3 Plans. To the extent that the Department recommends a process under which Annual Plans would be filed on the current deadline of November 1<sup>st</sup>, there would be an opportunity for comment, and Plans would be *presumed* approved prior to the implementation year unless the PUC opened an investigation, BED and VPPSA would not oppose such a proposal. It is important to maintain the November 1<sup>st</sup> filing date so that 1) utilities have adequate information from the current year on which to base their plans for the coming year, and 2) the Tier 3 Technical Advisory Group ("TAG") can complete its measure characterization work, which results in the savings values to be included in utilities' Annual Plans. Updates to Annual Plans during the compliance year should be permitted, as is the current practice, provided the DUs provide 30-day notice to the Department and Commission. Changes to an Annual Plan should be presumed to be approved if the Commission does not indicate that further process will be required within a relatively short (e.g. 2-week) time period.

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<sup>3</sup> 18-3702-INV, *Renewable Energy Standard 2019 Tier III Plans Department of Public Service Comments on 2019 Tier III Plans*, at 2 (12/10/18)

### *Managing Load Growth from Electrification*

The Department further suggests that utilities be required to summarize the expected load growth from electrification measures, along with the best practices for demand management that will be implemented to avoid “unnecessary transmission and distribution upgrades.”<sup>4</sup> As the Department notes in its comments, a description of how demand impacts will be mitigated is already required under the Final Order in Docket 8550. BED and VPPSA support the inclusion of the expected load growth in Tier 3 Annual Plans. For prescriptive measures, this projection will probably be based on the measure characterizations developed through the TAG. To the extent that custom projects are identified in advance of the Tier 3 Plan, estimates of load growth from those projects can be included as well. Pursuant to 30 V.S.A. § 8004 (e), the VPPSA members are permitted to comply with the RES in aggregate, and thus interpret this requirement as applying to VPPSA in the aggregate.

### *Mr. Scully’s Comments*

BED and VPPSA have reviewed the comments and accompanying memo provided by Mr. Scully. The memo referred to in Mr. Scully’s comments raises potential concerns about double counting between renewability claimed in other jurisdictions and that claimed in ISO-NE. BED and VPPSA note that the study cited is used in reference to potential double counting of NYPA and HQ attributes by Vermont utilities. The paper in question speaks solely to potential conflict between Massachusetts Class I and II and New York resources, not the Vermont qualification of resources. Neither HQ nor NYPA are included in the list of assets reviewed.

BED and VPPSA agree that double-counting could be a potential issue and have taken reasonable steps to ascertain that no other entity has a legal claim on the environmental attributes we claim associated with deliveries from HQ and NYPA. In fact, with the renewal of the St. Lawrence contract in 2017, BED and VPPSA have ceased claiming VT class I renewability for the St. Lawrence energy based on a lack of entitlement to the renewability at this point. Any proposed resolution to potential double-counting should be targeted at any entities who cannot legally demonstrate their right to make the claims, not those who can. No action regarding the treatment of these resources under Vermont’s RES implementation is needed at this time.

Thank you for your consideration of these comments. Please contact us directly with any questions you may have.

Sincerely,

Melissa Bailey  
Legislative & Regulatory Affairs  
Vermont Public Power Supply Authority

Thomas Lyle  
Programs and Policy  
Burlington Electric Department

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<sup>4</sup> *Id.*, at 2