

Washington Electric Cooperative

Net Metering Testimony

House Natural Resources Committee

January 10, 2014

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Themes

- “ Impacts of current Net Metering design not the same for all utilities
- “ State Goal - Reach 90% renewable sources of power
- “ Long term fix necessary to make Net Metering sustainable and fair for all consumers

About WEC

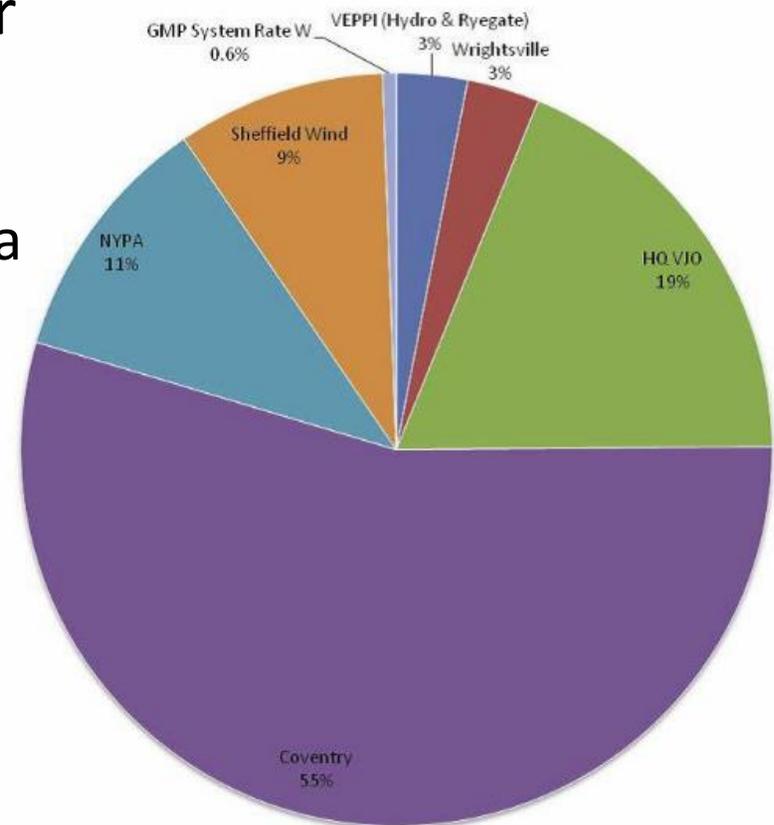
- “ Electric Cooperative ó Not for Profit
 - . Established in 1939
- “ Peak 15 MW (Winter)
 - . State of VT ~ 1,000 MW Peak (Summer)
- “ 70,000 MWH Retail Sales Annually
- “ 1% of State Load
- “ 11,000 members
- “ 41 towns 4 counties Central Vermont
- “ 96% of our members residential
- “ Very rural and little commercial base
 - . WEC 8 members per mile
 - . GMP is 20 customers per mile
 - . BED 87 customers per mile
- “ WEC largest cost driver is infrastructure (wires, poles, substations, etc)
 - . Power Supply Costs ~ 7 cents/kWh
 - . All other costs ~ 13 cents/kWh
- “ Average residential user ~ 500 kWh per month (12% less than statewide avg)



