

Recent Events in Vermont and Region



NARUC Energy Regulatory Partnership Program

*The Energy Regulatory Commission of the Republic of Macedonia
and*

The Vermont Public Service Board

by

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Vermont Public Service Board

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Recent Events in Vermont

- ❖ New Public Service Board Chairman
 - Appointed by Governor Douglas to 6-year term, beginning March 1, 2005
 - My background: 20 years with the Department of Public Service, 16 of those as Director for Public Advocacy
 - Smooth Transition: Vermont statute calls for former Commissioners to continue to decide cases in which they have heard a substantial portion of the evidence



Recent Resource Changes

- ❖ Generation
- ❖ Transmission
- ❖ Energy Efficiency



Generation Changes

- ❖ Vermont Yankee Nuclear Power Plant
 - Nuclear Regulatory Commission issued its technical assessment of engineering issues associated with proposed “uprate” of the plant
 - CVPS and GMP filed petitions requesting the Board to require Entergy (the plant’s owner) to reimburse them for extra power costs pursuant to the Ratepayer Protection Plan
 - Board fined Entergy \$85,000 for beginning construction before obtaining Board approval to do so



Generation Changes (cont.)

- ❖ Coventry landfill gas plant
 - Board approved construction of a new landfill gas generation plant owned by a small cooperative utility
 - Expected to be producing by June 2005
- ❖ East Haven Wind project
 - The largest wind project in a decade is currently pending before the Board



Transmission Changes

- ❖ VELCO Northwest Reliability Project
 - Board approved largest transmission project to be proposed in Vermont in 30 years, includes new transmission lines and upgrades to substations
 - Many compliance filings required regarding siting details
- ❖ Stowe-Duxbury Transmission Line
 - New 10-mile transmission line currently pending before the Board



Energy Efficiency Changes

❖ Energy Efficiency Utility

- Board's contract with current contractor expires at the end of 2005
- Board is seeking a contractor to serve as the EEU from 2006 through 2008
- Request for Proposals issued April 27
- Proposals due June 15
- Board decision by July 7



More Significant Issues

- ❖ Central Vermont Public Service Rate Cases
 - Board determined the rates of Vermont's largest electric utility were too high
 - ◆ CVPS must refund 2.39 percent (\$6.3 million) to customers for prior year, and lower rates 2.75 percent (\$7.2 million) in the future
 - CVPS must perform a new class cost of service study so its rate design can be reviewed
- ❖ New rate design for second-largest electric utility is pending before the Board
- ❖ Board is currently reviewing Integrated Resource Plans for most electric utilities



Pending State Legislation

- ❖ If enacted, legislation that is currently pending would:
 - Create a Renewables Portfolio Standard
 - Require Transmission Planning by VELCO
 - Require Entergy to pay a fee for storing nuclear waste in Vermont



Recent Activities in the Region

- ❖ Ensure Resource Adequacy
- ❖ Diversify Energy Supply
- ❖ Foster Demand Side Market Response
- ❖ Plan for Future System Expansion
- ❖ Improve Air Quality



Ensure Resource Adequacy

- ❖ Current capacity market not adequate
- ❖ Federal solution: Create Locational Installed Capacity Market (LICAP)
- ❖ Vermont concern: cost too high and program won't do job



Diversify Energy Supply

- ❖ Current reserve market
 - ◆ Does not allow bilateral trading
 - ◆ Is not locational
 - ◆ Does not permit demand response participation
- ❖ Goal: develop a price signal that will ensure right resources in right location (Forward Reserve Markets)
- ❖ Reforms in preliminary stage



Foster Demand Side Market Response

- ❖ Originally demand response was not integrated in day-ahead market
- ❖ ISO has created the Day-Ahead Load Response Program which will incorporate demand response resources in day ahead energy market



Plan for Future System Expansion

- ❖ Annual system wide plan incorporates:
 - ◆ Generation resources
 - ◆ Transmission upgrades
 - ◆ Demand response resources
- ❖ If RTO identifies needs, it will authorize transmission upgrades
- ❖ Such upgrades eligible for region-wide funding



Improve Air Quality

❖ Regional Green House Gas Initiative

- ◆ RGGI is a cooperative effort by nine Northeast and Mid-Atlantic States to develop the nation's first regional cap-and-trade program to reduce carbon dioxide emissions from the electric generating sector
- ◆ Includes 6 New England states and New York, New Jersey and Delaware
- ◆ Calls for states to reach agreement on a cap and trade program for CO₂
- ◆ In progress, agreement not yet reached



Conclusion

- ❖ Some of these developments are positive, some negative
- ❖ Either way, there is much work ahead