

A Public Interest Critique:
Preliminary Review and Comments on:

Vermont Department of Public Service
2004 Vermont Comprehensive Energy and Electric
Plan
(—Final Draft — Dec. 1, 2003)

Background:

The “Final Draft” of a newly combined “2004 Vermont Comprehensive Energy and Electric Plan” was issued by the Vermont Department of Public Service on December 4, 2003.

In the past, there have been two separate energy-related Plans prepared by the DPS, a “20-Year Electric Plan” and a “Comprehensive Energy Plan.”

The Plan just issued by the Department purports to be a combined Electric and Comprehensive Energy Plan.

Act 204, passed in 1980 required that the Department of Public Service (“DPS” or “Department”) prepare an Electrical Energy Plan for the state. This requirement accompanied the legislative action that created the Department as an entity separate from the Public Service Board (“PSB” or “Board”). The addition of a Planning function to the more traditional Ratepayer Advocacy function was intended to make the Department a more informed and effective regulator on behalf of ratepayers and the citizens of Vermont.

In the *Vermont Twenty Year Electric Plan* issued in December of 1994, there is a discussion of the purpose of utility regulation:

The main purpose of utility regulation is protection of captive customers. In the absence of marketplace competition there is a possibility that pressure, for example, to raise prices or cut service may go unchecked, and that these pressures can bias decisions by utility management to the detriment of the public good. A second purpose is to regulate for the public benefit the use ...[of] special utility powers such as eminent domain and the construction of facilities. The prime function of the Department and the Board is to serve as a surrogate instrument for accomplishing efficiencies and consumer protections that competition

can achieve in an open market... (Vermont Twenty Year Electric Plan, 1994, p. 2-6)

The Department goes on to discuss directly the role of its new planning function in utility regulation:

Planning at the Department provides information and guidance to Vermont utilities, other decision makers, and the General Assembly; establishes a standard of planning and performance for utilities; and supports and guides Department actions in public advocacy and the purchase and sale of power. The Department does not serve as a consulting firm for the utilities, to undertake their planning, or to manage them. However, the Department stands ready to act to protect a utility's present and future ratepayers and to assure that ratepayers are not subjected to the consequences of insufficient or ineffective planning by utility management. (Vermont Twenty Year Electric Plan, 1994, p. 2-7)

The requirement for creation of a Comprehensive Energy Plan grew out of an executive order by Gov. Madeline Kunin in 1989. The first Comprehensive Energy Plan was issued in 1991, and the Vermont Legislature subsequently established the requirement for a periodically updated state energy plan (30 V.S.A. §202b). The Comprehensive Energy Plan is intended to guide state policy in implementing the State Energy Policy defined in 30 V.S.A. §202a:

It is the general policy of the state of Vermont:

To assure, to the greatest extent practicable, that Vermont can meet its energy service needs in a manner that is adequate, reliable, secure and sustainable; that assures affordability and encourages the state's economic vitality, the efficient use of energy resources and cost effective demand side management; and that is environmentally sound.

To identify and evaluate on an ongoing basis, resources that will meet Vermont's energy service needs in accordance with the principles of least cost integrated planning; including efficiency, conservation and load management alternatives, wise use of renewable resources and environmentally sound energy supply.

Comments on the Current Department's "Final Draft" Plan

The Plan development and public review process does not meet the requirements of Vermont Law.

30 V.S.A. §202 (d) states:

*(d) In establishing plans, the director shall:
Consult with: (A) the public, (B) Vermont Municipal utilities, (C) Vermont cooperative utilities; (D) Vermont investor-owned utilities; (E) Vermont electric transmission companies; (F) environmental and residential consumer advocacy groups active in electricity issues; (G) industrial customer representatives; (H) commercial customer representatives; (I) the public service board; (J) an entity designated to meet the public's need for energy efficiency services under subdivision 218c(a)(2) of this title; (K) other interested state agencies; and (L) other energy providers.*

Renewable Energy Vermont and others who have provided input to this document are not aware that all, or even *any* of these parties were consulted during the Plan's development. In the past the Department has had a structured input process for creating the Comprehensive Energy and Electric Plans with broad public participation.

The Department did not post times for public hearings when the Plan was issued. The timeline for hearings as well as the public notice now being advertised is very compressed and came during the holiday season. The Department did not list on its web site where written comments should be sent, or provide a deadline for such comments. There is still no procedural explanation or proposed schedule for how public input will be considered and the Plan finalized.

