

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 18-0974-TF

Tariff filing of Green Mountain Power Corporation requesting a 5.45% increase in its base rates effective with bills rendered January 1, 2019, to be fully offset by bill credits through September 30, 2019.

PREFILED SURREBUTTAL TESTIMONY OF
EDWARD MCNAMARA

ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

October 8, 2018

Summary: The purpose of Mr. McNamara’s testimony is to address the status of discussions with the Green Mountain Power Corporation (“GMP”) regarding greater documentation of power supply procurement. Mr. McNamara proposes a process for requiring GMP to consult with the Department of Public Service (the “Department”) and subsequently prepare a regulatory filing that details a more structured process for procuring energy and capacity resources that responds to issues raised by Department witnesses in this case.

Surrebuttal Testimony
of
Edward McNamara

1 **Q1. Please state your name and title.**

2 A1. My name is Edward McNamara. I am the Director of Energy Policy and Planning for the
3 Vermont Department of Public Service (“Department”). My business address is 112
4 State Street, Montpelier, Vermont.

5

6 **Q2. Are you the same Edward McNamara who provided direct testimony in this**
7 **proceeding on August 10, 2018?**

8 A2. Yes.

9

10 **Q3. Please describe the purpose of your testimony.**

11 A3. The purpose of my testimony is to address the status of discussions with the Green
12 Mountain Power Corporation (“GMP”) regarding greater documentation of power supply
13 procurement.

14

15 **Q4. Please describe the Department’s view of GMP’s process and documentation**
16 **associated with procurement of energy, capacity, and Renewable Energy Credits**
17 **(RECs).**

18 A4. As Mr. Dawson sets out in his prefiled direct and surrebuttal testimony, the Department
19 believes that increased transparency and documentation of GMP’s power supply

1 procurement strategies would benefit ratepayers without imposing undue costs or loss of
2 flexibility for GMP.

3
4 Subsequent to the Department's review of Mr. Smith's testimony, Department and GMP
5 staff met to discuss a potential strategy for documenting GMP's power supply
6 procurement strategies. Department and GMP staff have agreed to the following general
7 approach. First, GMP will provide a summary/overview of their procurement strategies
8 in their Integrated Resource Plan to be filed at the end of 2018. This effort will be
9 followed up with the development of more detailed internal documents that discuss the
10 procurement strategies associated with the products that GMP typically purchases, e.g.
11 energy, capacity, RECs, etc. These documents will detail the timing, sequencing, price-
12 points, and the process that is used to make those purchases (e.g. Request for Proposals,
13 broker sheet requests, etc.).

14
15 The Department envisions that these internal documents would differentiate processes by
16 the duration of the purchase, with short-term purchases being less than or equal to five
17 years and long-term purchases being greater than five years in length. Additionally, the
18 internal documents would detail GMP's overall purchasing strategy for each particular
19 product over time, while allowing for flexibility in the pace of transactions depending on
20 the price of the product as well as other factors to be documented. The Department
21 believes that GMP could easily outline circumstances when it may be appropriate for the
22 company to make meaningful deviations from that plan. Finally, GMP could identify the

1 decision points embedded within the processes discuss above and when those points are
2 reached in the process, and would document the decision that was made and why,
3 including supporting analyses. This documentation would allow for the process to be
4 transparent and easy to follow.

5
6 The Department intends to continue these discussions with GMP, and will attempt to
7 provide the Commission with stipulated requirements for the development of power
8 supply procurement strategies that can be incorporated into a final order in this case.
9 Absent such an agreement, consistent with the testimony of Mr. Winn, the Department
10 recommends that the Commission include as a condition of its final order in this case a
11 requirement that GMP make a regulatory filing within 6 months that details how GMP
12 intends to develop a more structured process for procuring energy and capacity resources.

13

14 **Q5. Does this conclude your testimony?**

15 A5. Yes.