Appendix H:
30 V.S.A. § 218e

Manufacturing and 30 V.S.A. Section 218e

In our last IRP, we committed to specifically reviewing how our programs support manufacturing and other businesses in Vermont that support high-paying jobs in the state. 30 V.S.A. § 218e reads:

To give effect to the policies of section 202a of this title to provide reliable and affordable energy and assure the State's economic vitality, it is critical to retain and recruit manufacturing and other businesses and to consider the impact on manufacturing and other businesses when issuing orders, adopting rules, and making other decisions affecting the cost and reliability of electricity and other fuels. Implementation of the State's energy policy should:

(1) encourage recruitment and retention of employers providing high-quality jobs and related economic investment and support the State's economic welfare; and

(2) appropriately balance the objectives of this section with the other policy goals and criteria established in this title.

Currently, GMP Rate 63/65 and Rate 70 are available to large manufacturers. Both rate schedules are time-of-day and demand-billed rate designs that promote the efficient use of electricity and allow manufacturers to minimize demands and schedule use of electricity in order to have a direct impact on minimizing their electric bills. These rates are, under long-established principles of rate design that appropriately account for the different profile of use and utilization of fixed cost resources by these customers, favorable compared to non-commercial rates on a per kWh basis.

GMP also offers three forms of curtailable load management riders which allow manufacturing customers with the ability to respond to GMP notices of peak events and share in the power costs savings that customer load curtailment can produce during these times. This is a version of load control savings that can produce significant benefit for participating customers while also helping lower overall costs of the grid for all customers.

Additionally, GMP continues to offer short-term rate discounts via its Economic Development Incentive Program for eligible customer who meet the ten criteria of that program as outlined in that tariff. Customers who can demonstrate that the incentives caused them to locate or expand manufacturing operations in GMP's service territory are able to receive rates that are 20% lower for four years and 10% lower in the fifth year before they return to full rates at the end of the fifth year.

GMP also notes that the electrification ratemaking policies discussed above, which offer cost-based rate reductions based upon shared savings generated by load control, have a rate-lowering effect for all customers, including our commercial and industrial customers. These measures make a meaningful contribution to fixed and common costs that benefit large users.

Since the last IRP, GMP engaged in a multi-year review with its largest industrial customer, GlobalFoundries, regarding structures that could support its continued operations in Vermont, and as a result of that process agreed to support a Petition that, if approved by the PUC, would allow GlobalFoundries to manage its own electric purchases as a self-supplying utility. GlobalFoundries agreed to a substantial transition fee payment to other GMP customers as a part of a transitional Power Purchase Agreement (PPA) in that transaction, along with a number of other conditions. GMP's support for the Petition is premised upon reducing risk and providing stability for all other customers, because GlobalFoundries comprises about 8% of GMP's retail revenue – meaning other customers could see a significant rate impact if GlobalFoundries were to reduce or eliminate its Vermont operations. Because GMP has a Term Contract presently in place with GlobalFoundries and would enter into a four-year transitional PPA to continue to supply GlobalFoundries as a part of the Petition if approved as it remains pending at the time of this IRP, the outcome of that proceeding does not affect this IRP planning cycle – one way or the other, GlobalFoundries will remain in GMP's power supply and revenue profile through at least the next three years.