



TO: House Committee on Energy and Digital Infrastructure

FROM: Shana Louiselle, Communications Manager, Vermont Electric Power Company

DATE: October 30, 2025

SUBJECT: Overview of federal funding impacts, emerging trends, and regional outlook

Madam Chair and members of the Committee:

Thank you for the opportunity to speak with you today. My name is Shana Louiselle, and I serve as Communications Manager at VELCO — Vermont's electric transmission utility operator and planner.

VELCO's role is to plan, design, construct, and operate a safe, reliable, secure, and affordable transmission grid for Vermont. Every three years, we update our 20-year long-range transmission plan, reflecting our long-term perspective. While administrations and policies may change, our commitment to grid reliability, affordability, and security remains constant.

My comments today will provide a high-level view of how federal policy shifts and funding changes are affecting VELCO and Vermont's energy landscape, what trends we're seeing regionally, and considerations for the Legislature as you prepare for the 2026 session.

Impact of Federal Policy and Funding Changes

We are grateful that recent federal policy changes have had limited *direct* impact on VELCO's operations, however we anticipate some ripple effects across the energy research and innovation landscape in the near term.

As you have heard, the U.S. Department of Energy rescinded nearly a billion dollars awarded of grants across the utility space this year. I am pleased to report that funding awarded to support a VELCO project remains in place. VELCO, in partnership with the Electric Power Research Institute —EPRI— was awarded a \$13 million federal grant through the Grid Resilience and Innovation Partnerships (GRIP) Program. This funding supports the installation of a SmartValve, an *Advanced Power Flow Control* device, on the

PV20 transmission line in Grand Isle, a critical interregional transmission connection to New York.

This SmartValve device, part of a family of technologies known as Grid Enhancing Technologies, or GETs, allows us to control the flow of electricity across the line, improving efficiency and extending the life of VELCO's Sandbar Phase-Shifting Transformer. In simpler terms, it helps us move power across the system more intelligently, maximizing the use of existing assets rather than building more costly infrastructure. We expect the project to be in service by mid-2027.

I will share, the DOE informed all GRIP grant participants that activities tied to Diversity, Equity, and Inclusion (DEI) and grant-specific Community Benefits Plans (CBP) — including Justice40 provisions — must cease. Any costs incurred for those activities after January 27, 2025, are no longer reimbursable.

While this change does not create a financial burden for VELCO — since we had not yet incurred such expenses — it does illustrate how quickly federal policy shifts can affect project execution and partnerships. We had developed a thoughtful Community Benefits Plan with local partners focused on ensuring that federal investments deliver shared value for Vermonters, including workforce opportunities and local engagement. This benefit is now canceled under current federal mandate.

More broadly, this policy change, along with other federal budget adjustments, is affecting national labs and research partnerships across the country. Several labs, including Pacific Northwest National Laboratory and the National Renewable Energy Laboratory, are seeing staff reductions and funding uncertainty. As a result, research and development projects like our planned collaboration with the University of Illinois Chicago on grid reliability and automatic damping technology (the GRADIENTS project) are likely to be delayed.

Even with this uncertainty, VELCO's partnerships with our research and development collaborators remain strong, and we remain committed to continuing our work to advance innovation in Vermont's energy landscape throughout this period of rapid energy transformation.

Emerging Trends and Regional Outlook

The transmission planning landscape across New England is in a time of rapid evolution. The regional interconnection queue at ISO New England is now dominated by renewable and storage projects — solar, wind, and batteries — reflecting the region's collective decarbonization goals. At the same time, offshore wind development faces significant headwinds, with several projects delayed or halted, a challenge for New England where offshore wind is central to clean energy and grid reliability objectives.

This year, ISO-New England administered its first “cluster study,” analyzing new generator interconnection requests in groups to more efficiently assess grid impacts and shared transmission upgrades. Replacing the previous “first-come, first-served” approach, the new “first-ready, first-served” methodology, required by FERC Order 2023, aims to reduce the interconnection queue backlog and study delays. The approach provides VELCO and other New England transmission owners a more holistic view of project impacts, supporting long-term planning and reliable grid integration and should get projects commissioned faster.

Meanwhile, the Northeast Clean Energy Connect (NECEC) line, bringing hydropower from Québec to New England through Maine, is nearing completion. While the energy will be purchased by Massachusetts, the increased transfer capability between New England and Québec benefits the entire region, including Vermont, by enhancing system flexibility and resilience.

VELCO is also closely monitoring regional planning initiatives, including the Longer-Term Transmission Planning (LTP) process led by the New England States Committee on Electricity, commonly known as NESCOE, and ISO-New England. This process allows for regional approval and funding of large transmission projects that build the grid we need for reliability and support achieving state energy policy goals. The first RFP focused on the Maine–Massachusetts interface, and additional solicitations are expected over the next two years, potentially including Vermont’s northwest region. Similarly, the Northeast States Collaborative on Interregional Transmission recently issued its first request for candidate projects that would increase interregional transfer capacity between ISO New England, NY-ISO, and PJM. These efforts underscore the region’s growing recognition that both local and interregional transmission are essential to achieving clean energy and reliability goals.

On the affordability front, asset maintenance costs continue to rise sharply across New England. Regionally funded asset condition projects are critical to grid reliability, and VELCO replaces aging infrastructure on a predictable, efficient schedule. We pursue regional funding only for projects that are essential and justified, ensuring Vermonters benefit from a reliable and affordable electric system. There is continued concern that other New England Transmission Owners do not support the same ethos when proposing projects for which all of New England’s electric customers must contribute. After more than a year of deliberations amongst all regional stakeholders, ISO-New England is implementing a new Asset Condition Reviewer role that will review these projects for need and appropriateness of solution before they are presented for regional funding consideration. As the development of the asset condition reviewer continues to take shape, VELCO will remain an outspoken voice at the New England Transmission Owner

table, advocating for transparent and responsible approaches to reliability investments. It's important for us to note the critical role the Vermont Department of Public Service has played in strengthening this work throughout the other New England States. Encouragingly, we feel the New England Transmission Owners are beginning to align with these affordability priorities, and the Asset Condition Reviewer role will help establish a consistent approach across New England.

In summary, VELCO remains focused on the long-term health of Vermont's transmission system. While policies, projects, and funding landscapes may shift, our commitment to planning, reliability, affordability, and innovation ensures that Vermont's grid is prepared for the challenges and opportunities of the next 20 years and beyond.

Thank you for the opportunity to share this update. I welcome your questions.