

Washington Electric Cooperative

Senate Natural Resources & Energy
Committee

(Amended Version)

February 17, 2017

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About WEC

- Electric Cooperative – Not for Profit
 - Established in 1939
 - Member owned
 - Created by and for those without power
 - investor owned utility would not extend lines to rural landscape
- Size
 - Peak 16 MW (Winter)
 - State of VT ~ 1,000 MW Peak (Summer)
 - 70,000 MWH Retail Sales Annually
 - 1.3% of State Load
 - 10,800 members
 - 41 towns 4 counties Central Vermont (Washington, Orange, Orleans, Caledonia)
 - 17% of Vermont Towns
 - 96% of our members residential
- Board of Directors
 - Nine Directors
 - Set Policy
 - All Members
 - Annual Meetings



WEC Supports Net Metering Rule

- Not perfect but think it should be allowed to move ahead
- Rule has +’s and –’s:
 - No Cap is a concern
 - Economics to the customer better than prior plan
 - Controls set up to improve siting
 - Seems more aligned to support smaller installations which WEC supports
 - Larger systems don’t need the extra incentive dollars
 - Systems 150 kW and less is where net metering should be focused

WEC Supports Net Metering Rule

- Pre-Existing Systems
 - WEC believes paying EVT and customer charge is appropriate and fair (not withstanding legal issues of the rule making process):
 - Payments to pre-existing systems come from other rate payers
 - Prior net metering structure shifts costs to other customers that do not net meter
 - No on benefits or likes free riders
 - Non-bypassable charges reduce free ride
 - There is no guarantee for pre-existing systems to be paid same rates that were in place at time they build systems
 - No contract signed – payments flow from tariff and tariffs change over time
 - Those that built before 2017 have benefited from **increased** payments over time (their benefits have not been static)
 - Their economics have improved after they built and we hear no complaint about increased payments
 - Offsetting higher retail bills and receiving higher payments for excess generation
 - WEC's rate of payment history for net excess generation under Legacy plan:
 - 2010 17.243 cents per kWh
 - 2010 to 2011 20.595 cents per kWh
 - 2012 to 2014 21.063 cents per kWh
 - 2014 to 2017 21.589 cents per kWh
 - 2017 forward 23.160 cents per kWh (Proposed with rate increase)

WEC Supports Net Metering Rule

- Wide and Divergent Input went into rule
 - Broad array of stakeholders
 - Public Hearings
 - Written comments
 - Input
 - Transparent
 - Compromise
- Our members want Net Metering
- Program consistency eliminates confusion
- Installers seek uniformity
- PSB will look at results every 2 years

WEC Supports Net Metering Rule

- Controls in place
 - Statewide Rate
 - Adjusters
 - Make changes to economics as we move ahead
 - Reflect changing cost of technology
 - Respond to pace of installations
 - React to Rate Impacts
- Need non-bypassable charges to help mitigate shifting costs to non-net-meter members
 - All use grid
 - Fair for all to help pay costs

WEC Supports Net Metering Rule

- Billing & administering multiple plans not trivial
 - Real issue to program billing systems, get staff up to speed, educate members.
- Controls in place for larger systems
 - 50% requirement
 - Preferred locations
 - Town Input (Act 174)
- Interest under the new rule is robust!

