

Washington Electric Cooperative

Senate Natural Resources & Energy

Committee

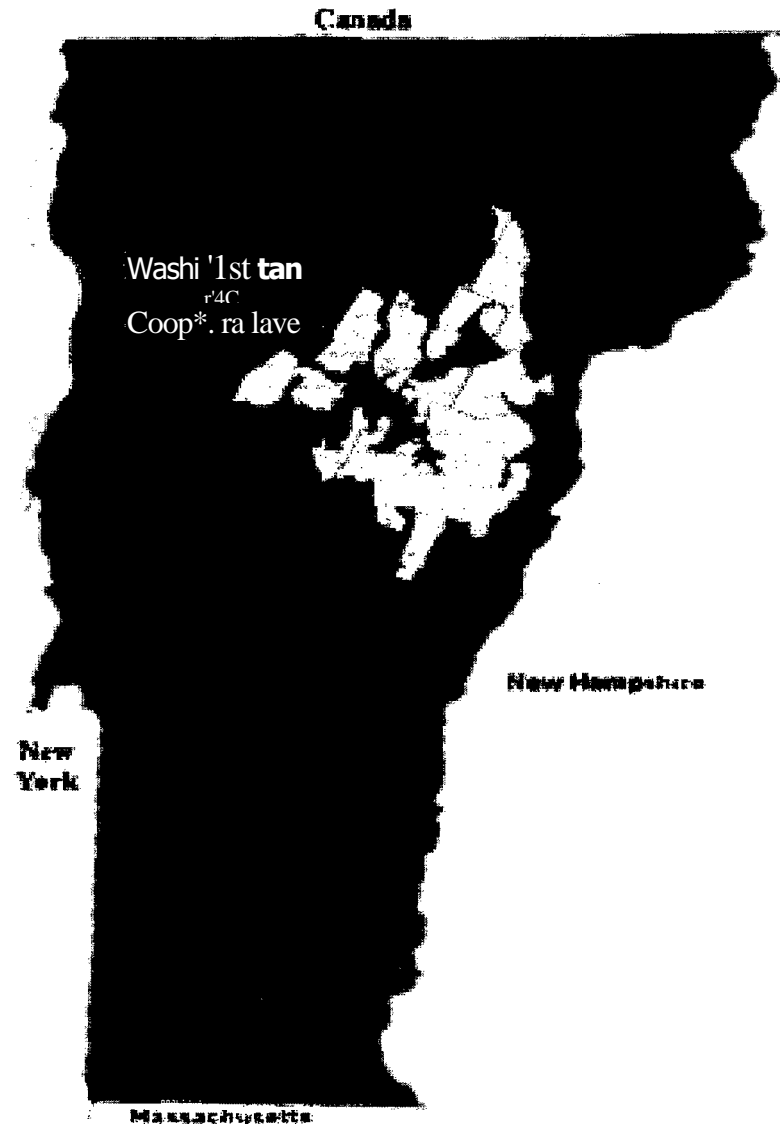
(Amended Version)

February 17, 2017

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)
 - 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

