

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 18-1633-PET

Petition of Green Mountain Power for approval of)
a multi-year regulation plan pursuant to 30 V.S.A.)
§§ 209, 218, and 218d)

**PREFILED REBUTTAL TESTIMONY OF
JOSHUA CASTONGUAY
ON BEHALF OF GREEN MOUNTAIN POWER**

February 4, 2019

Summary of Testimony

Mr. Castonguay's testimony responds to testimony from the Department of Public Service and Renewable Energy Vermont with respect to Green Mountain Power's ("GMP") Innovative Services. Mr. Castonguay specifically responds to concerns and recommendations regarding capital expenditures for GMP's new initiative offerings and pilot programs, and explains why GMP's innovative services are critical to the transformation of the energy grid, provide benefits to customers, and can help jump start the market for energy products in Vermont.

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I. Introduction

1 Q1. Please state your name, address and occupation.

2 A1. My name is Joshua Castonguay. I am employed by Green Mountain Power as Vice
3 President, Chief Innovation Executive.

4 Q2. Have you previously submitted testimony in this proceeding?

5 A2. No.

6 Q3. Have you previously testified before the Public Utility Commission?

7 A3. Yes, I have provided testimony on behalf of GMP in a number of proceedings, most
8 recently in GMP's last rate case proceeding (Case No. 18-0974-TF).

9 Q4. What is the purpose of your testimony today?

10 A4. I respond to issues raised by the Department of Public Service (“DPS” or the
11 “Department”) and Renewable Energy Vermont (“REV”) with respect to GMP’s
12 Innovative Services as proposed in the Multi-Year Regulation Plan (the “Plan”). More
13 specifically, I respond to Mr. Allen’s comments on the Innovative Pilot Program, and Ms.
14 Andersen and Ms. Cadwell’s testimony regarding how GMP should offer innovative
15 services. In his testimony, Mr. Otley responds to recommendations from the Department
16 and REV on performance incentive metrics and innovation measurement tracking.

1 **Q5. How is your testimony organized?**

2 A5. I respond to issues raised in the Department's testimony in Section II, and address REV's
3 testimony in Section III.

II. Response to the Department of Public Service

4 **Q6. Have you reviewed the Department's testimony in this proceeding?**

5 A6. Yes, I have.

6 **Q7. Can you please summarize the Department's position with respect to the innovative
7 services provisions in the Plan?**

8 A7. The Department states that it generally supports GMP's delivery of innovative services
9 and would like these programs and services to continue under the new Plan.¹ The
10 Department does propose two changes for the innovative service provision in the Plan: 1) that
11 individual innovative pilots expected to exceed \$5 million in costs receive formal
12 approval from the Public Utility Commission ("PUC" or the "Commission") if pursued as
13 a part of GMP's regulated service; and 2) that GMP "...establish a clear timeframe for
14 any deep discounts (relative to generally available commercial prices) that are not
15 available from other suppliers" and establish a plan for making available "comparable
16 values streams to customers or third-party providers."²

17

¹ Allen pf. at 41.

² Allen pf. at 42–43.

1 **Q8. How is capital spending on new initiatives limited under GMP's proposed Plan?**

2 A8. The Plan includes a set amount for capital spending over the Plan period of between \$85–
3 \$86.5 million per year. Of this set amount, the Plan allocates up to \$5 million to new
4 initiative projects each year, for a total of \$15 million over three years. This new
5 initiative capital spending is limited to qualifying projects, which are defined in the Plan
6 as transformative customer-facing energy projects that require an initial upfront capital
7 investment from GMP, and are forecasted to contribute a net positive benefit to non-
8 participating customers through new sources of revenue or through cost savings over the
9 life of the project. These projects can include investments in innovative pilot programs,
10 traditional tariffed offerings, RES Tier 3 programs, or other capital projects. In the event
11 that a strategic opportunity arises for new initiatives that exceed \$5 million per year, the
12 Plan also includes a provision allowing GMP to seek PUC approval for spending above
13 this limit if the opportunity would materially benefit customers.