About WEC

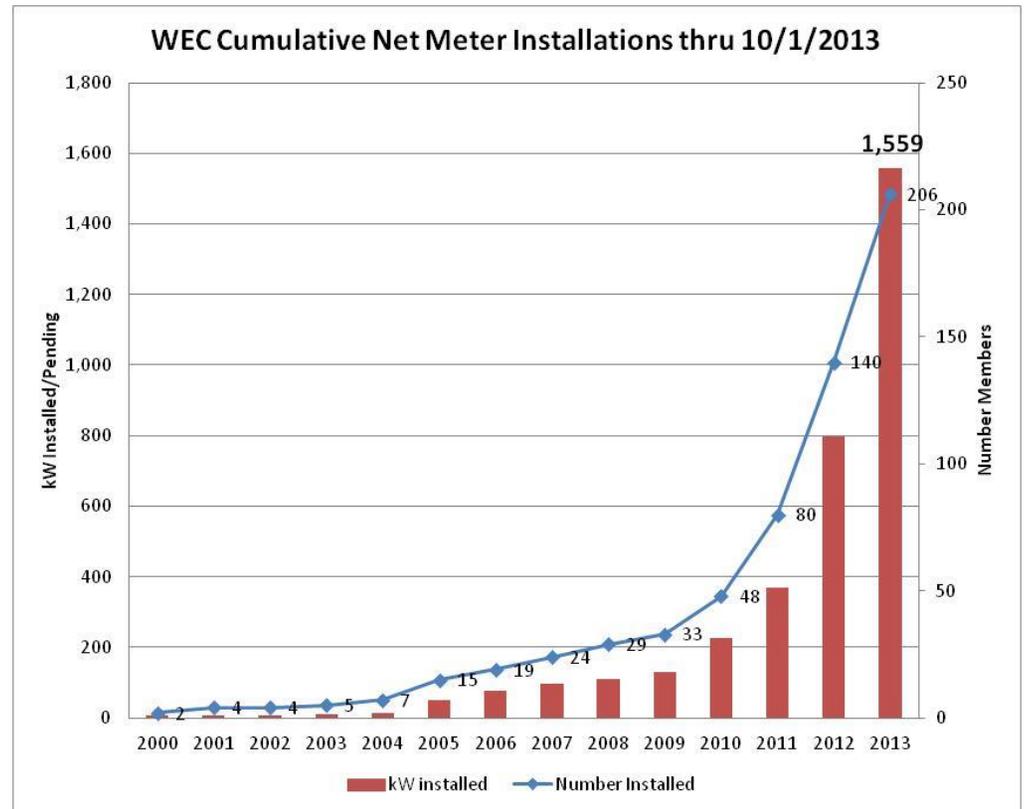
- “ WEC supports renewable power
- “ WEC Supports Net Metering
 - Support DPS legislation with interim plan and long term fix via PSB
- “ Leader in Vermont and Nationally
- “ Before REC sales 120% renewable sources
 - Instate sources of power 70%
- “ Early adopter of Energy Efficiency since 1991

