

From: Springer, Darren [Darren.Springer@vermont.gov]
Sent: Tuesday, February 24, 2015 8:41 PM
To: pkomline@leg.state.vt.us
CC: Hopkins, Asa
Subject: Numbers you asked for

Hi Representative Komline,

I tracked down some rough estimates on the numbers you asked for regarding Vermont's capacity obligation. As I mentioned Vermont pays a percentage of the total ISO-New England regional capacity cost. Our utilities' responsibility is based on Vermont's peak load share of the region's peak load (that is why when we reduce our peak using efficiency or local renewable energy we can save money for ratepayers).

Our estimated annual capacity market value for Vermont is \$43 million, however they do not pay that price because Vermont's utilities own or contract for much of their own generation which reduces the actual amount of capacity they would buy on the market. This is another benefit of maintaining so-called vertically-integrated utilities as opposed to deregulated states where utilities do not necessarily own and operate their own plants or enter into long-term contracts for power and capacity.

To be clear, when Efficiency Vermont bids some of their energy efficiency projects into the Forward Capacity Market to receive revenue which is dedicated for thermal efficiency in Vermont (part of the estimated \$6 million for thermal that comes from RGGI and Forward Capacity), they are not costing our utilities more. The efficiency projects there have a potential dual benefit because by reducing Vermont's peak they are reducing our utilities' obligations to pay more of the region's capacity charges, and in turn by bidding that capacity into the market and obtaining revenue they are benefiting Vermont customers who can pursue thermal efficiency projects.

I hope I have all of that correct, but just to make certain, I am copying Asa who can chime in to add to this email chain if I missed anything.

Thanks, and hope that is helpful!

Darren
Darren Springer
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