14 **Q9. How is the Department's recommendation regarding pilot projects over \$5 million
15 different from the \$5 million threshold for Commission approval of new initiative
16 projects you just mentioned which is already in the proposed Plan?**

17 A9. Under the Plan as proposed, the overall cap for new initiative capital expenditures, absent
18 Commission approval, is \$5 million dollars per year. This means that in a given year, if
19 GMP wanted to allot more than \$5 million of capital spending toward qualifying new
20 initiative projects, it would need to seek Commission approval for the amount over \$5
21 million. Our understanding is that the Department is recommending that in addition to
22 this requirement, if an individual pilot program is projected to exceed \$5 million in costs

1 (even if the spending were to occur over multiple years of the Plan), GMP would also
2 need to seek approval from the Commission for that pilot beyond the current procedure
3 for innovative pilots contained in Attachment 2 to the Plan.

4 **Q10. Does GMP agree with the Department’s recommended treatment of individual pilot
5 programs over \$5 million?**

6 A10. GMP does not object to the Department’s proposal, but would seek some limited
7 clarification. In order to avoid delay in rolling out innovative offerings to customers in
8 this rapidly changing landscape, GMP would propose that pilot offerings anticipated to
9 exceed \$5 million in total be able to move forward (under the proposed process included
10 in the Plan) with spending of less than \$5 million prior to obtaining approval. GMP
11 would also have the option of spending over \$5 million dollars without obtaining
12 Commission approval if it elected to treat the investments as “below the line” and not
13 seek any recovery of costs above the \$5 million threshold.

14 **Q11. Why is it important to GMP to avoid delay in rolling out pilot programs?**

15 A11. Pilot programs are a way to offer customers comprehensive transformation solutions as
16 they become available. GMP needs to be able to move quickly and nimbly to
17 successfully develop and implement innovative pilot programs that are responsive to the
18 changing energy landscape for a few reasons. First, innovative technology is a fast-
19 moving industry. New products are constantly hitting the market or older products are
20 being updated and improved. GMP’s ability to take advantage of these changes as they
21 are rolled out helps ensure that customers are getting the newest options with the greatest

1 benefits. In addition, the urgent need to implement carbon-cutting, cost-reducing
2 measures for our customers compels quick action. It's critical for our customers that
3 GMP be able to develop, implement, revise, and scale up these innovative pilots as fast as
4 possible. The scale of the climate challenge, and the costs it will impose on our
5 customers, are too great. Put simply, our customers cannot afford to wait. Moving
6 quickly and being able to adjust pilot programs without significant delay assures that
7 GMP is able to learn and innovate as much as possible during a short pilot period,
8 making changes along the way to maximize benefits for our customers if we see greater
9 potential for the program, and apply this learning to more permanent offerings such as
10 subsequent tariffs. Providing GMP with this necessary flexibility in developing and
11 adapting pilot programs is why the programs were designed with a relatively short notice
12 period and only last for 18 months. By nature, they are fast moving with the idea that
13 successful pilots "prove out" and are subject to additional review at that point.

14 It is also worth emphasizing that our pilot capabilities do not only include projects
15 or programs that require capital spending. Through our pilots we are able to partner with
16 third parties, including Vermont companies, and pilot new rates and pricing options, or
17 shared savings offerings, such as from flexible demand resources and behind-the-meter
18 battery resources. This can be a much more efficient mechanism to test and tweak
19 market-provided solutions prior to deciding whether to offer and how to design a full a
20 tariff program, so that if a program does transition into a full tariff offering it will have
21 greater market acceptance. The benefits of these programs have already been significant,
22 from learning what customers want and how to calibrate programs to best deliver those

1 needs, to starting or accelerating new markets. For example, the heat pump market is far
2 more established now than when we commenced marketing activities, resulting in greater
3 economic activity and better offerings for our customers. These programs are delivering
4 value directly back to our customers in a way that will reduce costs over the long-term.
5 Our Powerwall program, for example, will save all customers approximately \$2 million
6 dollars over the life of the program. Continuation of GMP's innovative pilot program in
7 this Plan will allow us to develop other similar service offerings to benefit our customers
8 and create new partnerships with third party providers in the energy space.

9 **Q12. Can you provide some examples of new initiatives that GMP is currently developing**
10 **or has developed since filing its petition in this proceeding?**

11 A12. Looking ahead, we are currently in the process of developing a tariff for standalone
12 storage and are also investigating a new pilot program that would facilitate bundled
13 devices that would include solar provided by third parties, battery storage, and possibly
14 an EV and flat pricing for a total energy package. The notion is to simplify the process
15 for customers and to begin exploring distributed generation options beyond just net-
16 metering. The goal is to create a platform that any provider could plug into and provide
17 customers with a simple, flat price option for a resilient energy package at home.