The Plan fails to meet the requirements of Vermont Law in numerous ways, both with regard to its standing as an "Electric Plan" and as a "Comprehensive Energy Plan".

The Plan does not discuss, and is in fact not based on the principles of "least cost integrated planning" (LCIP) set out in and developed under section 218c of Title 30. The plan argues that sophisticated "decision analysis" should be used in planning Vermont's energy future, but it does not discuss or demonstrate how this process can be used in the context of or to enhance LCIP. The Plan appears to substitute probabilistic analysis and the "balancing" of three "goals" for LCIP. This is in direct violation of 30 V.S.A. § 202 (b).

The Plan abandons any analysis of the end uses of energy — electrical or other

forms — and uses only traditional and very simplistic econometric modeling to forecast future energy use. In this regard it fails to comply with the level of analysis required in 30 V.S.A. §202(b)(1).

The assessment of “all energy resources available to the state” (30 V.S.A. §202(b)(2)) is cursory and incomplete. There is little discussion of the potential for energy efficiency, demand response, renewable energy in its various forms, and combined heat and power (CHP) applications.

There is no substantive analysis of the costs and potential rate and bill impacts of various resource options available to Vermont utilities as required by 30 V.S.A. §202(b)(4) which says the Plan should include “...a detailed exposition, including capital requirements and the estimated cost to consumers, of how ... [the projected demand identified in 30 V.S.A. §202(b)(3)] shall be met based on the assumptions made in subdivision (1) of this subsection and the policies set out in subsection (c) of this section...

Interestingly, the Plan also fails to comply with 30 V.S.A. §202(b)(5), which requires near and long term strategies for “achieving and maintaining the lowest possible electric rates....” This requirement was added in 2003 *at the request of the DPS*. While there is mention of the Department’s interest in keeping rates low, *there is no substantive, thorough and strategic discussion of how this can be accomplished.*

The Plan fails to meet the requirements of 30 V.S.A. §202(c) that requires discussion of “...the potential for reduction of electrical demand through conservation, including alternative utility rate structures; use of load management technologies; efficiency of electrical usage; utilization of waste heat from generation; and utility assistance to consumers in energy conservation.” In fact one of the few specific recommendations in the Plan is to create for industrial customers “declining block rates” which may well *increase* the electrical demand of those customers, and raise rates for other customers. It is unclear that the Department sought or received any information from utilities to comply with 30 V.S.A. §202(d)(2) which requires the Department to “... determine needed and desirable plant improvements and extensions and coordination between utility systems, joint construction of facilities by two or more utilities, methods of operations, and any change that will produce better service or reduce costs.”

It is not at all clear how this Plan could be used to implement the provisions of 30 V.S.A. §202(f) that require a determination by the Department whether major actions to be taken by a utility are consistent with the Plan.

The Plan completely fails as a Comprehensive Energy Plan. It does not purport to comply with “...state energy policy set forth in section 202a [of Title 30]. This is required in 30 V.S.A. §202b(a). There is no “...comprehensive analysis and projection(s) regarding the use, cost, supply and environmental effects of all forms of energy resources used within Vermont” as required in 30 V.S.A. §202b(a)(1); and there are almost no “...recommendations for state implementation actions, regulation, legislation, and other public and private action to carry out the comprehensive energy plan” as required in 30 V.S.A. §202b(a)(2).

There is little in this Plan that deals with the majority of Vermont's energy use, which is not electrical. The Plan completely ignores the prior Comprehensive Energy Plan that had – for instance – more pages than this entire Plan devoted exclusively to Transportation policy options. The Plan mentions looking to other states to see what they are doing in this regard, but does not even acknowledge the existence of the previous Comprehensive Energy Plan. The Plan in no way purports to address the problem of Global Warming, or even acknowledges it as an issue or concern.

The Plan is driven by a single ideological perspective (rates are too high), relies on a pre-set definition of the current situation, and advocates a few pre-selected favored policies. It has been crafted to look like a “Plan” but is in fact primarily an “argument” for a particular agenda.

The Plan identifies three “long-term goals” for Vermont: 1) **Lower energy prices**, 2) **Reduced Risk** (including less price volatility and lower supply risk), and 3) **Reduced Environmental Impacts**. It promptly assumes that the goals will “necessarily require tradeoffs to be made” and suggests that the purpose of the Plan is “to identify the energy policies and strategies that provide the best balance of those goals at the lowest overall cost.” (Plan, EX-3)

Put in its simplest form the Plan says, in effect:

Electric rates are too high in Vermont, particularly for large industrial users. Rates paid, rather than the total bill for energy is of primary importance. High rates have had a dramatic impact on the Vermont economy and should be the major concern for Vermonters. We should implement lower rates for large volume users, structuring those rates to promote increased usage.

