

From: [Bram Towbin](#)
To: [PSD - Energy Storage](#)
Subject: comments on draft recommendation pursuant to Act. 31
Date: Wednesday, December 04, 2019 2:08:11 AM

There are some positive regulatory options listed in your draft proposal. Unfortunately the rules ignore the real elephant in the room - equity for Vermont power customers. Historically smaller utility companies stepped in where larger utilities found it uneconomical. The public good is served by helping those less financially endowed companies and cooperatives. Unfortunately the new rules buttress the power divide by leaving no obligations on the larger utilities to serve the needs of ALL Vermonters. The advent of storage being a critical part of the new grid shows the smaller utilities to be extremely disadvantaged in rebuilding their grids to accommodate the new technology. The facts on the ground are hinted at in a small sentence in the draft plan:

"Through these programs, GMP has created value streams for customers and third parties that have attracted participation. Outside of GMP territory, such programs are being explored by other utilities, but have not yet been implemented. "*- refers to the Telsa battery wall program*

The bottom line is the smaller Utilities do not have the financial capacity to catch up. The end result will be customers of GMP being able to take advantage of this critical new approach to energy distribution and others will languish. This will create vast areas of the State with a second tier power grid.

Here is a link to a Jan. 15 editorial I wrote on this subject. The bottom line: richer utilities must be incentivized to help the smaller utilities to create a COMPLETE grid with back up power.

https://www.timesargus.com/opinion/commentary/towbin-a-new-power-struggle/article_8cc038f1-487a-50ec-8181-34e525ca3e77.html

PS - Here is the text of that editorial:

What if Vermont was a place where many citizens were forced to live without a reliable source of electricity? What would the economic impacts be for disenfranchised communities that lack affordable, consistent power? These questions seem absurd as everyone takes for granted that we have nearly universal grid access and first rate utilities. Unfortunately an exchange occurred at the Central Vermont Regional Planning Commission (CVRPC) meeting that raised questions about the future prospects of everyone being securely connected. Our current path hints at a significant divide between those who are offered security and others who will be forced to fend for themselves.

The speaker at CVRPC's meeting was Anne Margolis, Renewable Energy Development Director at the Vermont Department of Public Service. The seemingly arcane topic focused on energy storage in light of the new push for renewables. The State has a goal of using 90% renewable energy by 2050. Ms. Margolis gave a very thorough presentation. The State is fortunate that our leaders consider the important questions of planning our energy future. We are also blessed by having extremely competent government employees, such as Ms. Margolis, who provide the legislators important information to inform policy. Energy regulation is extremely complicated and, except for the most ardent libertarian, most would agree that government has a role in ensuring everyone has power. Vermont's State energy policy, however, is based on three, sometimes competing goals: affordability, reliability and environmental responsibility.

The Department of Public Service should ask a very simple question to guide policy: what measures will enable all Vermonters, not just customers of rich utilities, to secure back up power? Unfortunately there is a tendency for State regulators to prefer a laissez faire approach to overseeing large corporations as exhibited in our sub-par telecommunications service. Ms. Margolis did an excellent job of parsing the myriad technical issues regarding peak load and the cost of electricity but the presentation seemed skewed from the point of view of the provider, rather than the customer. We are in a new era of home energy generation that, ironically, can be corrosive to a utilities bottom line. Power has value when it is needed and is a burden to manage at other times. The cost of maintaining the infrastructure is undermined by huge swaths of power entering the system at inopportune moments where there is no demand. Timing the generation to meet the need is the key to having a viable electronic distribution system. This is where storage is critical. The ability to tap sources of power to match customer requirements is the holy grail in creating a resilient, reliable,

environmentally sustainable grid. The good news is that Green Mountain power is offering customers a storage system that has this capability. Unfortunately users of smaller utilities are facing stark choices. One of my fellow commissioners was just such a customer.

Smaller utilities face steep costs of maintaining the current system and can ill afford paying for power they can't sell. It is also impossible to subsidize a next generation grid upgrade, which would utilize numerous homes as mini power stations. The end result is that small utility customers who invested in renewables are penalized for their foresight. This was confirmed by an alternate commissioner who attended the meeting. He happened to be on the board of the power company that was in question. He had bad news for customers who took it upon themselves to pay for expensive home power generation: your bills will be increasing and will not be offset by whatever you generate. It just so happens there was one such customer in the room. His reaction after hearing the future plans: he will disconnect from the grid. This small exchange hints at a future where many will be forced, due to the bad luck of living in an area serviced by a smaller utility, to either forego back-up power or turn to being isolated from the large utility system. As a public policy matter this is troubling.

Regardless of goals set for renewable power generation, the need for back- up power will become increasingly transparent as hazardous weather increases. It will no longer be an unnecessary luxury but rather an integral part of having consistent power. The consensus opinion amongst meteorologists is that our regions can expect exponential increases in adverse weather events. The larger rain and wind storms will mean more blackouts and economic disruption. The inability to tap the back up grid will adversely affect property values and business prospects. As someone who is in the midst of formulating our Town Plan, I can testify to the huge economic strain on our small business community. Many have closed shop in the last half decade. One can only imagine the continued economic hardship as a large section of town relies on a small electric COOP. Ironically this institution was founded as the larger utilities found it uneconomical to service the rural community.

It is understandable that the State, with the mandate of affordability, would be wary of too much interference in a complicated utility system. However policy needs to reflect the true costs going forward. Not giving customers of smaller utilities the same advantages of their larger counterparts furthers the divide of rural economic ghettos. Rural towns will be less resilient with pockets of those who can afford isolated self-generation amidst a sea of people waiting for lights to go back on. Meanwhile those under the umbrella of mini-grids will be shielded from the economic storm.

State policy needs to put the customer first and prioritize back-up power within the mini-grid framework. It is easy to become lost in the weeds of technical detail and lose sight of the overall public interest. Decentralizing the grid is an inherent public good in the context of what we will be facing. All small power generation, that includes storage capacity, must be encouraged. It will not flourish with a hands off approach. The idea that individuals and communities who can least afford it are being punished for investing in storage is a non-starter. The Department needs to step outside their regulatory comfort zone and force the large players, who enjoy lucrative franchises, to help subsidize what is best for our energy future. The solutions will not be amenable to the established power providers but for many Vermonters it may be the difference between having lights and being in the dark. If there are challenges in terms of load capacity and storage the Department must create policies that incentivize investments that work for all Vermonters. The utilities exist to serve the public interest. A clearer definition of affordability will ensure Vermont avoids becoming a place where its citizens serve the utilities' interest.

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