S. 267 Opportunities

Vermont's electricity sector is low carbon and getting cleaner. The top two sources of carbon pollution in Vermont are transportation and heating. To make carbon progress, switching from fossil fuels and electrifying will help cut carbon and costs for all Vermonters. Driving up the price of electricity will harm the state's carbon reduction goals and harm Vermonters. We can achieve a clean energy future, getting to 100% renewable, and provide a sustainable path for the customers we serve.

The bill as proposed increases costs unreasonably and limits flexibility needed to manage the grid and rates effectively:

Tier 1 should move to 100% if it does not impose limits on large hydro:

- GMP supports Tier 1 at 100% but it should not restrict our ability to do it cost effectively and reliably for customers by putting limits on large hydro power that put Vermonters at a disadvantage:
  - Large hydro provides an important role as baseload power backing more intermittent resources such as wind and solar.
  - Other states are putting in requirements that will mean they will be competing for existing renewable and clean energy supplies, including large hydro resources. Limiting supply options puts Vermont at a competitive disadvantage that will directly drive up costs for Vermonters.

Doubling Tier 2 as proposed without flexibility will significantly increase costs for Vermonters:

- As drafted S.267 would not change our current nearly all-solar path, and we would have over 1200MW of solar by 2032 – far in excess of Vermont's peak demand which is less than 900 MW
- This equals about $350M - $750M of extra net costs[1] for just GMP customers over 10 years as follows:
  - $150 - $250M of added power costs to meet the additional 10% of Tier 2 as proposed
  - $150 - $500M of costs related to Transmission System Upgrades (see table)
- This is in addition to other state policy driven costs that will be paid for by customers:
  - ~$400M due to net metering over the next 10 years

Transmission Upgrade Scenarios			
	High	**Med**	**Low**
Potential Transmission Upgrade Costs	$500M	$300M	$150M
GMP Cost to Customers (Annually)	$50M	$30M	$15M

[1] Net costs mean the total cost of a power source, less the estimated value of its output to Vermont utility buyers.

Sustainable solutions for customers:

Create Tier 2 flexibility by adding a 10% New Renewable requirement for a 20% total:

- We recommend keeping intact the current Distributed Renewable Generation requirement and adding to it **another** 10% new renewable requirement within Tier 2. This structure will be progressive, won't go backwards on small-scale instate generation, and will still support hundreds of MW of additional instate generation by 2032.
    - The new renewable 10% addition will help us make sure we are more aggressive on carbon and will also meet the original purposes of the RES bill to help grid costs/constraints, avoid upgrades, and support diversity (see 8005(a)(2)(A)).
    - This additional 10% requirement would be for new renewable projects of multiple types and sizes, located in Vermont or elsewhere in New England. This would allow for diversity of resources within this category while making significant carbon progress, at significantly lower overall cost than would be required using only instate distributed renewables.
    - This would also allow for striking subsection 8005(a)(2)(D) so that the entire existing 10% distributed renewable generation requirement would be 5 MW and less; anything larger would only count to the additional 10%. This would create flexibility for more progress within Tier 2 without any backslide.