The primary strategy for lowering rates for all Vermonters is to make the regulatory process easier on utilities by providing them with greater assurance of cost recovery and thereby lowering the cost of capital. We should improve our relationship with Hydro-Quebec and might be able to buy wind power from them. We should increase our reliance on natural gas both in-state and in our purchased generation.

Our current energy portfolio is clean but very expensive, so we should not be focusing on new strategies to make our future portfolio cleaner. We should not try for “energy independence” as a means of reducing the state’s exposure to energy market volatility.

We should make electric supply decisions by employing sophisticated “decision analysis” methodologies, but our main focus should be on near-term decisions. We should diversify our energy portfolio but support only voluntary strategies to

promote renewable energy. We should scrutinize our energy efficiency programs very carefully to be sure they are not wasting money and are targeted to areas of T&D constraints, and to large users.

There is not much we can do to decrease our reliance on Petroleum fuels for heating and transportation. Improving efficiency is the best strategy, but we have few specifics to offer.

Global Warming is a concern primarily because of new regulations that might be imposed on Vermont to address it.

This Plan is not a serious exploration of the current energy situation in Vermont, the options and technologies available to Vermonters, or the costs and risks of various opportunities we should be considering. As such the Plan is heavy on assertion and light on evidence. It recites conclusions, but provides little in the way of analysis.

For instance, the Plan asserts that Vermont's high electric rates "have retarded economic growth by making it more costly for businesses to either locate in Vermont or expand existing operations." (pp. EX-3, p. 68). It provides no analysis of just how this "retarding of economic growth" operates in a state that has a significantly lower unemployment rate than the nation as a whole. The Plan asserts: "the impact of these higher rates has been ameliorated to some extent by bill reductions stemming from efficiency programs." It provides no discussion of how much further "amelioration" could be accomplished by further efficiency investments.

The Plan is astonishing in the issues and subjects it ignores or treats superficially. It is written as though no other Plan has ever been done before, either the Electric or Comprehensive.

To illustrate with just a few items:

The Plan devotes one page to all issues related to Vermont Yankee.

It mentions the possible purchase of dams on the Connecticut River in two sentences.

It does not mention the electric distribution system except in passing.

It offers no discussion of the Northwest Reliability Project, or of Vermont's electric transmission system.

It devotes only three or four paragraphs to the dramatic changes that have taken place and are continuing in the regional and national power markets.

It has almost no discussion of Locational Marginal Pricing and what it may do to rates or costs in Vermont.

It ignores major cases such as Docket 6290 that reached a settlement on Distributed Utility Planning.

Its treatment of renewable energy is offhand and dismissive.

It completely ignores analyses of the potential for renewable energy and energy efficiency that the Department itself has supported and sponsored in the past.

The Plan's simplistic approach and its determination to ignore past work and current efforts in energy policy and practice result in massive "blind spots" and ignored opportunities. In short, they result in a significant failure to plan wisely.

There are many ways the Plan fails to deal with current reality and identify present opportunities. Here are a few:

The Plan fails to address with any credibility the primary goal it sets for itself: lowering rates. Without providing any evidence the Plan asserts that increased regulatory certainty for utilities, and introducing "alternative regulation schemes" will help lower rates. It appears this will happen primarily by guaranteeing recovery of utility costs, resulting in improved credit ratings for the utilities, and thus reduce the cost of capital to the utilities. (Plan, pp. EX-3, 4)

No evidence is presented that this will in fact lower rates. It could easily be argued that less regulation of utilities will result in higher rates because the regulators are not doing their job.

Numerous other factors that could affect rates are either not mentioned, or are given no serious analysis or consideration. These would include, for instance: 1) Volatility in market prices, especially for natural gas, 2) Locational Marginal Pricing, 3) the cost of Transmission upgrades in Vt. and the rest of New England, 4) the imposition of greenhouse gas reduction requirements, 5) lower line losses resulting from better distribution system configuration, 6) avoidable transmission and distribution investments, 7) utility consolidation (discussed by the Douglas administration, but not mentioned in this Plan.)

The Plan fails to discuss any definition of "affordability" other than lowering rates for large energy users.

It does not mention or consider the possible *decreased* affordability of energy that may result from proposed shifts in rate design the Plan proposes.