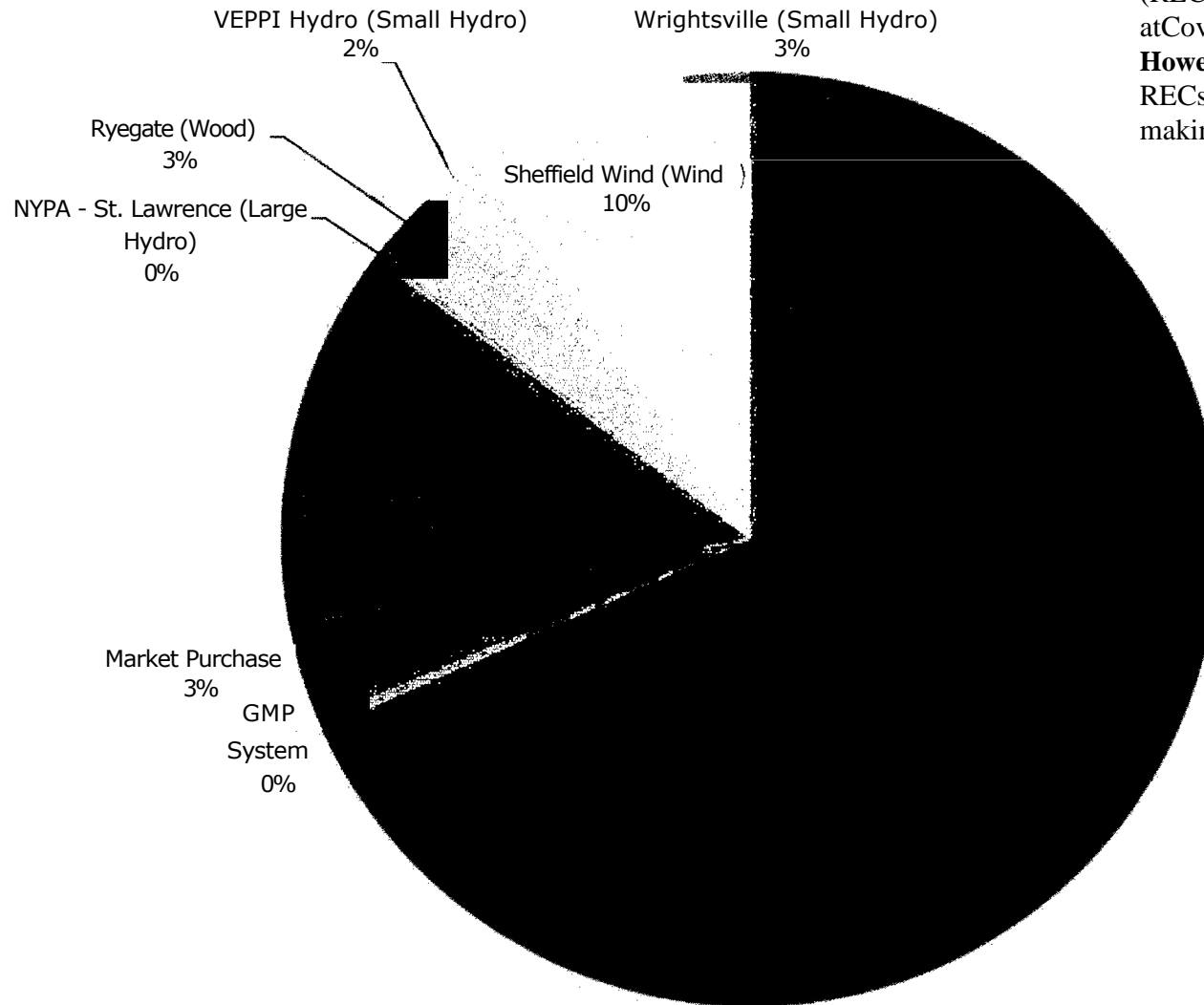
- **Projects installed before January 1, 2017**
 - **255 Members Net Metering**
 - **1,661 kW**
 - **11% of WEC Peak**
 - **2.7% of Retail Sales**

