

1 STATE OF VERMONT  
2 PUBLIC UTILITY COMMISSION

3 CASE NUMBER 18-2820-INV  
4

5 INVESTIGATION TO REVIEW THE AVOIDED COSTS  
6 THAT SERVE AS PRICES FOR THE STANDARD-OFFER  
PROGRAM IN 2019

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9  
10 September 10, 2018  
9:30 a.m.

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12 112 State Street  
Montpelier, Vermont

13  
14 Workshop held before the Vermont Public  
15 Utility Commission at the Susan M. Hudson Conference  
16 Room, People's United Bank Building, 112 State Street,  
Montpelier, Vermont on September 10, 2018, beginning at  
9:30 a.m.

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18 P R E S E N T

19 Staff: Mary Jo Krolewski, Utilities Analyst  
20 Micah Howe, Staff Attorney  
21 Kyle Landis-Marinello, General Counsel

22  
23 CAPITOL COURT REPORTERS, INC.  
24 P.O. BOX 329  
BURLINGTON, VERMONT 05402-0329  
(802/800)863-6067  
25 Email: info@capitolcourtreporters.com

P R E S E N T

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Carolyn Alderman, VEPP, Inc.  
Owen J. McClain, Sheehey, Furlong & Behm  
Ed McNamara, Public Service Department  
Maria Fischer, Public Service Department

1           MS. KROLEWSKI: Good morning. This is a  
2 Workshop in Case No. 18-2820-INV which concerns an  
3 investigation to review the avoided costs that serve as  
4 prices for the standard-offer program in 2019. I'm  
5 Mary Jo Krolewski. The Commission has appointed me  
6 hearing officer in this matter, and with me is Micah  
7 Howe. Why don't we just go around the room and have  
8 everybody introduce themselves for the record?

9           MR. McNAMARA: Sure. Ed McNamara for the  
10 Department of Public Service.

11           MS. FISCHER: Marie Fischer with the  
12 Department of Public Service.

13           MS. ALDERMAN: Carolyn Alderman, VEPP, Inc.

14           MR. LANDIS-MARINELLO: Kyle Landis-Marinello,  
15 Commission.

16           MR. McCLAIN: Owen McClain for Green Mountain  
17 Power.

18           MS. KROLEWSKI: Great. So the purpose of  
19 today's workshop was to discuss the proposals made with  
20 regard to the avoided costs for 2019, and we got two  
21 proposals to basically not change the costs or the  
22 price caps that were set the previous year. I don't  
23 know if there's anybody else here who, who opposed or  
24 who suggested something different, but maybe just,  
25 just, I have one question sort of with regard to the

1 Department's proposal.

2 So you talked a little bit about your review of,  
3 of some of the changes that were made with regard to,  
4 you know, in the past year there's been changes to both  
5 the tax code and there's been some tariff changes with  
6 regard to solar panels, and I'm just wondering why you  
7 thought that there didn't need to be a review of the  
8 solar price cap at this time. Just maybe you can  
9 expand on your comments a little bit since I have you  
10 here.

11 MS. FISCHER: Yeah. I think that the  
12 inclination was that a lot of those changes would be  
13 offsetting. The price of the panels has come down a  
14 bit despite the tariff imposition, and the solar block  
15 seems to get enough participation that the results are  
16 competitive, and so the price cap doesn't really come  
17 into too much play, and so we thought that the results  
18 were kind of indicative, probably, of the actual costs.

19 MS. KROLEWSKI: And, and, for the most part,  
20 I would kind of agree that we, we have a, a decent  
21 amount of competition in the solar price cap, although  
22 not always in the provider block section. Do you have  
23 any concerns about that part of the, the equation or  
24 just when, when it comes to that price gap?

25 MS. FISCHER: Um, yeah, I think that that's a

1 valid concern. We don't have as much visibility into  
2 the true cost to build as some of the actual providers,  
3 and, just the size of it, it seemed like diminishing  
4 returns to do the full, the full-blown analysis on the  
5 price.

6 MR. McNAMARA: The other thing I would point  
7 out, too, is that provider block projects tend to be  
8 significantly smaller in size, more on the order of, I  
9 think it's like 400 kilowatts or so. Does that sound  
10 right, maybe 500?

11 MS. ALDERMAN: They vary between -- the  
12 average is about 500, but the most recent one that was  
13 put in by VPPSA this year, 1861 Solar, is actually  
14 almost a megawatt, but they are generally smaller.  
15 That's the largest one that's been submitted.

16 MR. McNAMARA: Yeah, okay.

17 MS. KROLEWSKI: So, yeah, you're suggesting  
18 that some of that, the difference in price might be  
19 reflected by the fact that they might be smaller  
20 projects compared to the 2.2 --

21 MR. McNAMARA: 2.2, yeah.

22 MS. KROLEWSKI: -- 2.2 that are in the  
23 developer block? And, this year, is the provider  
24 block, do you know off the top of your head what the  
25 provider block amount will be?