It does not consider the *decreased* affordability of energy that will result from re-directing energy efficiency programs as proposed

It provides no discussion for how "non-industrial" energy users such as older Vermonters on fixed incomes, low income Vermonters, small business owners, and even small manufacturers can increase the affordability of their energy use, despite the fact that this has been an ongoing priority in Vermont energy policy.

In its generally enthusiastic discussion of Natural Gas, there is no serious consideration of the volatility of gas prices.

There is no discussion of Vermont Gas energy efficiency programs.

There is no serious evaluation of the potential for Gas CHP installations, and the effect they would have on electric utilities.

There is almost no mention of Propane, an increasingly important fuel in Vermont.

The Plan misses the opportunity, created by combining the Electric and Comprehensive Energy Plans, to consider Vermont's electric use and its other energy use as a whole and to develop strategies that provide benefits in multiple areas of energy use. There is almost no discussion of policies to address petroleum price and use. Fuel substitution is dismissed as providing no net benefits. Many potentially significant improvements in the total Vermont energy Picture are missed. A few examples are:

Vermont's enormous success in improving biomass combustion for space heating, and its efforts to develop clean, efficient CHP applications — including district heating — for biomass are ignored. 24 Vermont Schools are heated with wood chips. Over 10% of all Vermont K-12 students attend wood-chip heated schools. Vermont's forest resource is not mentioned despite the fact that this has been a Department priority for nearly 20 years.

Over 9% of Vermont's total energy use is in heating hot water. There is no discussion of the benefit an aggressive solar hot water program could have on *both* summer electric peak, and on total fossil fuel use.

There is no substantive discussion of generating electricity *or combustion fuel* from farm waste and other sources of organic matter, despite the fact that Vermont has been a leader in experimenting with these technologies and estimating their potential.

There is no discussion of codes and standards (including Act 250, and the residential building efficiency standards—in which the Department plays a significant role).

There is no discussion of possible electric generation to produce transportation fuel (hydrogen). There is no discussion of bio-diesel, its potential contribution to transportation, and its environmental benefits, despite the fact that there are Vermont businesses developing this resource.

While there is expressed concern about the possible regressivity of energy taxation policies, the Vermont Weatherization program — funded in part by a very small tax on energy use — provides both efficiency savings in fossil and electric energy, *and* increased affordability for low income Vermonters. The program — unique to Vermont — and apparently very successful is not mentioned in the Plan.

The Plan provides no discussion or analysis about the economic, security, and environmental benefits of renewable energy and efficiency increases, nor does it comment on the renewable energy industry as a possible growth sector for the Vermont economy.

The Plan dismisses “energy independence” (as it chooses to define that term) as a value. The Plan apparently sees no connection between creating a policy environment that promotes efficiency, renewable energy and distributed generation and opportunities in the global marketplace. The only discussion of energy as it relates to “business” is about keeping rates – not bills – as low as possible. Experience with CHP at Green Mountain Coffee Roasters and at the Essex Wastewater treatment plant is ignored. Vermont’s growing renewable and distributed generation businesses such as Northern Power Systems, NRG Systems, and many others are ignored.

The Plan provides little guidance to Vermont customers, businesses and utilities. The Plan, while pledging to lower the level of uncertainty for utilities, may actually increase it. There is no real example of what “decision analysis” might mean for a utility, and how its decisions might meet this new “test” of a utility’s performance.

It is not at all clear that a utility or the Department could determine that a given utility action was or was not consistent with the requirements of this Plan under the provisions of 30 V.S.A. §202(f). There is, for example nothing substantive said about the Northwest Reliability Project, dry cask storage for Vermont Yankee, or the purchase of the dams along the Connecticut River.

More fundamentally, the Plan mentions the growing disinclination of utilities to invest in and own generation assets. It does not, however, provide any discussion of whether utilities should be encouraged to develop and own generation as part of a smart portfolio management strategy. Renewable energy and peaking generation units and customer-sited generation might well be appropriate candidates for Vermont utility investment. Without policy guidance by the Department the likelihood of such investments is small, and the regulatory risk of making them will be perceived as unacceptable.

Alternative Regulation is discussed as a possible strategy for lowering utility rates. In fact, some forms of alternative regulation might allow utilities to *raise* rates more flexibly. This might happen, for instance if a utility was intensifying its investment in energy efficiency, customer sited-generation, and other strategies that could provide significant system and customer benefits. Such actions could be

meaningful “least cost” strategies but might diminish utility revenues and create a near-term upward pressure on rates. There is no discussion of whether such an approach to “alternative regulation” would be acceptable to the Department.

