STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7742

Petition of Green Mountain Power Corporation	)	
requesting a certificate of public good, pursuant to	)	Hearing at
30 V.S.A. Section 248, for the purchase of electricity from	)	Montpelier, Vermont
NextEra Energy Seabrook, LLC from 2012 through 2034	)	September 15, 2011

Order entered: 11/4/2011

PRESENT: James Volz, Chairman
David C. Coen, Board Member
John D. Burke, Board Member

APPEARANCES: Louise Porter, Esq.
for Vermont Department of Public Service

Benjamin Marks, Esq.
Sheehey Furlong & Behm P.C.
for Green Mountain Power Corporation

Leonard H. Singer, Esq.
Adam T. Conway, Esq.
Couch, White, LLP
for International Business Machines Corporation[1]

Judith L. Dillon, Esq.
for Vermont Agency of Natural Resources[2]

1. Entered an appearance but did not attend hearing.
2. Entered an appearance but did not attend hearing.

I. INTRODUCTION

Green Mountain Power Corporation ("GMP" or the "Company") faces the expiration of two significant contracts that, together, account for approximately three-fourths of its annual energy supply: (1) a contract for power from the Vermont Yankee Nuclear Power Station ("Vermont Yankee"), which expires in early 2012; and (2) a power purchase agreement with Hydro-Québec that expires in late 2015. The expiration of these existing contracts will result in a significant need for replacement power. A portion of that need will be met with a new contract for Hydro-Québec power that GMP and other Vermont electric utilities have entered into with H.Q. Energy Services (U.S.) Inc. ("HQUS"); the Board approved the HQUS contract earlier this year.[3] Even with the HQUS contract, a sizable gap remains between GMP's projected needs and its committed power supplies. GMP proposes to meet part of this remaining need through a power purchase agreement ("PPA") with NextEra Energy Seabrook, LLC ("NextEra") for a portion of the capacity, energy and other attributes from the Seabrook Nuclear Power Station ("Seabrook"), an approximately 1,246 MW (net) nuclear-powered electric generating facility located in Seabrook, New Hampshire. The proposed PPA has a term of 22 years, and would meet approximately 24 percent of GMP's annual energy requirements in its early years.

The purchase by GMP from outside Vermont of electric capacity or energy representing more than one percent of its historic peak demand for a term exceeding five years requires the issuance of a certificate of public good ("CPG") by the Public Service Board ("Board") under 30 V.S.A. § 248(a)(1).[4] Before issuing a CPG under Section 248 with respect to such a purchase, the Board must find that the purchase will promote the general good of the state and that the applicable criteria set forth in Section 248(b) are satisfied.

Careful analysis has demonstrated that the proposed PPA is expected to provide a number of benefits to GMP and its ratepayers. As more fully explained below, those benefits include:

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3. Docket No. 7670, Order of 4/15/11.

4. The Vermont Legislature recently amended Section 248(a)(1) to raise the one-percent minimum threshold for a CPG to three percent. P.A. No. 47, § 5 (2011 Vt., Bien. Sess.). The amendment took effect on July 1, 2011, after GMP filed its petition in this proceeding. P.A. No. 47, § 21(c). Even under the higher three-percent threshold, the proposed PPA would still require a CPG.

relative price stability over the long term; reliability relative to non-baseload resources; lack of credit requirements; and a projected price of power that compares favorably with alternative sources. Given these benefits, GMP's clear need to replace the power from expiring contracts, and the Board's determination that the PPA satisfies the applicable criteria under Section 248(b) as described below, the Board has concluded that the PPA will promote the general good of the State. Therefore, the Board is issuing a CPG approving the PPA.

II. PROCEDURAL HISTORY

On June 6, 2011, GMP filed its petition for a CPG, together with prefiled testimony and exhibits, a Motion for Approval of Protective Agreement, and a Motion for Confidential Treatment of Prefiled Evidence.

On July 8, 2011, the Board held a prehearing conference. At the prehearing conference, the Board granted International Business Machines Corporation's ("IBM") motion to intervene and motion for admission of counsel *pro hac vice*.

On July 15, 2011, the Board issued a Protective Order approving a protective agreement and governing the protection of documents and information provided in discovery that GMP alleges is of a confidential and proprietary nature.

