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Overview of Energy Market in Vermont

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Public Service Board Jurisdiction

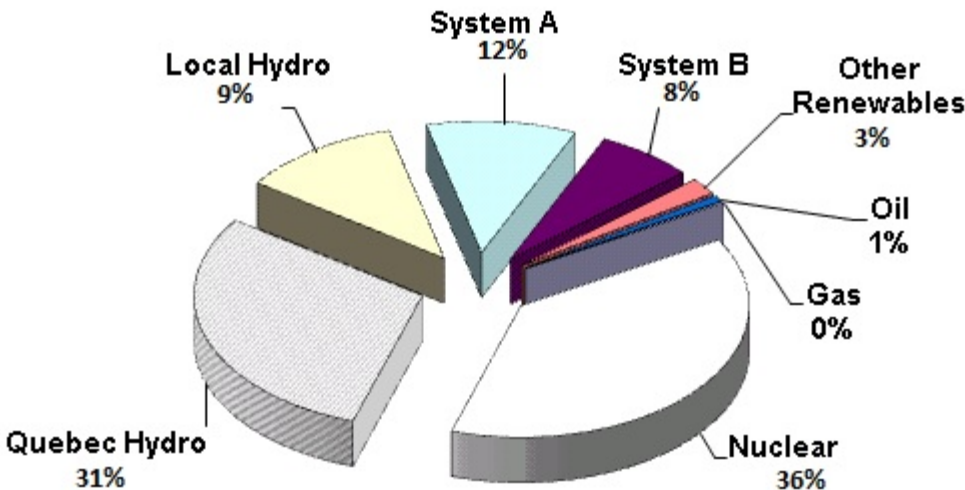
- Board regulates all electric distribution utilities, and all are vertically integrated
 - utilities own very little generation
- There is no retail choice in Vermont
 - customers cannot choose their supplier
- Vermont has one electric transmission utility
 - Board has some jurisdiction over this utility
 - Federal Energy Regulatory Commission (FERC) has jurisdiction over its rates

Vermont Electric System

- ~ 650,000 people; 350,000 electric customers
- 9,200 square miles (small, rural state)
- 17 electric distribution utilities, including:
 - 1 investor-owned utility
 - 14 municipally-owned utilities
 - 2 cooperatively-owned utilities

Vermont Electric System

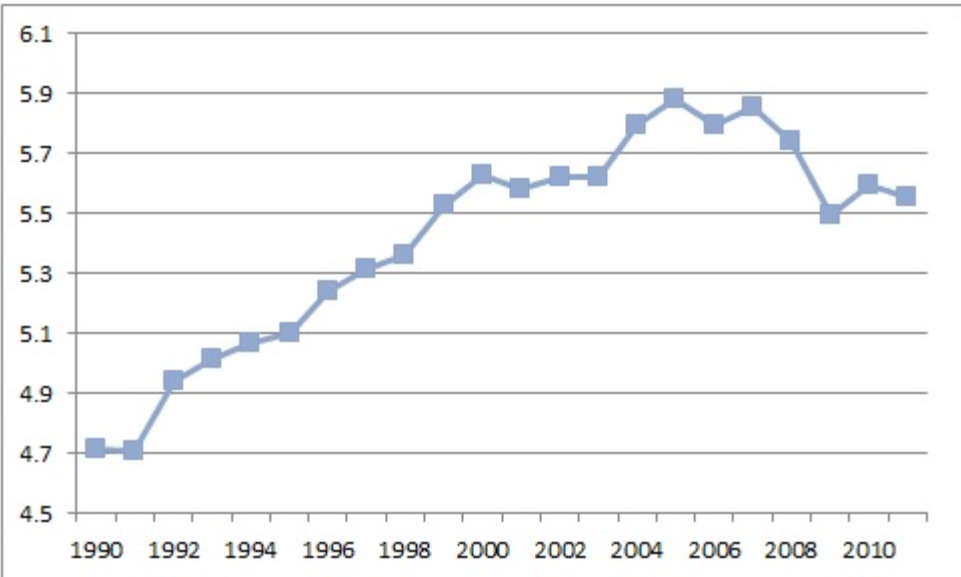
Vermont Electric Energy Supply, 2011



Notes:
~ 9,980 MW of peak load
System A is market purchase of energy by Vermont Utilities.
System B is energy produced by Vermont renewable facilities where the RECs have been sold to third parties who claim the environmental attributes.

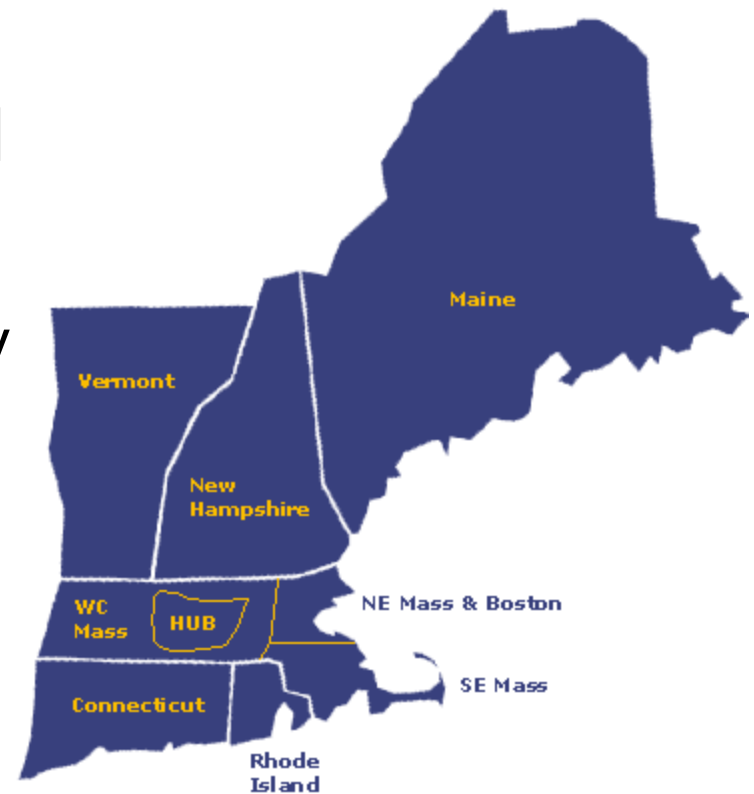
Vermont Electric System

Vermont Electricity Use (millions of MWh)



New England Regional Market

- Independent System Operator of New England
- Responsible for:
 - Ensuring regional reliability
 - Administering electricity markets
- Regulated by Federal Energy Regulatory Commission



New England Regional Market

- New England has:
 - 14 million people; 6.5 million electricity customers
 - 350+ generators/power plants
 - 8,000 miles of transmission lines
 - 32,000 MW of total supply
- Vermont is approximately 5 percent of the region's electricity consumption

Regulation of Electricity Markets

- All generators larger than 5 MW must participate in electricity markets
 - Under 5 MW, generators can act as load reducers
- ISO-NE administers markets
- Any changes to markets must be approved by FERC
 - Stakeholders, including state regulators, may participate in FERC proceeding