Washington Electric Coop - 2012 Sources of Power



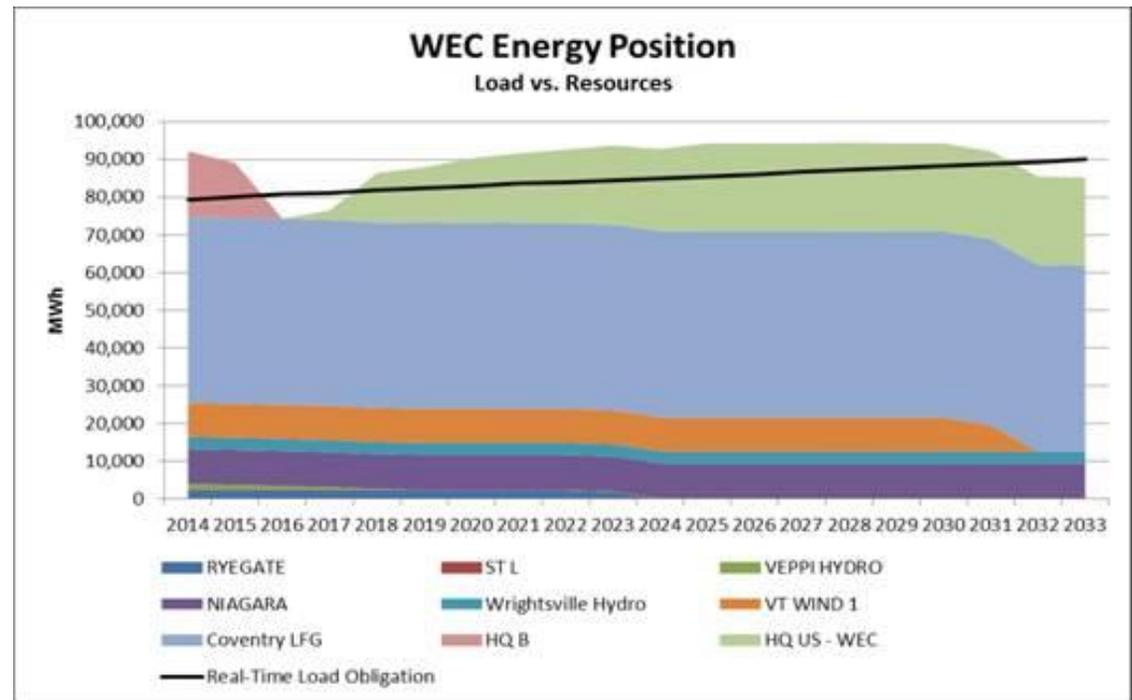
Net Metering

- “ WEC pays 0.21 cents/kWh
 - . Highest amount of any utility for Net Metering
 - . Due to inclining rate structure
- “ NM Peak
 - . 1.6 MW Installed
 - . 10% of Peak
- “ NM Energy
 - . 1,942,000 kWh
 - . 2.5% of Energy
- “ Rate Impact ~ 2%
- “ We are hearing concern from members about rate impacts and cross subsidy



WEC Existing Power Supply Commitments Long Term

- “ Net Metering:
 - . No offset to WEC’s future sources of power
- “ Long term WEC is excess
- “ WEC future sources renewable based
 - . Net metering more powerful for those utilities that need new sources of power
- “ WEC positioned to meet/exceed state goal of 90% renewable
- “ Net Metered energy offset to other Renewables
- “ Need an “off ramp” for utilities that reach 90% to offer alternative program structure



Value of Energy from Solar Net Meter

- “ Value of Solar Net Metering to WEC is ~ 8 cents/kWh
- “ WEC Peaks in Winter – Lessens Transmission Benefits and No Distribution Offsets
- “ WEC does not receive or own Net Meter RECs – Can’t double count
- “ WEC’s max retail rate tier 21 cents/kWh
 - . WEC loses 13 cents/kWh
 - . Current structure not sustainable
 - . Upward pressure on rates
- “ Able to avoid rate increase thus far only due to other offsetting revenues
 - . from Coventry and Sheffield Wind REC sales