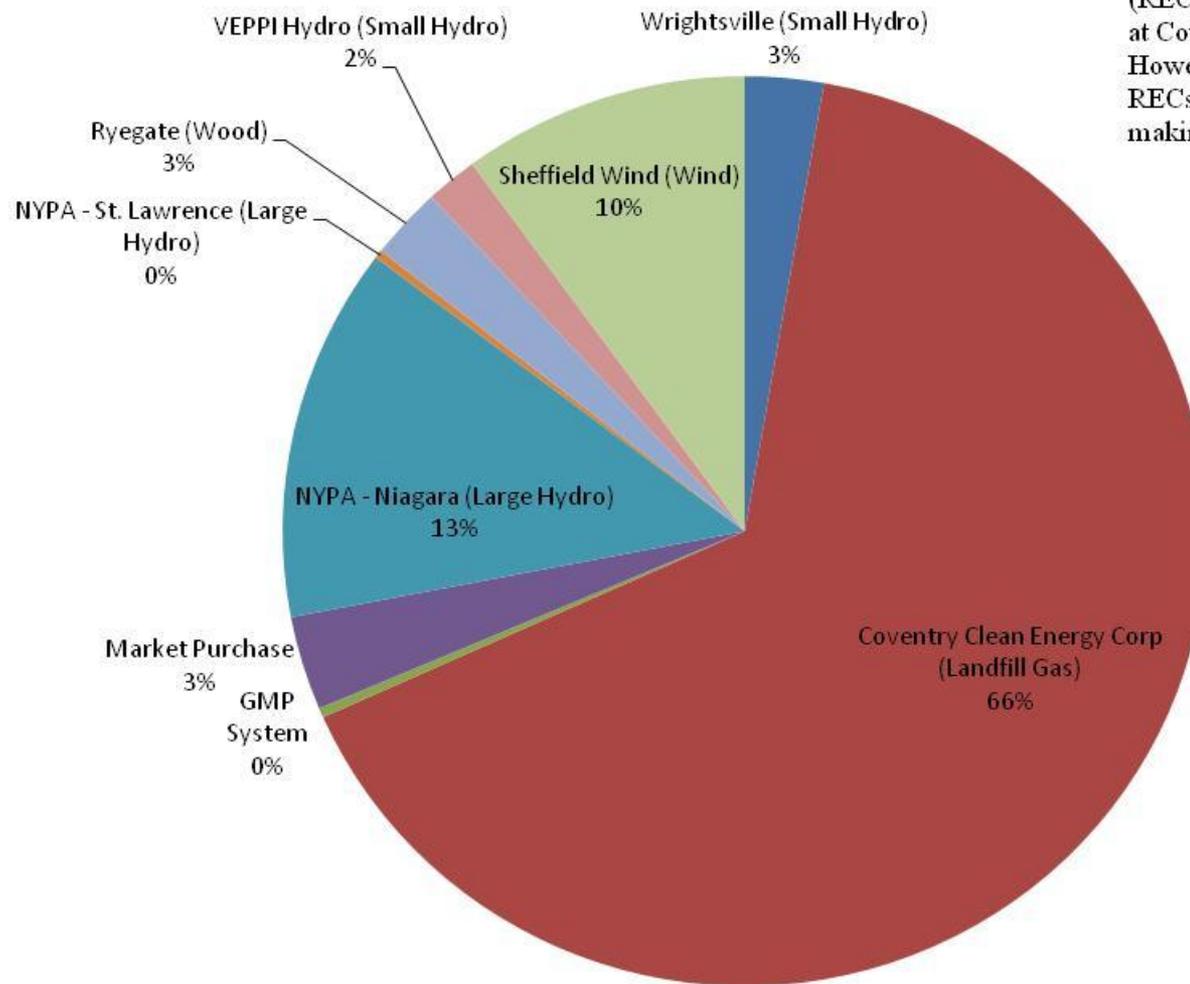
Net Metering

- Projects installed before January 1, 2017
 - 255 Members Net Metering
 - 1,661 kW
 - 11% of WEC Peak
 - 2.7% of Retail Sales
- Pending since January 1, 2017
 - 27 Applications in hand
 - 160.1 kW
 - 3 large projects being planned but no CPG yet
 - Two 500 kW systems = 1,000 kW
 - One 137 kW
 - Total New 1,297 kW (if large projects move ahead)
 - 2.1% of Retail Sales from New Installations