The plan provides no guidance that would support Vermont’s renewable energy or energy efficiency businesses.

The Plan is curiously passive. It advocates “decision analysis” and “rigorous” decision-making but presents very little information about the options among which choices would be made, and how they might be developed and refined. The Plan envisions no role for planning in identifying and addressing the “market barriers” to new renewable technologies or to distributed generation as Vermont has done with Energy Efficiency. Resources are considered solely from an economic point of view, rather than broader resource analysis, policy development, and advocacy perspectives. This means that, in general, there is no attempt to “learn” from current experience, from R&D, or from innovative policy approaches about energy strategies and options that might be pursued to the benefit of Vermont and its residents.

The Plan is full of arbitrary judgments, unproven assertions, and dubious proposals.

Here are a few Examples:

The Plan fails to demonstrate in practice either the principles or the methodology of “rigorous” decision-making that it espouses. The Plan does not take the opportunity, in its own practice of planning, to define clearly the options before the state, and then, in a measured and even-handed way, assess them and develop and propose preferred policies.

The Plan supports “more efficient rate designs” which the Plan implies constitute lower marginal prices for industrial customers. There is no discussion of just how these lower prices will be made available. The regional power markets tend to charge *higher prices* the more power is used. Locking in artificial incentives to use more power will put pressure on constrained distribution and transmission systems, and on existing utility power supply contracts. Artificially creating incentives for more use will drive up both total and incremental energy costs. This is the opposite of “efficient” pricing.

To the extent that large users impose lower costs per kWh of energy sold, those lower costs should be already reflected in “cost-based” commercial and Industrial rates.

The definite implication of this proposal is that there will be *higher* rates for the non-industrial users. This is contradictory to the requirement in 202(c) that the Plan should take into account "...the potential for reduction of rates paid by all retail electricity customers...

The Plan several times asserts that there should be no "Renewable Portfolio Standard" ("RPS") and that voluntary "Green Pricing" programs should be encouraged as the primary strategy for increasing new renewable energy as part of utility portfolios. There is no discussion of how an RPS might work in Vermont. There is no consideration of how the RPS structure is working in New England and in the rest of the nation. There is no analysis of when, for instance, wind energy might become consistently cheaper than natural gas generation. There is no discussion of the level of acceptance Green Pricing programs have had, or of the fact that they rely on "ratepayer charity" as the sole means of securing a major new energy source. There is no consideration of how a Green Pricing program might be designed to reward ratepayers when the costs of renewable energy are lower than the market price of energy.

The Plan minimizes and ignores the benefits of efficiency. The Plan simply refuses to treat energy efficiency as a real resource for meeting Vermont's energy needs. It demonstrates no understanding of or interest in how the current experience of the Energy Efficiency Utility gains insight into the markets it serves and identifies and addresses the market barriers to efficiency investments.

It is not clear whether efficiency is included in the DPS projection of Vermont energy use, or whether it is simply ignored.

The Plan assumes that only the current level of efficiency investment should be made. It then proposes to "target" that investment to constrained T&D areas. This violates a number of the provisions of the settlement to Docket No. 5980 that created the Efficiency Utility. It throws out the carefully designed equity requirements, and it violates the requirement that utilities retain the obligation to make *additional* efficiency investments in constrained distribution and Transmission areas as a part of Distributed Utility Planning.

The Plan never discusses the Optimal Energy assessment of Energy Efficiency Potential that it paid for, which estimated that nearly 30 % of Vermont's energy use could be met cost-effectively through efficiency. The Department has access to the EVT database, and the potential to use the massive amount of end-use information in it to enhance and improve its planning effort. It does not appear to have used this unique resource in its planning effort.

The Department spent nearly \$1 million in characterizing the Vermont energy markets and analyzing the strategies that would increase the effectiveness of energy efficiency investment. There is no mention of this study or discussion of its conclusions. There is no significant discussion of how the Department plans to continue the evaluation process during this cycle of the EVT contract.

In discussing the low cost of energy efficiency savings, the Plan includes the customer cost of investment in energy efficiency, and concludes that the cost of efficiency is close to the wholesale market price. If the customer contribution to efficiency measures is included, then it could be argued that a fair comparison is to the customer's retail cost of electricity — which is the price the customer avoids. This cost per kWh is close to three times the wholesale market price.