On August 10, 2011, a public hearing was held via Vermont Interactive Television at sites in Bennington, Lyndonville, Montpelier, Springfield, Williston and White River Junction. One member of the public spoke at the public hearing, expressing support for the purchase of power from a nuclear generation facility while preferring that the power were instead purchased from Vermont Yankee. The Board also received three written comments, all of which asserted that GMP should be purchasing power in-state from Vermont Yankee rather than from an out-of-state nuclear facility.

On September 8, 2011, the Board issued an Order granting a motion filed by GMP for confidential treatment of portions of its prefiled testimony and exhibits.

On September 13, 2011, the Department of Public Service ("Department") submitted its Determination Under 30 V.S.A. § 202(f), in which the Department determines that the PPA as proposed in the petition is consistent with the *Vermont Electric Plan*.

On September 15, 2011, the Board held a technical hearing.

On September 30, 2011, GMP filed a proposed decision, and represented that the Department joined in the proposed decision. With its filing, GMP included one correction to the record evidence (to reflect the correct credit rating issued by Standard & Poor for NextEra Energy Seabrook) and a response to a Board question from the technical hearing.[5] No other proposed decisions or briefs were filed.

III. FINDINGS

The findings that follow describe, first, the proposed transaction that is under review in this Docket. The findings then address the statutory standards by which the Board must judge those transactions.[6]

A. Transaction Description

(1) The Parties to the PPA

1. GMP is a company as defined by 30 V.S.A. § 201, and as such is subject to the jurisdiction of the Board pursuant to 30 V.S.A. § 203. Petition at 1.

2. NextEra is a Delaware limited liability company. NextEra owns 88.22889% of Seabrook and related assets located in Seabrook, New Hampshire. Exh. GMP-2 at 1.

(2) The PPA

3. GMP has entered into a PPA dated as of May 24, 2011, with NextEra. Exh. GMP-2.

4. The energy amounts in the PPA are provided under two separate schedules, one for delivery of 15 MW of firm 7x24 energy beginning in March 2012 and ending December 2014, and the other for unit-contingent 7x24 energy beginning with deliveries of 60 MW in January 2015 and ending (with periodic reductions in quantity) with deliveries of 40 MW December 31,

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5. GMP represented that none of the parties object to the admission of the correction, the response to the Board question, and the Department's Section 202(f) determination. Accordingly, these items are admitted into evidence.

6. Four of the Section 248(b) criteria – (b)(1), (b)(5), (b)(8), and (b)(9) – are inapplicable to the PPA, and therefore are not addressed in this Order. Section 248(b)(1)and (5) apply only to in-state facilities. Because the PPA does not involve the construction of an in-state facility, these criteria do not apply. Because there is no in-state construction, the PPA does not involve any facility located on or affecting any segment of State waters designated as outstanding resource waters. Therefore, Section 248(b)(8) does not apply. The PPA does not involve a waste-to-energy facility, and therefore Section 248(b)(9) does not apply.

2034. For this long-term schedule, "unit-contingent" means that GMP will be subject to reductions in hourly volume in the event that the Seabrook facility is unavailable or reduced below certain amounts due to scheduled or unscheduled outages and events. Cole pf. at 2–3; Smith pf. at 26; exh. GMP-2 at att. A.

5. Capacity purchases under the PPA start in 2015 at 85 MW, decline to 75 MW between 2021 and 2030, and decline further to 65 MW for 2031 through 2035. Smith pf. at 26; exh. GMP-2 at att. A.

6. All energy will be delivered to GMP at the Seabrook facility interconnection with the ISO-New England ("ISO-NE") Pool Transmission Facility (ISO-NE node: 555) in New Hampshire and will be scheduled within the ISO-NE settlement system as Internal Bilateral Transactions ("IBT"). All energy schedules will also include unit-contingent attributes (described further below) associated with the Seabrook facility. Cole pf. at 3; exh. GMP-2 at 11–12 and att. D.

7. The price for energy and attributes begins in 2012 at $46.62/MWh, with annual increases in 2013 and 2014 based on established values prescribed in the PPA. The aggregate price for capacity, energy, and attributes beginning in 2015 will be determined by escalating a 2012 price of approximately $50/MWh by an inflation-based index, with the adjustment to the energy price subject to upper and lower limits each year. Cole pf. at 5; exh. GMP-2 at 13–14, att. C and att. E.

8. With the exception of the energy-only volumes delivered in the first three years, the purchase – and GMP's associated payment obligations – of energy and capacity will be contingent on the operation of the Seabrook facility. Cole pf. at 2.