About WEC

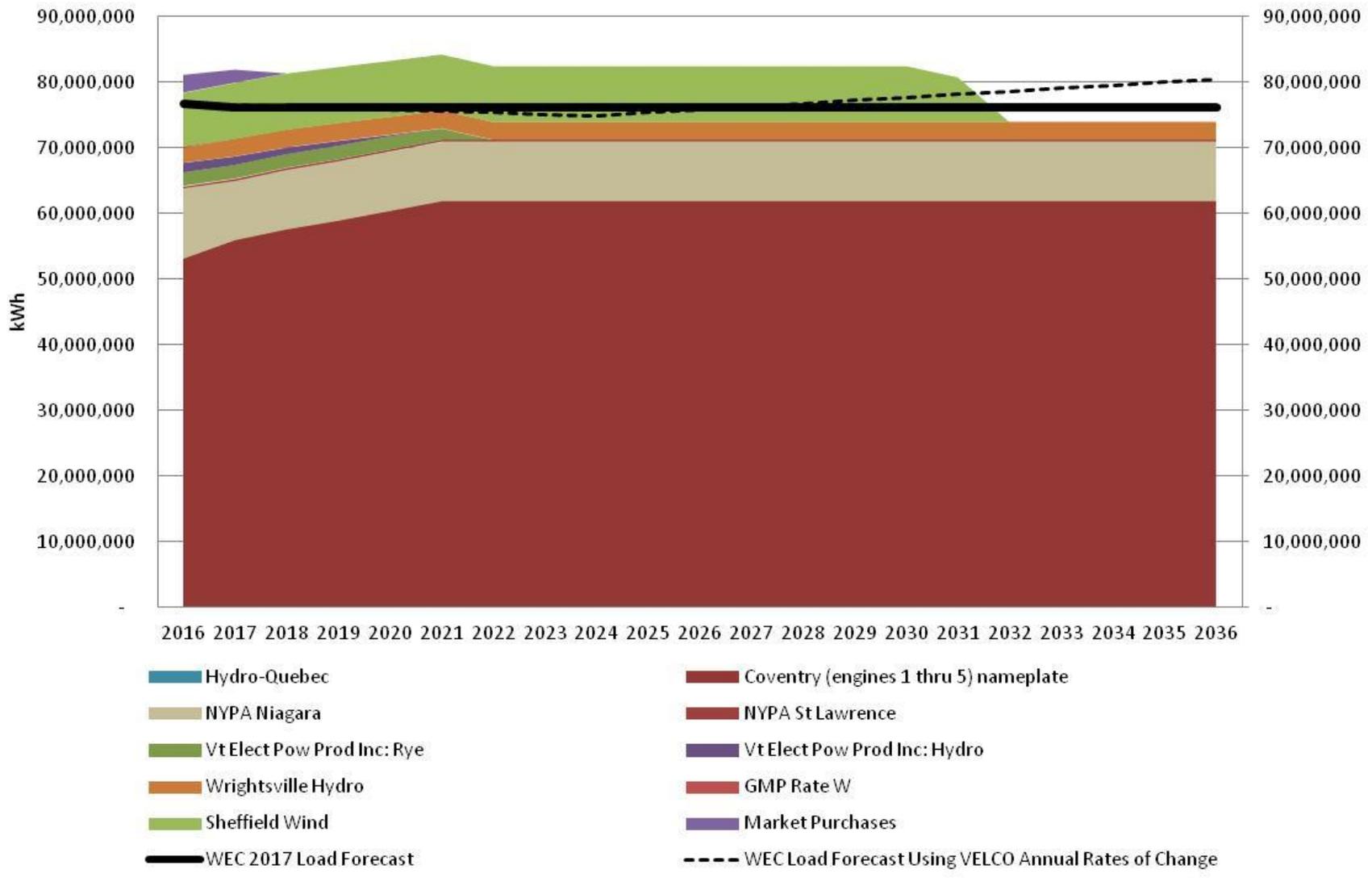
- Very rural and little commercial base
 - WEC 8 members per mile
 - GMP is 20 customers per mile
 - BED 87 customers per mile
- WEC largest cost driver is infrastructure (wires, poles, substations, etc)
 - Power Supply Costs ~ 8.2 cents/kWh
 - All other costs ~ 10.8 cents/kWh
- Average residential user ~ 500 kWh per month (12% less than statewide avg)

2016 WEC Sources of Power (Before REC Sales)



WEC sells Renewable Energy Credits (RECs) associated with energy produced at Coventry and Sheffield Wind. However, WEC purchases sufficient RECs to green back up its power mix making it 100% renewable.

WEC Energy Position Load vs Resources



About WEC

- WEC supports renewable power (100% renewable)
- Local Resources and Investments
 - Coventry \$16M
 - Wrightsville \$3.2 M
 - Sheffield Wind \$572K per year
 - Small Vermont IPP's \$380K per year
- Dollars stay in the VT Economy (multiplier effect)
- Early Leader in Net Metering (11% of Peak)
- Early adopter of Energy Efficiency since 1991
- Tier 3 Act 56 Weatherization Focus

Questions & Thank You

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