In Table 5.1, p. 63 of the Plan the table labeled “annualized incremental MWh Savings includes no column that totals up the MWh of savings, and the Percent of Total Electric Consumption.

Table 6.1, on page 70 purports to fulfill part of the requirement of 30 V.S.A §202 calling for Vermont to meet its energy needs in a way that is “adequate, reliable, secure, affordable, efficient and environmentally sound.” It lists as its source “DPS Construct.” No discussion accompanies the table; no explanation of what the rankings mean or how they should be weighted is provided. Efficiency and distributed generation are not even considered. No documentation of the many judgments and assertions implied by the Table is provided.

It is at best a set of opinions presented in table format. Interestingly, the weightings provided appear to give highest marks to Nuclear power.

Recommendation:

It is the recommendation of Renewable Energy Vermont that the Department of Public Service withdraw its Draft Energy Plan, and start the process over again. We believe that the procedural and structural deficiencies of this Plan are so substantial and pervasive that simply “revising” it will be inadequate.

The *20-Year Electric Plan* now in effect was issued by the Department in December 1994. It was 375 pages in length, and provided an exhaustive assessment of Vermont's electric industry, Demand Side Management programs, Supply Planning and Transmission and Distribution system as well as detailed recommendations to guide utility performance.

The previous *Comprehensive Energy Plan* was titled "*Fueling Vermont's Future: Comprehensive Energy Plan and Greenhouse Gas Reduction Plan*". It was issued in July of 1998. Volume 1, the "Summary and Recommendations" was approximately 200 pages and included detailed recommendations for action that might be taken to improve the cost, environmental and economic impact and reliability features of Vermont's energy use. Volume 2 was over 600 pages and included exhaustive historical discussion, detailed energy end use data, and detailed proposals for improving Vermont's energy use.

The Plan just issued by the Department is less than 100 pages. While length is not necessarily an indicator of the merit of a Plan, the level of detail and the topics not addressed or addressed only briefly in this Plan is a major departure from previous Plans, both Electric and Comprehensive. The Executive Summary (pp. EX 1-10), and Chapter 6, "Recommendations And Action Plan") contain large blocks of repeated material.

The Department had developed sophisticated modeling capabilities based on end use analysis. This capability is not even discussed in the Plan.

Appendix B provides "Cost and performance assumptions used to construct the Proxy Plant" It is unclear whether this is intended to fulfill this requirement. If so, the implication would appear to be that Natural Gas CC plants will provide Vermont's future need.

This is particularly puzzling since Governor Douglas issued an Executive Order on September 16, 2003, entitled "Climate Change Action Plan". The Executive Order is based on an Order issued by former Governor Dean on August 22, 2002. The Order shows continuity of concern about the dangers of Global Warming between administrations. The Order requires the creation of an inter-agency "Climate Neutral Working Group" and many other actions by agencies of State Government. *The Plan does not mention the Executive Order or seek to address any of its goals or actions.*

From 1995 to 2001, the inflation adjusted Gross Domestic Product (U.S.) grew 22.8%. During the same period, Vermont's inflation adjusted Gross State Product grew 27.7%. Thus, notwithstanding our comparatively high electric rates, Vermont's economy grew faster than the U.S. economy during that period.

The Department has traditionally submitted a Biennial Report that details the activities of the DPS, discusses issues and trends, and provides Vermonters with a valuable snapshot of Vermont's energy situation. The latest Biennial Report was due in January of 2003, and a draft of it was nearly complete in December of 2002. The Report has not been issued.

Interestingly the Department has begun to show a disinclination to investigate utility rate cases in any detail. The DPS has supported rate increases for GMP, a sizeable rate increase for Vermont Gas, (and for the first time in Vermont regulatory history a Purchased Fuel Adjustment Clause), and is proposing to support without investigation numerous rate increases by Vermont's Municipal utilities.

Interestingly, energy efficiency alone *is* targeted for rate impact analysis in the Department's proposed Evaluation Plan for the EEU.

On December 1st of 2003 Governor Douglas announced a job creation plan that included an emphasis on renewable energy "One cluster that is a natural fit for Vermont is the renewable energy and environmental conservation cluster. Vermonters have long been leaders in energy issues and there are already a number of companies devoted to alternative energy in the Mad River Valley and elsewhere," the Governor said. "That is why I have asked Lt. Gov. Dubie to spearhead an effort to encourage the continued growth of the renewable energy cluster here in Vermont."

Indeed, the latest proposed wind project in Vermont proposes to sell its power to a Vermont utility at below market prices.

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