



## **Vermont Electric Cooperative, Inc.**

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### **Testimony to House Energy & Technology– March 20, 2020**

#### **H. 573 –An act relating to allowing municipal and cooperative utilities to offer innovative rates and services**

##### **Andrea Cohen, Manager of Government Affairs and Member Relations**

Thank you for the opportunity to comment on H. 573 - An act relating to allowing municipal and cooperative utilities to offer innovative rates and services. VEC supports the bill and the opportunities for rate design flexibility that will help us achieve our goals of ensuring cost effective safe, cost-effective, reliable, and environmentally responsible electric service.

#### **About VEC**

VEC is a member-owned, not-for-profit cooperative, serving approximately 32,000 members. Our service territory is rural and relatively low-income. Forty-three percent of VEC's residential members are on fixed incomes, another 14 percent are unemployed or work less than full-time, leaving only 44 percent working full-time. In addition, VEC serves eight of the top ten Vermont towns, and three of the top five counties, with the highest poverty levels. The majority of the towns identified as having the highest energy burden in the October 2019 Vermont Energy Burden Report are towns served by VEC.

#### **VEC's Implementation Successes**

Because of the high concentration of low income members, VEC strives to implement least-cost principles in every decision we make, including how to increase the portion of renewable and low carbon energy in our power supply portfolio. In 2019 the energy VEC purchased was from projects that were approximately 70 percent renewable and 85 percent carbon free. After REC purchases and sales, VEC's power supply was 55 percent renewable and 74 percent carbon free.

VEC has exceeded its Tier III energy transformation requirements in all three of the initial years of the Renewable Energy Standard and has done so cost-effectively by strategically investing in energy transformation projects. VEC's Tier III programs have helped members reduce fossil fuel consumption by over 3.5 million gallons, which is the equivalent of taking about 5,700 cars off the road for a year.

Another example of a cost-effective approach has been demonstrated in VEC's Co-op Community Solar Program, which is part of VEC's Tier II portfolio. In this program we are able to deliver cost-effective, local renewable energy without an associated cost shift. (See attached Co-op Community Solar Program summary). Co-op Community Solar was 60 percent less expensive than net metered energy at the time the cost was negotiated, and even with the changes to net metering rates, Co-op Community Solar is still 40 percent less expensive than net metering.

### **Time of Use (TOU) Rates**

TOU rates can be an effective tool for shifting load and giving members more control over their usage and monthly electric bill. Since January 1, 2017 VEC has offered a pilot TOU rate available for both residential and small commercial members who participate in the Tier III program. As of October 1, 2017, we also have a pilot TOU rate available for larger commercial members participating in Tier III initiatives. These pilot rates are optional rather than mandatory so that members who may not want to be charged a TOU rate are not discouraged from participating in the Tier III program. Currently, four large commercial, three small commercial, and seventeen residential members have opted to participate in the pilot TOU rate.

### **Flexible Load Programs**

VEC has recently added a flexible load program, which offers members incentives to reduce usage during peak events. Members who have Level 2 electric vehicle chargers that are compatible with VEC's communications platform can enroll their charger in the program. When VEC anticipates a monthly or annual peak, the communications platform requests that the charger shut down and participants receive a monthly bill credit. The advantage of this approach is that it allows VEC full flexibility in when to call peaks rather than adhering to a set schedule like a TOU rate does. It is also much easier to implement than a device-specific rate.

### **Conclusion**

Tackling the challenges of the future will require us to adapt and learn quickly. VEC appreciates legislation and policy that encourage innovation, pilot programs, and regulatory flexibility, which enables us to become more nimble and responsive within the traditional utility structure. We can build on the success of programs like Co-op Community Solar, energy transformation and flexible load to continue to add value for individual members in a way that benefits the entire cooperative.