9. The attributes being purchased by GMP include any claims or rights NextEra's facility may have to avoided emissions of pollutants, including greenhouse gases. Additionally, these attributes include the rights to any credits or offsets in the event a portfolio standard is created in which nuclear resources are eligible to satisfy requirements under the standard. Attribute transfers will be made beginning in 2012 using the NEPOOL GIS system on a quarterly basis. NextEra will attest at least annually that the attributes are for the sole and exclusive use of GMP. Cole pf. at 3; exh. GMP-2 at 12 and att. D.

10. The PPA does not include a price for these attributes, unless in the future a market and market value emerge for the attributes. Should a future market develop for the attributes, GMP must either pay a percentage of the observable price for the attributes, provide NextEra with this same percentage of the net proceeds of a sale of the attributes, or transfer this same percentage of GMP's attribute entitlement back to NextEra. Petition at 2; Cole pf. at 3–4; exh. GMP-2 at 14.

11. NextEra retains all rights and responsibilities over the Seabrook facility with regard to the plant's operation during the term of the agreement including the right to relicense or retire the Seabrook station. The current Nuclear Regulatory Commission ("NRC") license for the facility expires in March of 2030, four years before the end of the contract. If the license is not renewed, near the termination date GMP will have the option to terminate the PPA, which termination would trigger the opportunity for NextEra to replace the remaining obligations with comparable products. GMP's determination of whether to terminate the PPA would be made in the context of market conditions prevailing at the time. Cole pf. at 2; tr. 9/15/11 at 8, 20 (Cole).

12. Beginning June 1, 2015, the PPA will also include deliveries of unit-contingent capacity to offset GMP's obligations in the ISO-NE Forward Capacity Market. Similar to the long-term energy schedule, the capacity quantity exhibits a declining volume profile with initial deliveries of 85 MW per month in 2015 being periodically reduced to an ending quantity of 65 MW in 2034. The capacity is also a unit-contingent product, meaning that throughout the term of the agreement, the actual delivered capacity amount will be subject to the available capacity rating of the facility. Presently, the Seabrook facility is rated at 1246 MW for the 2015 delivery period; should the facility maintain this rating over the term, GMP will see no reductions to the contract capacity amounts set forth in PPA Exhibit A. In the event that there are reductions in the facility capacity rating over the term of the agreement, GMP's share of the capacity product (and GMP's payment obligation) will be reduced accordingly. Cole pf. at 4.

13. The capacity product will be scheduled according to the prevailing ISO-NE rules regarding "Self Supply," which means that the capacity quantity will be recognized as a direct offset to GMP's load-based capacity obligations. Cole pf. at 4.

14. The PPA includes typical default and termination provisions in the event that a party becomes unable to perform its obligations under the contract or files for bankruptcy protection. Cole pf. at 6; exh. GMP-2 at 19–22.

B. Applicable Section 248(b) Criteria

Present and Future Demand for Service

[30 V.S.A. § 248(b)(2)]

15. GMP's purchase under the PPA is required to meet the present and future demand for service which could not otherwise be provided in a more cost-effective manner through energy-conservation programs and energy-efficiency measures, including but not limited to those developed pursuant to the provisions of subsection 209(d), section 218c and subsection 218(b) of Title 30. This finding is supported by findings 16 through 20, below; Smith pf. at 4, 54; Foley pf. at 3–4.

16. About three-quarters of GMP's current power supply sources will expire between 2012 and 2015, leaving GMP with a need for substantial new resources, particularly long-term resources that provide relative price stability. Even after accounting for the planned Granite Reliable PPA, the Kingdom Community Wind project and the PPA with HQUS, GMP's projected open position in 2017 exceeds 44% of its annual energy requirements. The proposed PPA would provide roughly 24% of GMP's annual energy requirements, leaving roughly 20 percent to be met with future resources including energy efficiency and load management measures. Over time, as the PPA volumes decline, GMP's open position will increase. Smith pf. at 4, 54.

17. GMP sought a power contract whose volumes decline over time for the same reasons that it pursued a "ramp down" strategy for Vermont Yankee. One reason is to allow room in GMP's portfolio that could accommodate future renewable sources. The declining volume pattern also helps to maintain flexibility in GMP's portfolio to respond to future developments that might affect its long-term need for stably priced power. Such future developments might include a decrease in electricity consumption by GMP customers, attractive local renewable power, or other favorable power-purchase opportunities. Other considerations include GMP's

desire to limit its reliance on a nuclear generating unit in the later years of its operating license, and to limit the amount of expiring PPA power that would need to be replaced at one time. Smith pf. at 27.