18 GMP is also revamping its EV charger offerings after expiration of its eCharger
19 pilot, and plans to engage further with REV and the DPS about a new EV tariff that will
20 build off that pilot's flat charging while also offering incentive rates. This program was
21 popular, with 300 customers signed up for the charger program and about 150 customers
22 taking advantage of the flat rate. We will continue offering the charger program now as a

1 Tier 3 offering and we expect to file a new tariff in the next few months with energy
2 pricing options that will benefit customers and help facilitate an increased EV market in
3 Vermont.

4 In December, GMP also filed notice of a new innovative pilot program for
5 flexible load management. This program is focused on providing financial value for
6 demand control resources to GMP's commercial and industrial ("C&I") customers.
7 Whereas other programs like the Powerwall program have been focused on residential
8 customers, this pilot will explore the use of flexible load management in customer
9 locations where non-electrochemical energy storage (e.g., thermal, or ice storage) or load
10 shifting can be used effectively to create grid benefits, but which cannot be economically
11 leveraged under the current tariff options. Third party providers will partner with GMP
12 C&I customers and leverage energy resources on their premises that can be shifted away
13 from peak demand times. In exchange, GMP provides a direct share of the savings to the
14 participating customer.

15 One example of a resource under this pilot is an ice storage facility at the
16 Brattleboro Retreat Hospital (the "Retreat"), which GMP can utilize as a demand
17 resource (through a notification process), and in exchange will credit the Retreat for
18 reduced peak savings while also crediting any incremental off-peak demand increase that
19 occurs from the shifting of load. This ice energy system is just one example of a
20 controllable resource; other thermal storage assets can also be utilized under the program.
21 As a result, there is great potential for GMP's C&I customers to participate with a variety
22 of resources that could best fit their needs.

1 We just wrapped up our eWater pilot, where we provided new forms of automated
2 controls on electric water heaters. We are analyzing the data from this pilot currently and
3 will determine if a tariff offering makes sense for customers in the coming months.
4 There are many electric water heaters in GMP territory, with each water heater having the
5 potential to act as a thermal battery on the grid.

6 Finally, as discussed below, GMP is working with REV member organizations to
7 expand the Bring Your Own Device program to include products beyond residential
8 batteries, and to make the benefits of the program more aligned with other GMP
9 innovative offerings. These examples show that through these innovative pilots, there is
10 much we can accomplish working together for Vermonters.

11 **Q13. What is GMP’s response to the Department’s recommendations for pilots that
12 involve commercially available products or services?**

13 A13. The Department’s recommendation regarding providing a timeline for deep discounts is
14 not entirely clear to GMP, but GMP is discussing it with the Department to try to better
15 understand what changes, if any, they are looking for in the proposed Plan itself. GMP is
16 certainly open to discussing ways to aggregate purchasing power for third parties to try to
17 maximize discounting on commercially available products for customers. Furthermore,
18 with respect to providing “comparable values streams to customers or third-party
19 providers,”³ GMP is open to working to develop and implement pilot programs that
20 provide comparable value, as it has attempted to do with its Bring Your Own Device

³ Allen pf. at 42–43.

1 (“BYOD”) Program, and will strengthen through upcoming amendments to that pilot
2 (discussed in more detail in Section II below). GMP cautions that we would want to
3 ensure that these programs provide a similar level of benefit for GMP’s non-participating
4 customers as discussed below in response to REV’s testimony.

III. Response to Renewable Energy Vermont

5 **Q14. Have you reviewed the testimony from REV witnesses?**

6 A14. Yes, I have.

7 **Q15. Can you please summarize REV’s position on the innovative pilot program?**

8 A15. Yes. REV’s position is that the Plan should require GMP to focus solely on the provision
9 of electric service and not provide innovative service offerings through pilot programs
10 and other projects that involve products available from third party providers. REV also
11 raises issues with specific innovative programs, including the Powerwall and BYOD
12 programs.

