

TO: House Committee on Environment & Energy
FROM: Peter Sterling, Executive Director, REV
Ben Edgerly Walsh, Climate & Energy Program Director, VPIRG
RE: Response to testimony by VTDPs on RES Reform
Date: February 1, 2024

DPS' Jan. 30 testimony inflated the estimated cost of the Renewable Energy Standard framework contained in H.289, and underrepresented the estimated cost of the Department's own proposal. Both proposals are grounded in delivering affordable, reliable, renewable energy to Vermonters. The approach in H.289 however takes into consideration the context of Vermont's wide variety of utilities, and does so in a way that will delivery far more new renewable energy to Vermonters than the Department's proposal.

The Department's testimony contained two inaccurate figures related to the potential cost of H.289: H.289 would result in \$500m in transmission upgrade costs and H.289 would result in another additional \$500m in ratepayer costs from purchasing higher cost renewables. Both of these figures are out of line with the actual expected costs of the consensus RES agreement outlined in H.289.

DPS testified that the additional transmission upgrade costs of moving to 20% Tier 2 would be "approximately \$500 million" or one third of VELCO's \$1.4 billion estimate from its recent study – **a number unfounded in the data and conclusions from the study.**

VELCO's estimate includes distribution upgrades necessary to support beneficial electrification regardless of whether Tier 2 is increased or not, and presumes the absence of any tools or policies to mitigate these costs such, as avoiding congested transmission areas, load shifting or curtailment.

The VELCO estimate also derived from how much transmission would be required to accommodate 1300 MW of solar (VELCO's estimate of solar deployment necessary to achieve 20% Tier 2) on a sunny spring weekend, when wind, solar, and hydro production are at their theoretical maximums and demand is at a minimum – again without any other measures to mitigate stress on the transmission system.

We believe VELCO's report is very valuable for understanding stressors on the transmission system but was not designed to model the most cost-effective method for integrating high solar penetrations.

Finally, DPS made an apples-to-oranges comparison to suggest that their proposal to increase Tier 2 to 15% would not result in any upgrade costs. This appears to be based on VELCO's "optimized solar scenario" which shows that just over 1000 MW of optimally sited solar could be added to the grid with no additional transmission upgrades required.

Thus, DPS assumes optimal siting for their proposal to increase Tier 2 but near worst case scenario costs for siting Tier 2 solar in H.289.

DPS' testimony attributed \$500m in additional energy costs to ratepayers between 2025 and 2035 from the reforms in H.289 by drawing inaccurate renewable energy costs projections from their modeling in Scenario 2.

When REV input the specific requirements of H.289 into DPS modeling for Scenario 2, we found ratepayer impacts are closer to \$350 million. However, DPS' model does not capture all of the mechanisms in H.289 that help contain costs, meaning even that lower number overestimates the rate impacts of H.289 in the context of their model.

Cost saving measures missing from DPS modeling are:

- enabling some older in state hydro facilities to qualify for Tier 2,
- allowing all utilities except for GMP to reduce their Tier 2 obligation to account for the energy from older net-metering projects, and
- additional reductions in net metering compensation expected from future PUC reviews of the program.

Additionally, the DPS model does not capture the impact of current and expanding technologies that are likely to increase the value of renewable generation including:

- Battery storage - GMP has already demonstrated that residential storage can be utilized to simultaneously provide reliability benefits to customers and peak shaving benefits for GMP benefiting all ratepayers
- Load flexibility - examples include EV charging that can be flexed from minute to minute or hour to hour to better utilize low-cost renewable electricity

It is also worth restating that the DPS proposal for RES reform reduces costs primarily by:

1. Eliminating residential net metering for all intents and purposes.
2. Relying on nuclear power.
3. Bringing on less new renewables than called for in H.289.