- **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

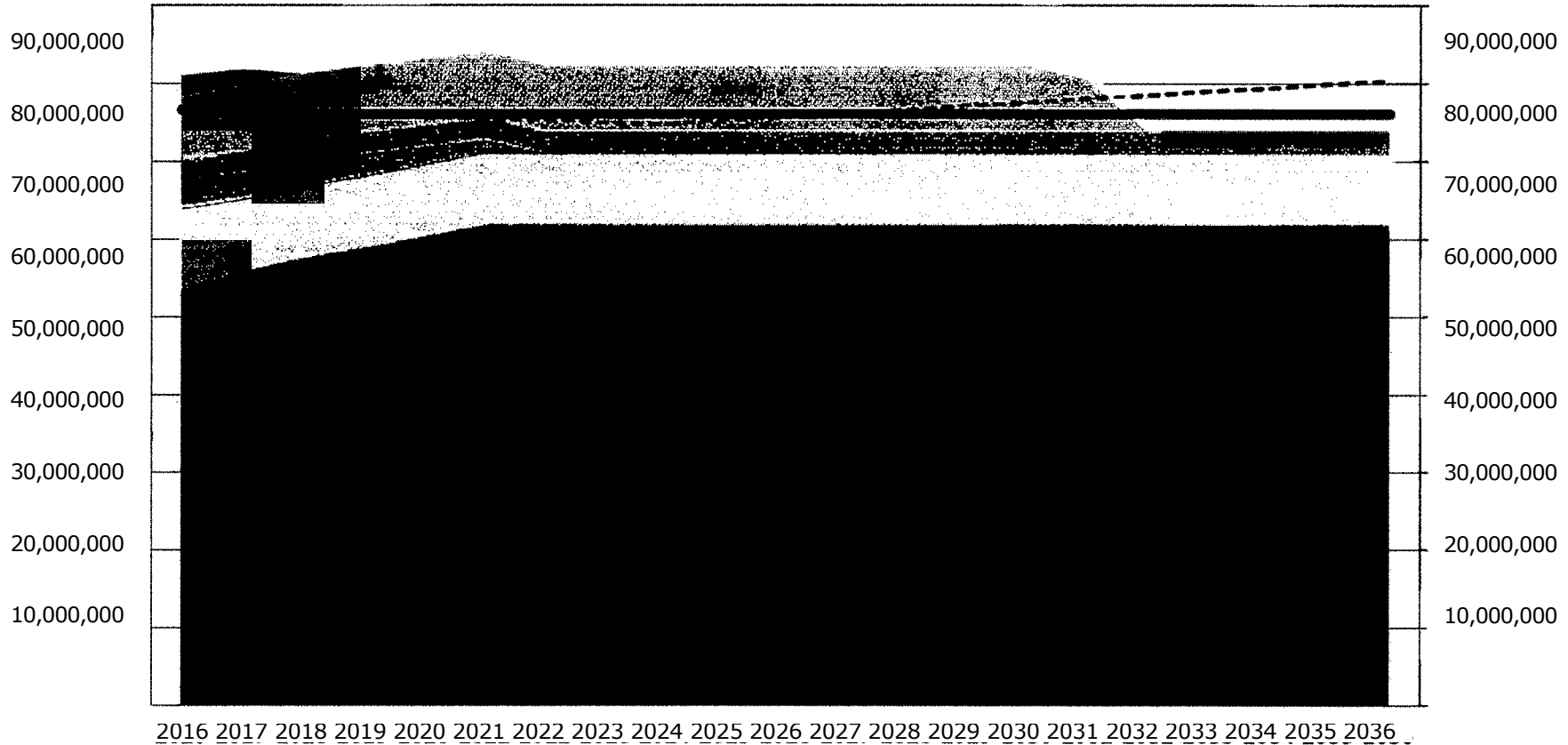
- **Very rural and little commercial base**
 - WEC 8 members per mile**
 - GMP is 20 customers per mile**
 - BED 87 customers per mile**
- **WEC largest cost driver is infrastructure (wires, poles, substations, etc)**
 - Power Supply Costs — 8.2 cents/kWh**
 - All other costs — 10.8 cents/kWh**
- **Average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

2016 WEC Sources of Power (Before REC Sales)



WEC sells Renewable Energy Credits (RECO 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



MINN Hydro-Quebec **BMW**
 NYPA Niagara Ian Vt Elect
 Pow Prod Inc: Rye NEM
 Wrightsville Hydro
 Elm Sheffield Wind
mismigi•WEC 2017 Load Forecast

=OIII Coventry (engines 1 thru 5) nameplate

IMMO NYPA St Lawrence

Vt Elect Pow Prod Inc: Hydro

GM P Rate W

NIES Market Purchases

WEC Load Forecast Using VELCO Annual Rates of Change

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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