13 **Q16. What is your response to REV’s argument that the Plan should limit GMP’s
14 participation in competitive markets through its innovative programs?**

15 A16. GMP strongly disagrees with REV on this point. Limiting GMP’s innovative services
16 would negatively impact customers by reducing their ability to take advantage of real and
17 meaningful cost savings and other benefits. As discussed by Ms. Powell in both her
18 initial and rebuttal testimony, GMP sees innovation as a critical part of our business, and
19 is proud to be on the forefront of utilities working to transform their business model to
20 cope with the current realities facing our industry. Taking advantage of new

1 developments in technology is an absolute necessity for GMP to address the challenges
2 presented by climate change and the transition from the traditional utility model to a
3 much more distributed, local, and renewable energy system. GMP also sees innovative
4 service offerings as an important way for customers to partner with us with respect to the
5 energy they use in their homes and businesses. Our customers tell us they want energy
6 that is low-cost, low-carbon, and highly reliable—our innovative service offerings are a
7 way for these customers to participate in achieving this shared goal with real and
8 meaningful results for all.

9 GMP agrees with the sentiment expressed by both REV and the Department that
10 competition is one way to drive innovation, and believes that its offerings have helped to
11 facilitate the growth of demand for innovative energy services in Vermont, that can in
12 turn spur competition and greater innovation. GMP thus sees itself as helping to create
13 and expand markets for innovative products and creating options from which its
14 customers can choose. GMP also expands education of these innovative offerings for
15 customers, that help drive the market. In developing innovative service and product
16 offerings, GMP looks to partner with third parties, and intends to continue doing so in
17 future. For existing programs, GMP does no installation or maintenance work itself; all
18 this work is contracted out by third party partners—an example of how the current
19 programs have expanded business opportunities for third parties. GMP has also
20 developed programs for customers to be able to procure innovative products from sources
21 besides GMP, and is committed to continuing to develop these kinds of programs.

1 GMP also notes that its provision of innovative services to customers has been
2 repeatedly approved and encouraged by the Commission. The Commission most recently
3 noted its “belief that utilities should be encouraged to be innovative when it comes to
4 seeking solutions to climate change” in its decision on GMP’s rate request,⁴ and GMP
5 strongly agrees. In its July 23, 2018 order concluding the workshop on the future of
6 utility regulation in Vermont, the Commission expressly emphasized its recognition that
7 “alternative regulation [is] a tool that may be utilized to enable and encourage energy
8 service innovation in the achievement of [state energy policy,]” and that it therefore
9 “encourage[s] utilities to think ‘outside the box’ when developing alternative regulation
10 plans and not to be bound by conventional approaches. The time has come to find
11 creative solutions to achieve policy goals, and it is imperative that we, as regulators,
12 confront and consider these solutions with open minds.”⁵ For GMP to achieve this goal,
13 it is critical that we continue to provide customers with simple, accessible, equitable, and
14 affordable options to leverage the innovative services market.

⁴ Case No. 18-0974-TF, Final Order of 12/21/2018 at 18. ePUC Document No. 323902/130760.

⁵ Case No. 17-3142-PET, Order Re Vermont Utility Regulatory Structure: Challenges and Opportunities at 1. ePUC Document No. 283180/86887. *See also* 4–5: “Alternative regulation should balance flexibility for utilities to achieve State policy goals for the energy sector with ratepayer interests in affordability. This may be accomplished through a variety of mechanisms – for example, by aligning utility incentives with customer interests and specified policy goals. Alternative regulation allows the Commission to approve plans that provide incentives for Vermont utilities to make cost and investment decisions that are favorable to both the utility and ratepayers. For example, in past alternative regulation plans, GMP has been allowed to implement limited pilot programs that explore innovative products and services. Absent this mechanism for implementation, GMP may not have pursued these pilots. All revenues from these pilot programs have flowed to GMP customers to the benefit of both pilot participants and non-participants.”

1 **Q17. REV argues that innovative services are outside of GMP's "core business," which**
2 **REV characterizes as providing safe and reliable electricity to customers. Does**
3 **GMP agree with this description?**