1 MS. ALDERMAN: I have to look at it. It does  
2 go up to 10 megawatts this year so this is our first  
3 year. So I have to go back and look. I don't know off  
4 the top of my head, but it will go up.

5 MS. KROLEWSKI: Yeah, all right. Because  
6 it's a certain percentage of 10 megawatts?

7 MR. McNAMARA: Yeah.

8 MS. KROLEWSKI: So we might see bigger  
9 projects this year, potentially, in the provider block.  
10 All right. Did anybody have anything else they wanted  
11 to add? No? Okay. So, just as a reminder, the  
12 schedule calls for reply comments on September 24th,  
13 and, you know, the schedule, as written, sort of  
14 envisioned maybe that we would have more significant  
15 comments. So, you know, depending on what the reply  
16 comments are, I would expect us -- probably shouldn't  
17 even commit to this -- but I would expect us to have an  
18 order much earlier than December 2nd if we, if we get  
19 the same line of commentary that we got in the initial  
20 proposal.

21 But and then, I think, just for a process matter,  
22 with regard to the standard-offer program, I think also  
23 the Commission is envisioning trying to get out the RFP  
24 shortly after the, the order that goes out on the price  
25 caps. So the deadline for the RFP, though, would still

1 be the April 1st. It's just more to have people have  
2 notice of what the program is going to look like for  
3 2019.

4 I think either we're going to have an order  
5 announcing that we're releasing an RFP sort of earlier  
6 than we might typically do it. You know, in the past  
7 we've announced the RFP in March, but the goal here was  
8 to try to get an order out much earlier than that and  
9 so people can mull over the RFP longer, for a longer  
10 period of time, and that's just about trying to  
11 encourage as much projects as we can in some of the  
12 other categories.

13 MR. McNAMARA: Can I ask a question about  
14 that?

15 MS. KROLEWSKI: Yeah.

16 MR. McNAMARA: I'm sorry. This is a  
17 different docket, but the generic docket on  
18 standard-offer, one of the questions from the PUC was  
19 potential improvements to the standard-offer program.  
20 Should, if you have, if you're able to convey this,  
21 those comments and the reply comments and all that, I  
22 think, are due later in October by the time we get all  
23 the reply comments in. At least from the Department's  
24 perspective, we were thinking, in terms of improvements  
25 to standard-offer, some of those were going to be

1 reasserting some of the really good ideas Carolyn had  
2 in terms of improving some of the administrative  
3 functions of it. Are you thinking that those comments  
4 are for, like, farther out, 2020?

5 MS. KROLEWSKI: Um, no.

6 MR. McNAMARA: Okay, all right.

7 MS. KROLEWSKI: So, yeah, so you're right.  
8 That, that's right. The timeline on that is, you're  
9 saying, towards the end of October to hear feedback.  
10 So, yeah, we wouldn't -- I wouldn't expect that, you  
11 know, anything with regard to the RFP would be before  
12 that.

13 MR. McNAMARA: Okay.

14 MS. KROLEWSKI: Just so, if the  
15 recommendations in that docket are for some changes to  
16 the, the RFP, that certainly would be considered.

17 MR. McNAMARA: Got it. Okay, thanks.

18 MS. KROLEWSKI: But, in general, the idea is  
19 to try to get the RFP out there before March if we can,  
20 obviously.

21 MR. McNAMARA: Oh, okay. Got it. I was  
22 trying to understand how much sooner you were talking.  
23 Okay, thank you.

24 MS. KROLEWSKI: Yeah, yeah. So maybe, maybe,  
25 because of that docket, we might be anticipating maybe



1 the RFP would be more like a December or January  
2 timeframe, but, but, anyway, the goal is to try to get  
3 things accelerated a little bit, and I think we've  
4 gotten that feedback in the past and haven't been  
5 always able to do that because people were offering so  
6 many changes to the program and so it's taken longer  
7 than we expected.

8 MR. McNAMARA: Thanks.

9 MR. McCLAIN: I just wanted to underscore  
10 GMP's request to have the notice regarding the SHEI,  
11 and I suppose that might not be a price issue and could  
12 be addressed in a different proceeding, but, at first,  
13 it looked like a lot of writing just to say we'd like  
14 the same language in the last.

15 MS. KROLEWSKI: Yeah, I actually did read  
16 your comments, and I would expect that that would be in  
17 the RFP again as well, that we, we wouldn't take that  
18 language out, and, you certainly, you know, we might,  
19 we might reread the language and make some improvements  
20 to it, possibly, but, in general, I would expect it to  
21 be in there, assuming the Commission agrees with me.  
22 All right. Is there anything else? All right. Well,  
23 thanks, thanks for everybody coming.

24

25 (Whereupon at 9:45 a.m. the hearing was adjourned.)

