

# Consumer Liaison Group Meeting Summary

## March 13, 2015

### Introduction

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The Consumer Liaison Group (CLG) is a forum for sharing information between ISO New England (ISO) and electricity consumers in New England. The CLG meets quarterly and attracts a diverse group of 75-100 attendees at each meeting. Meetings are open to the public. Participants generally include consumers and consumer representatives (including state consumer and ratepayer advocates), state business and industry associations, chambers of commerce, individual businesses, trade groups, nonprofit organizations, and other end users. Several New England Power Pool (NEPOOL) members and state regulators are also regular, active participants in CLG discussions.<sup>1</sup> The focus is on the concerns and needs of commercial and non-profit electricity end users.

CLG meetings generally follow the same format:

- Opening remarks from a special guest speaker—typically, an industry or business executive, policymaker or regulator—who provides a unique perspective on a particular topic or issue
- A panel discussion, often representing industry, consumer perspectives, the ISO, and regulators, facilitated by a moderator
- A representative from the ISO, who provides an update on regional energy issues and initiatives that have or will be taking place at NEPOOL and ISO stakeholder meetings that can have an impact on electricity prices

The following is a brief summary of the meeting held on March 13, 2015 at the Stoweflake Mountain Resort and Spa in Stowe, Vermont. The topic, special guest speaker, and panelists were selected by the Consumer Liaison Group Coordinating Committee (CLGCC). The meeting summary is intended to capture the discussions that took place at the meeting, but does not necessarily reflect the views of the ISO or the CLGCC.

### March 13: New England and Vermont's Energy Marketplace—Grid Modernization, Supply Diversification, Pricing

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Meeting objective: Discuss recent developments in Vermont and New England's energy marketplace, including ways to reduce the cost of electricity in the state

#### Special Guest Speaker: Christopher Recchia, Commissioner, Vermont Department of Public Service

Commissioner Chris Recchia provided opening remarks, touching on Vermont's many objectives in the energy sector. He noted that 45% of Vermont's electricity is generated by renewable resources, and that the state plans to obtain 90% of its energy from renewable resources across all sectors by 2050. He also touched on Vermont's carbon reduction goals, which seek a 50% reduction in greenhouse gas (GHG) emissions from 1990 levels by 2028 and a 75% reduction in GHG emissions from 1990 levels by 2050 "if practicable using reasonable efforts." Commissioner Recchia stated that Vermont will continue to work cooperatively with the other New England states on energy infrastructure, as Vermont may be host to one or more electric transmission projects to bring renewable energy and large-scale hydropower from northern New England and Eastern Canada to New England load centers.

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<sup>1</sup> NEPOOL is a group formed in 1971 by the region's private and municipal utilities to foster cooperation and coordination among the utilities in the six-state region for ensuring a dependable supply of electricity. Today, NEPOOL members are ISO stakeholders and market participants. More information is available at [www.nepool.com](http://www.nepool.com).

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### Panel Discussion

Meredith Angwin, Director of the Energy Education Project for Ethan Allen Institute, moderated a panel of energy industry representatives including: TJ Poor, Energy Programs Manager for the Vermont Department of Public Service; Douglas Smith, Director of Power Supply for Green Mountain Power; John Goodrich, Vice President of Manufacturing, Power Operations, for Weidmann Electrical Technology, Inc.; and William Driscoll, Vice President of the Associated Industries of Vermont.

TJ Poor discussed proposed legislation in Vermont (House Bill 40) to establish a Renewable Portfolio Standard for the state, requiring increasing percentages of retail electricity sales to be supplied by renewable resources. He also discussed why, unlike the rest of New England, Vermont has not restructured its electric power industry. He stated that the primary reason, referencing Figure 1, is retail rate stability, followed by the ability to continue least-cost integrated resource planning in the state. This type of integrated thinking is possible, he said, because the same entities that own and operate the grid are also empowered to make power supply choices to address those needs and costs.<sup>2</sup>

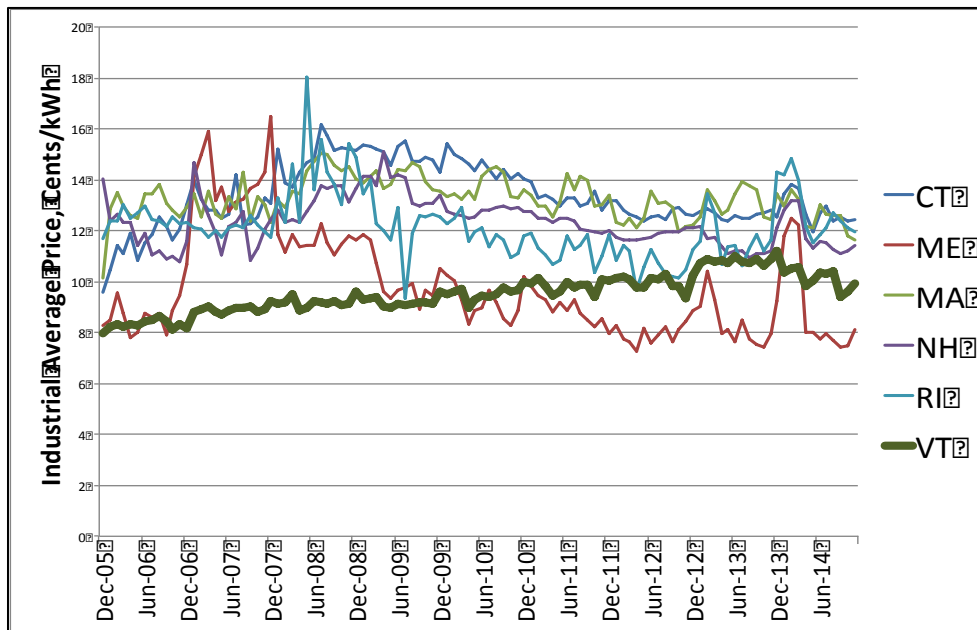


Figure 1: Industrial average price of electricity for the New England states from December 2005 to December 2014 (cents/kWh).