4 A17. No. While GMP certainly agrees that providing safe and reliable electricity is a core
5 business responsibility, we do not share REV's narrow view of our responsibility to
6 customers. As noted above, GMP sees innovation as a critical part of our public service
7 obligations, including our responsibility to continue pushing the type of transformative
8 efforts that are critical to address the structural costs and environmental challenges that
9 threaten to dramatically increase costs for our customers going forward. Without
10 pursuing innovative and transformative work, GMP would risk failing to meet our
11 responsibility to customers. In the face of climate change and the shift from the
12 traditional one-way grid, GMP's core business and responsibility includes finding new
13 ways to ensure that safe, reliable, low-carbon, and low-cost energy continues to be
14 available to customers on-demand. In other words, we don't believe that you can
15 separate innovation from simply providing energy; we need one to deliver the other.
16 Furthermore, we actually believe that REV members would not be served well if GMP
17 passed on the opportunity for further innovation and adopted the limited view that our
18 core business is only to focus on maintaining poles and wires and provide power to
19 customers, ignoring the realities of our current climate and aging energy infrastructure.
20 GMP's investment in innovative load sharing technologies is key to supporting a growing
21 fleet of renewables in Vermont, and to ensuring that the energy from these facilities can

1 be safely and reliably interconnected, and we see this as central to our obligation to
2 provide safe, reliable, low-carbon, and low-cost service to our customers.

3 **Q18. Ms. Andersen and Ms. Cadwell also recommend that the Plan require that GMP use**
4 **a structurally separate affiliate to participate in competitive service innovative**
5 **offerings. How does GMP respond to this recommendation?**

6 A18. GMP strongly disagrees that this suggestion is necessary or appropriate. By keeping
7 these programs within GMP's fully regulated business, Vermont benefits by leveraging
8 GMP's ability to create and deliver these programs while maintaining appropriate
9 limitations along with the data reporting and oversight that come with regulated
10 treatment. GMP also is able to take the savings such programs can generate and deliver
11 them right back to its customers, helping lower rate pressure. Those benefits are very
12 important to preserve.

13 Our view is very simple: when we can develop new tools and options that further
14 the transformation of the energy delivery system, we believe that the value produced
15 from those should remain with customers. Shifting our innovative service offerings to a
16 separate affiliate would also shift that value away from customers.

17 Under an entirely separate affiliate, the ability to prioritize benefits for GMP
18 customers may be more limited and the mechanism for returning benefits to customers
19 more complex. This would create inefficiencies and complications that GMP strongly
20 believes would interfere with the development and the success of these programs, to the
21 detriment of customers and third parties who will benefit from GMP pioneering new
22 market opportunities. Furthermore, forcing GMP to utilize a potentially unregulated

1 affiliate or subsidiary entity to pursue innovative offerings could result in some of the
2 very issues that REV states should be avoided.⁶ By using an approved structure for pilot
3 programs and including a regulatory review trigger for any innovation costs in excess of
4 \$5 million per year, the proposed Plan contains adequate safeguards for customers and
5 ensures regulatory oversight of GMP's innovative offerings.

6 **Q19. Ms. Andersen and Ms. Cadwell raise a number of concerns with GMP's current
7 innovative service offerings, and specifically with the Powerwall program. What is
8 your response to these concerns?**

9 A19. While GMP appreciates REV's perspective, we believe REV's critiques ignore the bigger
10 picture regarding why it is so important and valuable for GMP to push transformation and
11 innovation to customers as quickly as possible, through as many channels as possible,
12 and how GMP's innovative services can actually benefit competitive third party
13 providers.

14 The Powerwall program is a great example of how GMP can help jumpstart the
15 market for innovative services. With the Powerwalls, GMP was able to partner with a
16 third party, Tesla, to provide customers with a battery storage solution in a simple, cost-
17 effective, convenient package including installation and maintenance of the unit. It has
18 been gratifying to see the level of customer interest in this program; the program had far

⁶ Ms. Andersen and Ms. Cadwell cite the Commission's decision in Docket No. 6107 *In re Green Mountain Power* in support of their argument that GMP should be limited to maintaining its "core business" functions only. *See* Andersen/Cadwell pf. at 5 (citing PUC Final Order of 12/23/2001 (Docket No. 6107). ePUC Document No. 126718/52504). However, in that decision, the Commission specifically noted its concern over the unregulated nature of the subsidiary entities at issue, which were ultimately increasing costs for customers.

1 more customers interested than batteries available, which is great news for the innovative
2 services market overall.