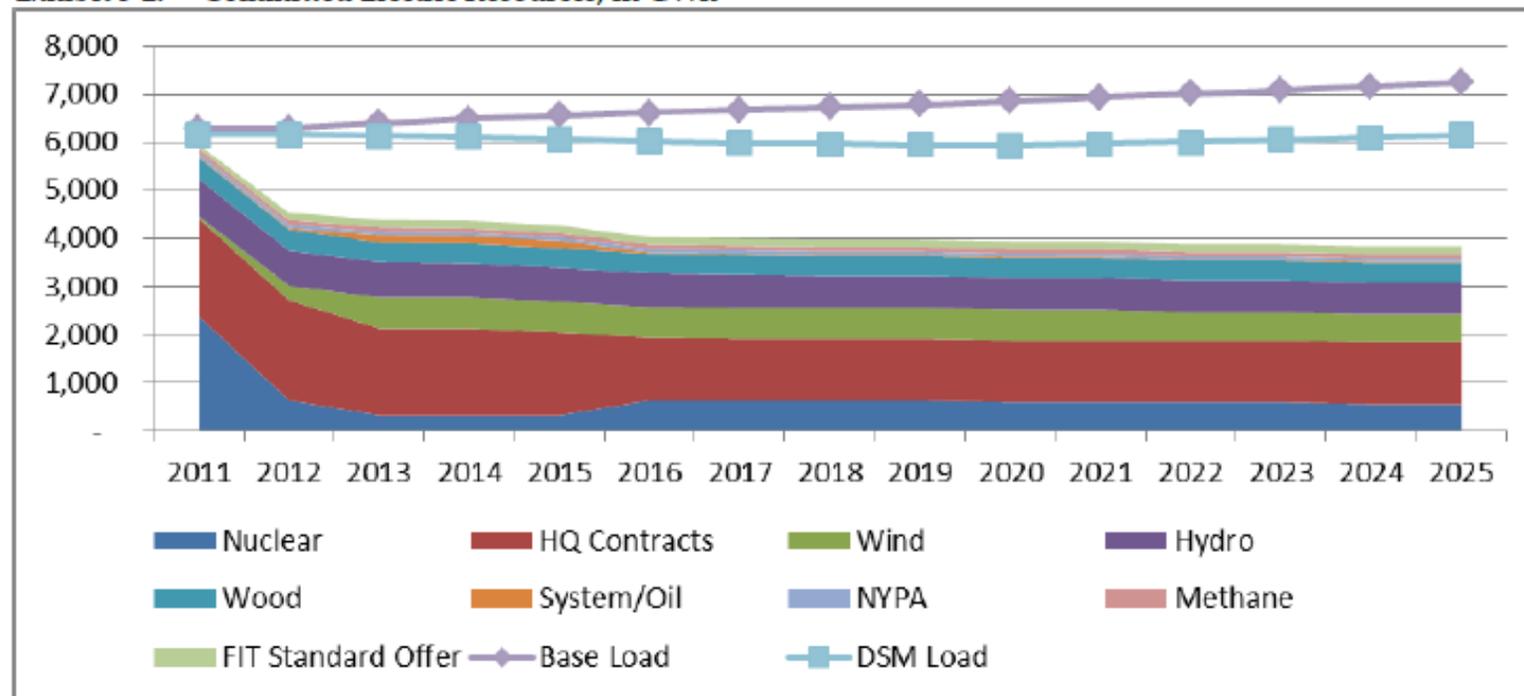
Net Metering Summary Solar Impacts Power Costs Reduction

Category	dollars/kwh	Notes
Energy	\$ 0.0389	Based on hourly solar array production for Burlington VT and RT prices in 2012
Forward Capacity Market	\$ 0.0145	WEC's FCM Load Obligation and assumed peak Solar for the year coincident with ISO Peak (539 kw out of 1 MW system)
Ancillary Market Products	\$ 0.0025	Based on hourly actual charges for all other ISO products in 2012 by RTLO
ISO-NE Transmission	\$ 0.0096	WEC's monthly NWL at time of monthly VELCO Peak * RNS and Schedule 1 Rate. Adjusted NWL down for solar array production at time of VELCO Peak (only 5 months coincident with VT peak)
GMP Transmission	\$ 0.0023	WEC's peak at time of GMP peak (Solar array had values 4 months of the year based on GMP peak)
VT Transmission Avoidance	\$ 0.0100	Fourth of DPS 4 cents proxy
Grand Total Reduction in Power Costs (\$/kwh)	\$ 0.0778	

Other Utilities

- “ State as whole power gap
- “ Net Metering more impactful for those utilities that are replacing future power sources and summer peaking

Exhibit 5-2. Committed Electric Resources, in GWh



Net Metering Tenants

- “ Purpose of Net Metering is to increase Renewable Power
- “ State Goal 90% Renewable
- “ Should be an “off ramp” for those that meet State goal to pursue alternatives

- “ WEC ideas
 - . Minimize cost shifting
 - . Rate Increases due to Net Metering undesirable
 - . Link to energy efficiency
 - . Address rights to RECs
 - . Alternative Rate structures

- “ Long term fix
 - . Shared benefits and cost statewide
 - . Support Working thru PSB to develop long term sustainable plan

Thank You

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