

Senate Finance Committee
Washington Electric Cooperative

February 23, 2018

Patty Richards

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)
 - 66,000 MWH Retail Sales Annually
 - 1.3% of State Load
 - 10,800 meters/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



About WEC

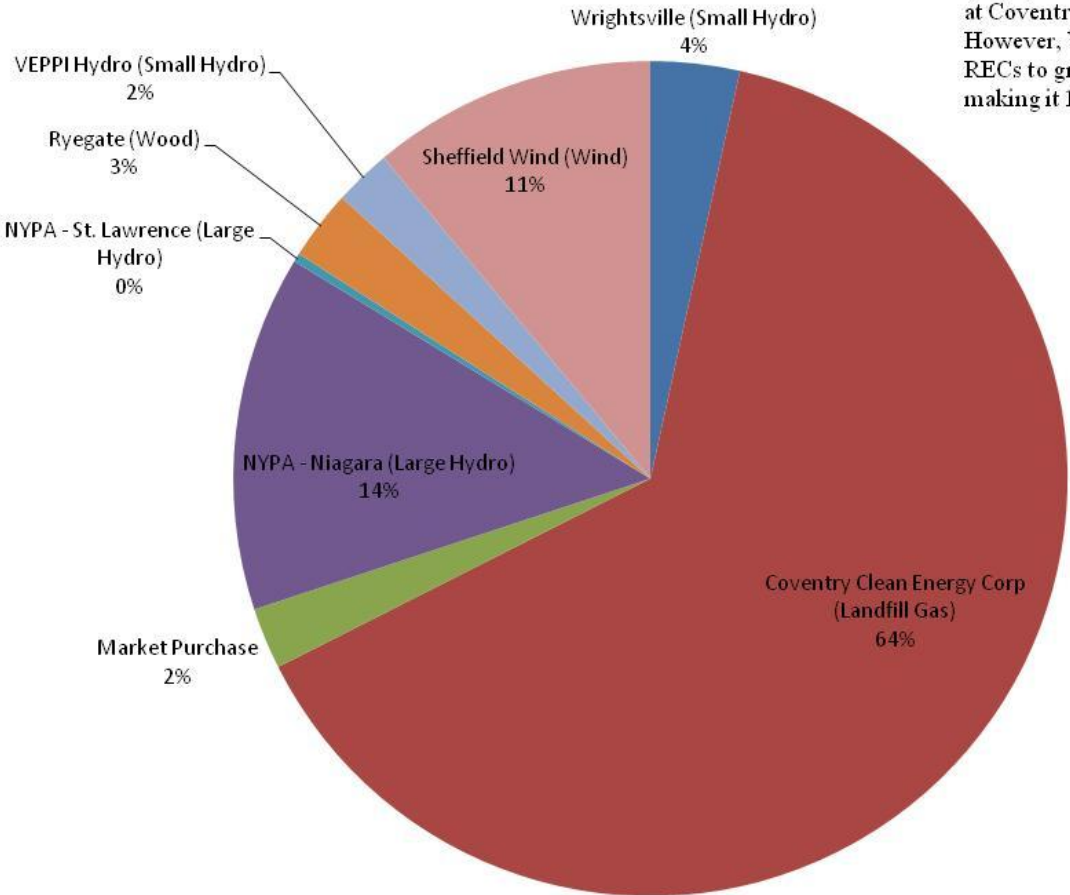
- Very rural and little commercial base
 - WEC 8 members per mile
 - GMP is 20 customers per mile
 - BED 87 customers per mile
- WEC largest cost driver is infrastructure (wires, poles, substations, etc)
 - Power Supply Costs ~ 8 cents/kWh
 - All other costs ~ 11 cents/kWh
- Average residential user ~ 500 kWh per month (12% less than statewide avg)

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 by 2014)
- Early adopter of Energy Efficiency since 1991
- Tier 3 Act 56 Weatherization Focus