3 Prior to GMP's Powerwall program, use of residential scale battery storage
4 among GMP customers was very low, and yet the Powerwall Program is evidence that
5 there is customer interest in this type of product. There was no innovation happening in
6 this space at any scale. The Powerwall program and our customer education around it
7 helped highlight the opportunity for customers, and the benefits that appropriate,
8 managed battery resources can provide for all customers. This focus has helped create
9 and grow the Vermont market and increased customers' knowledge about battery storage
10 options. Furthermore, the program has provided GMP with necessary and valuable
11 information regarding how these battery systems can be deployed and managed in a
12 fashion that benefits all Vermonters by reducing costs and carbon while assuring a safe
13 and reliable distribution system.

14 Under this program, 2,000 residential battery storage units will be installed and
15 operating in about 1,500 homes across Vermont by the summer of 2019. With these
16 batteries, GMP will have access to 10 MWs of aggregated, stored energy to use during
17 expensive peak times, which is anticipated to save non-participating customers
18 approximately \$2 million over the life of the program. The benefits of this program were
19 just evaluated in detail by the Commission in the rate case proceeding, Case No. 18-
20 0974-TF, and the Commission approved the program, finding that program's significant
21 benefits for customers justified including the program in rates. Specifically, the
22 Commission found that the program will provide customers with new ways to create

1 home resilience without a fossil fuel-based backup generator, while allowing GMP to use
2 the batteries for load control and balancing, which will reduce costs for all GMP
3 customers.⁷

4 Before jumpstarting this work with the Powerwall program, GMP was not seeing
5 demand for connecting residential battery storage units on any scale, let alone the scale
6 we have needed to be able to test and develop the platforms we have created with the
7 Powerwall program. Without this knowledge, GMP would have had a much harder time
8 connecting and managing residential batteries reliably and efficiently, which would be to
9 the detriment of all GMP customers. The Powerwall program allowed us to develop this
10 information and better understand the application and value for customers in a controlled
11 manner that ensured the program could be designed to provide a net financial benefit for
12 all of our customers, participating and non-participating alike. Thus, GMP's Powerwall
13 program has not only generated increased awareness and market demand for residential
14 batteries, it has also facilitated GMP's ability to manage residential storage units to lower
15 costs for customers. We are now using this information to expand the opportunities for
16 third parties to participate in, and take advantage of, this newly created market.

17 REV's critiques of the Powerwall program ignore these important aspects which
18 benefit all GMP customers and which GMP strongly believes will benefit REV's
19 members through a growing demand for battery storage units following the success of the
20 program. When asked in discovery to provide evidence of their claim in testimony that
21 the Powerwall program is serving as a disincentive, REV did not produce any examples

⁷ See Case No. 18-0974-TF, Final Order of 12/21/2018 at 8.

1 or analysis of this occurring, and pointed only to the lower enrollment in the BYOD
2 program.⁸ Similarly, with respect to REV's assertions regarding the costs of the
3 Powerwall program and GMP's power cost trajectory, REV also acknowledged in
4 discovery that it had conducted no independent analysis for these assertions.⁹

5 Regardless of REV's issues with this program, GMP hopes to be a partner for
6 REV and other third party providers of battery storage devices and other innovative
7 services, and is committed to working with them to improve the BYOD program and help
8 expand the range of innovative offerings to GMP customers in a way that benefits all of
9 our customers.

10 **Q20. With respect to the Powerwall program, Ms. Andersen and Ms. Cadwell specifically
11 discuss the Regional Network Service (“RNS”) benefit and state that the RNS
12 benefit should be shared. Do you agree with this?**

13 A20. Yes, GMP agrees that the RNS benefit can be shared with third parties that provide
14 storage to GMP customers, and in fact, this is exactly what the BYOD program does. It
15 provides a majority share of the same peaking benefits (Capacity and RNS savings) that
16 were developed in the Powerwall battery storage program. Based on our further
17 experience with that program, we believe we can increase the level of benefits that can be
18 shared through the BYOD program to third parties in the next version of the program,
19 while still ensuring that these offerings ultimately provide a net positive benefit to all
20 non-participating customers (rather than increasing costs for non-participating

⁸ REV's Responses to GMP's First Set of Discovery Requests, Response to Q.GMP.1-5.a at page 11.

⁹ *Id.* at Response to Q-GMP.1-2 (c) & (d) and Response to Q.GMP.1-9.

1 customers). Because these third party resources will function similarly as load reducers,
2 GMP is able to unlock this value stream and provide it directly to customers or third
3 parties. This is a perfect example of how the innovative pilot program can be used
4 responsibly to spur innovation, creating new markets that benefit third parties while
5 driving down costs for all of our customers.