Douglas Smith discussed Vermont House Bill 40 in greater detail, particularly the distributed generation component or “Tier 2” of the bill. The legislation would require 1% of retail electricity sales to be supplied by in-state distributed generation, increasing to 10% of retail electricity sales by 2032. Smith explained that while the distributed generation goals are challenging, they are achievable and consistent with Green Mountain Power customers’ preferences. He noted that increasing penetrations of distributed generation will require thoughtful system impact studies to identify required upgrades and protection regimes.<sup>3</sup>

<sup>2</sup> TJ Poor, “Vermont Electricity Present and Future,” CLG presentation (March 13, 2015), [http://www.iso-ne.com/static-assets/documents/2015/03/poor\\_presentation\\_clg\\_meeting\\_3\\_13\\_2015.pdf](http://www.iso-ne.com/static-assets/documents/2015/03/poor_presentation_clg_meeting_3_13_2015.pdf).

<sup>3</sup> Douglas Smith, “Distributed Generation in Vermont,” CLG presentation (March 13, 2015), [http://www.iso-ne.com/static-assets/documents/2015/03/smith\\_presentation\\_clg\\_meeting\\_3\\_13\\_2015.pdf](http://www.iso-ne.com/static-assets/documents/2015/03/smith_presentation_clg_meeting_3_13_2015.pdf).

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John Goodrich provided the end-user perspective, representing a company that provides electrical insulation and services to the electrical power industry. Goodrich expressed concern over Vermont's long-term renewable energy goals, fearing such goals will increase already high retail electricity rates in the state. According to Goodrich, high electricity costs render Vermont less hospitable to manufacturing, a mainstay of any healthy economy. Goodrich recommended the state moderate its renewable energy goals and work to restore Vermont's economic competitiveness by reducing the cost of electricity in the state.<sup>4</sup>

William Driscoll discussed commercial and industrial electricity rates in Vermont, urging the state to consider alternatives for reducing the cost of electricity to improve Vermont's economic competitiveness. He noted that practical options for lower-cost power supply in Vermont are limited, due in part to aggressive renewable energy mandates. He recommended that the state look closely at regional investment and other measures to address natural gas pipeline constraints and other factors leading to price spikes in natural gas used to generate electricity. He also recommended the creation of specific discounted rate classes, like a manufacturing rate, to strengthen the underlying economy as well as alternative financing for efficiency programs to reduce negative rate impacts.<sup>5</sup>

### **ISO Update**

Anne George, Vice President of External Affairs & Corporate Communications for ISO New England, provided an update on the 2014/2015 Winter Reliability Program, which proved beneficial to power system operations this winter because generators had the fuel they needed to operate when dispatched by the ISO. She noted that, for much of the winter, wholesale electricity prices were lower than last winter, owing to lower fuel prices for natural gas, LNG and oil. George also summarized the results of the ninth Forward Capacity Auction (FCA #9), whose higher prices demonstrated a need for new resources to ensure reliability due to the large number of generator retirements in the region. Finally, George provided an update on recent market rule changes proposed by the ISO to improve the interconnection process for Elective Transmission Upgrades (ETUs) and the upcoming energy-efficiency and solar photovoltaic (PV) forecasts expected in May.<sup>6</sup>

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<sup>4</sup> John Goodrich, "New England and Vermont's Energy Marketplace: Grid Modernization, Supply Diversification, Pricing," CLG presentation (March 13, 2015), [http://www.iso-ne.com/static-assets/documents/2015/03/goodrich\\_presentation\\_clg\\_meeting\\_3\\_13\\_2015.pdf](http://www.iso-ne.com/static-assets/documents/2015/03/goodrich_presentation_clg_meeting_3_13_2015.pdf).

<sup>5</sup> William Driscoll, "How to Address Cost Concerns in Vermont, with Possible Considerations for New England," CLG presentation (March 13, 2015), [http://www.iso-ne.com/static-assets/documents/2015/03/driscoll\\_presentation\\_clg\\_meeting\\_3\\_13\\_2015.pdf](http://www.iso-ne.com/static-assets/documents/2015/03/driscoll_presentation_clg_meeting_3_13_2015.pdf).

<sup>6</sup> Anne George, "ISO New England Update," CLG presentation (March 13, 2015), [http://www.iso-ne.com/static-assets/documents/2015/03/iso\\_new\\_england\\_clg\\_meeting\\_george\\_presentation\\_3\\_13\\_2015\\_final.pdf](http://www.iso-ne.com/static-assets/documents/2015/03/iso_new_england_clg_meeting_george_presentation_3_13_2015_final.pdf).