WEC is 100% Renewable

2017 WEC Sources of Power
(before REC sales)



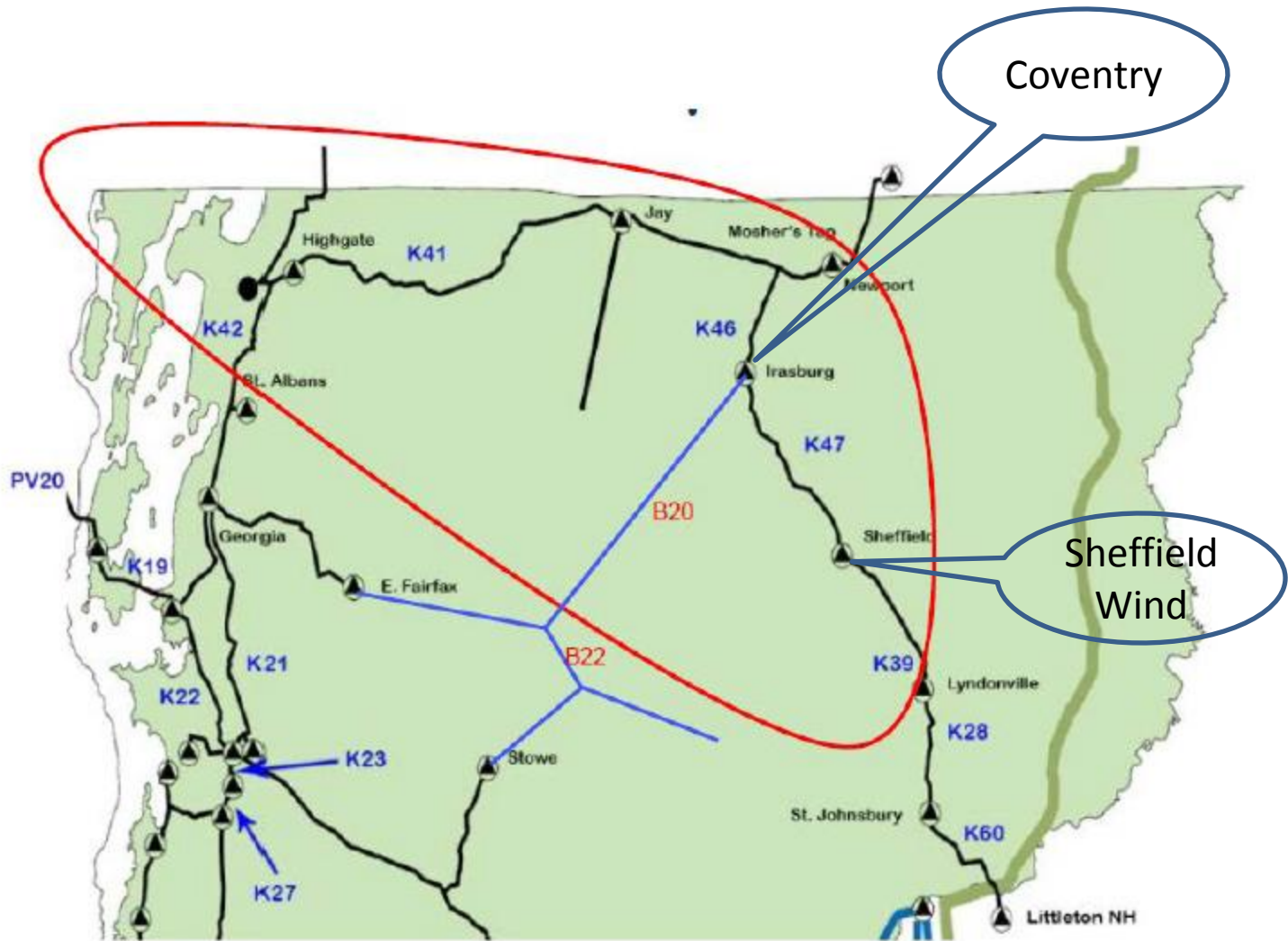
WEC sells Renewable Energy Credits (RECs) associated with energy produced at Coventry and Sheffield Wind. However, WEC purchases sufficient RECs to green back up its power mix making it 100% renewable.