6 **Q21. You mentioned that GMP is committed to working with third party providers on
7 innovative programs. Can you provide any specific examples of this?**

8 A21. Yes, the BYOD program is a good example of how we are working on expanding and
9 improving our partnership with third party providers. The BYOD program as it currently
10 exists was a first step in a series of efforts to open the market up for innovative
11 technology, which has been a priority for GMP since the beginning of launching
12 innovative products. We want to encourage more of this work in a way that benefits all
13 GMP customers, and to respond to some of REV's concerns by enhancing the program,
14 which GMP is currently working on. As noted above, the additional learning through the
15 Powerwall program has given us confidence that we can operate batteries for the benefit
16 of non-participating customers, and we therefore see the opportunity to create greater
17 incentives and opportunity for third party providers to participate in programs such as the
18 BYOD program. The Innovative Pilot option allows us to quickly receive feedback from
19 various providers and make adjustments to the program.

20 With this in mind, GMP is committed to increasing the success of the BYOD
21 program and is currently collaborating with REV members to expand the scope of the

1 program and to improve the program benefits for increased participation. Based on
2 discussions to date, these proposed expansions to the program include the following:

3 - Increasing the customer's share of monthly benefits generated by eligible devices;
4 - Providing the customer benefit as a one-time, up-front payment to reduce the
5 system cost for the consumer; and
6 - Expanding eligible devices beyond batteries to include other controllable devices
7 such as water heaters and Level 2 electric vehicle chargers.

8 GMP plans to file an amendment to the existing pilot with further details on these
9 proposed changes in the next few weeks, which will address many of REV's concerns
10 with respect to this program.

11 **Q22. Is GMP open to creating other pilot programs for innovative products that
12 customers purchase from parties other than GMP?**

13 A22. Yes, we are. We are focused on transforming our energy system for Vermonters as
14 quickly as possible and through as many channels as possible. Customers want, and
15 should have, options to participate in this transformation and GMP will continue to use
16 our platform as a tool to engage either directly with customers or through other parties
17 that can provide services. We are currently developing a similar offering to BYOD that
18 would allow third party aggregators to provide GMP with a combination of resources and
19 act as a single point of delivery for these resources.

1 **Q23. REV has also requested a more formal role in the review of GMP pilot programs.**

2 **How does GMP respond to that request?**

3 A23. GMP is open to including a requirement for consultation with REV prior to filing pilots.

4 We have heard this request from REV in multiple proceedings, and while we believe our
5 informal cooperation has worked well, we appreciate REV's perspective. GMP's focus is
6 on progress for our customers, and it is going to take many partners to get us to the vision
7 we have for a future electric grid that is distributed, resilient, and renewable. As noted
8 above, GMP feels strongly that we can be a catalyst in that change by providing programs
9 or offerings that jumpstart the market for a given product in Vermont, while maintaining
10 a platform that encourages as many options as possible. We have had many value
11 sharing mechanisms in place for years, through multiple time-differentiated and demand
12 response rate structures, and we are now expanding these to include direct incentives to
13 accelerate deployment of strategic distributed energy resources. One thing both REV and
14 GMP absolutely agree on is the need to accelerate the transformation of our energy
15 system to one that is significantly less carbon intensive and increasingly more reliable.

16 We are in this way more aligned than we are apart, and believe that GMP and our
17 partners can continue to advance Vermont as a leader in the energy transformation across
18 the country.

19 **Q24. Are there any other issues raised by REV that you wish to respond to?**

20 A24. Yes, Ms. Andersen and Ms. Cadwell noted that the proposed Plan contained some
21 references to documents that were not included as specific attachments to the Plan. The
22 innovative pilot attachment (Attachment 2) to the Plan references a memorandum and

1 data collection and reporting plan, both of which we did provide with our initial filing as
2 exhibits to Mr. Otley's testimony (*Exhibits GMP-BO-5* and *GMP-BO-6*). In an effort to
3 address Ms. Andersen and Ms. Cadwell's concerns, however, we have included these
4 documents in Attachment 2 itself (*see Exhibit GMP-ER-1(Rev.); Attachment 2(Rev.)*).

5 **Q25. Does that conclude your testimony?**

6 A25. Yes, it does.