Sheffield Highgate External Interface (SHEI)

- Grid Bottlenecks
 - Thermal
 - Voltage
- Too much Generation
- Too little Load

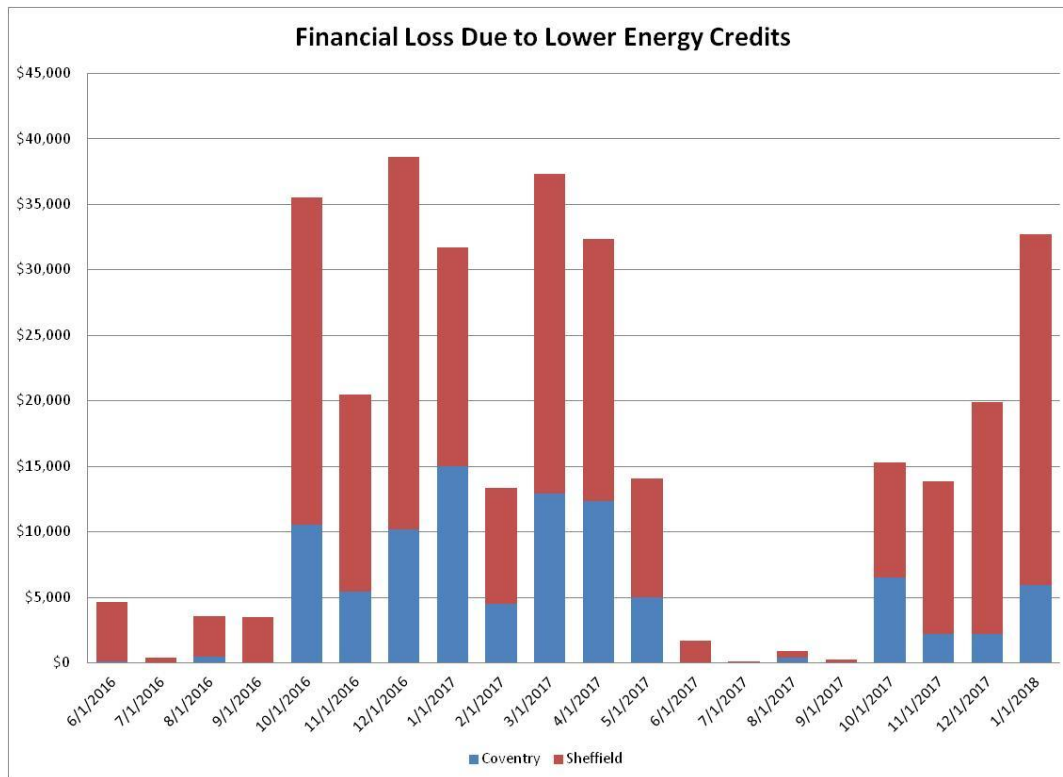
SHEI Impact to WEC

- 75% of WEC's power portfolio located in SHEI
 - Coventry Landfill Gas to Energy 8 MW
 - On line 2005
 - Connects at Irasburg Substation to VELCO
 - 64% of WEC's 2017 energy production
 - Sheffield Wind 4 MW out of 40 MW project
 - On line 2011
 - Connects at Sheffield Node to VELCO
 - 11% of WEC's 2017 energy production



Financial Loss Significant

- 2016 \$106,598 Loss (7 months)
- 2017 \$180,741 Loss (12 months)
= 1.3% Rate Impact and Growing



What is WEC Doing

- Working with VELCO and other VT Electric Utilities to identify problems and solutions
- Transmission System
 - Working to identify infrastructure changes needed to fix issues
 - Transmission upgrades
 - Identify Cost of Upgrades
 - Who will pay? ==> Vermont rate payers
- Additional generation in SHEI will worsen issues
- Intervening in generation applications for CPGs 500 kW and greater

Comments on S.115

- Two major issues
 - Curtailment
 - Depressed Wholesale Prices
- Legislation addresses curtailments
- Add wholesale energy price suppression
- If new generation can demonstrate no impacts to curtailment or price suppression then we are okay

Questions & Thank You

Patty Richards 802-224-2324
patty.richards@WEC.coop