18. The PPA is needed to serve projected electricity needs of GMP customers that could not otherwise be provided in a more cost-effective manner through energy efficiency, load management or other demand-side resources. Smith pf. at 4; Foley pf. at 4.

19. Although it is likely that additional amounts of energy efficiency could be obtained at a lower cost than power-supply alternatives, it is unrealistic to expect that energy efficiency or other demand-side resources could meet all of GMP's projected resource needs, due to the size of the resource needs, the historically substantial levels of investment in energy efficiency in GMP's territory, and the prospect of increased future efficiency costs. Smith pf. at 54.

20. After including the proposed PPA, GMP's committed and planned power sources will cover about 70 percent of its customers' projected long-term energy requirements, based on a load forecast that already assumes substantial additional electric energy efficiency savings (on the order of 20 percent of forecasted load) in the future. The remaining needs are unlikely to be obtained from a more cost-effective energy efficiency source. Smith pf. at 55.

System Stability and Reliability

[30 V.S.A. § 248(b)(3)]

21. The transmission of power purchased under the PPA will not adversely affect system stability or reliability. This finding is supported by finding 22, below; Smith pf. at 58.

22. The power from the PPA will be provided by an existing generating plant in southern New Hampshire that is already interconnected with the New England transmission grid. No new transmission facilities are needed in Vermont for GMP to take advantage of the PPA nor will there be any adverse impact on the Vermont transmission system. Smith pf. at 5, 58.

Economic Benefit to the State

[30 V.S.A. SS 248(b)(4)]

23. GMP's purchase under the PPA will provide an economic benefit to the state. This finding is supported by findings 24 through 41, below; Smith pf. at 56.

PPA Price

24. The PPA will benefit GMP's power supply portfolio in a number of ways, including relative long-term price stability, reliability relative to non-baseload resources, lack of credit requirements, and a projected price of power that compares favorably with alternative sources. The PPA is projected to be one of the most attractively priced long-term electricity sources available to GMP. The projected price of power is favorable when compared to a range of electricity market price outlooks. The PPA also compares favorably to other available long-term power sources. Smith pf. at 29, 56.

25. The price for the initial period of PPA purchases is consistent with prevailing market prices for a similar fixed-price product for these delivery years, after accounting for the delivery location; i.e., the price for the first phase of the PPA is consistent with the price GMP would expect to pay for generic system purchases from the New England market. The PPA purchases in the first phase have two advantages over standard market purchases: the PPA will provide zero-emission nuclear generation attributes (as opposed to New England residual system mix attributes, which feature a much higher average emission profile), and its credit terms are preferable to those that are typically associated with the short-term fixed-price energy product. Smith pf. at 30.

26. Compared to the initial phase of the proposed PPA, the second phase is longer term, involves greater amounts of energy purchases, and has a more complex structure. Specifically, the second phase features a 20-year term, with average energy purchase quantities of approximately 50 MW. The second phase also includes capacity purchases averaging 75 MW. As a result, the vast majority of the purchases and payments under the PPA fall in the second phase, along with most of the opportunity and risk for GMP customers. In addition, deliveries in the second phase will be contingent on the performance of the Seabrook plant, and the pricing for

energy and capacity will escalate over time based on an inflation-based index. For these reasons, GMP evaluated the second phase of the PPA much more intensively than the first, focusing on how the PPA and GMP's portfolio might perform under a range of potential future outcomes with respect to power markets and other drivers of GMP's power supply costs. Smith pf. at 31-32.

27. Electricity market prices are notoriously volatile. In addition, there is a wide range of potential long-term market prices, driven by variables that include: fossil-fuel prices; the rate of general price inflation; electricity demand; the amount and timing of attrition of generating plants; the amounts and types of new plants that are brought on line; and the nature and extent of environmental regulation of the electric industry. Smith pf. at 31.

28. GMP evaluated the relative attractiveness of the PPA against six possible scenarios featuring a wide variety of future energy market prices. On a lifetime basis, in five of the six scenarios evaluated, the projected cost of the PPA power was below the projected cost of the same volumes of market power. In the lowest-market-price scenario (one featuring low natural gas prices and no future price on greenhouse gas emissions), however, the PPA is projected to be substantially above market. On the whole, the scenario analyses indicate that the PPA is reasonably priced and an appropriate addition to the Company's portfolio. Smith pf. at 38.

29. The introduction of the PPA into GMP's power portfolio results in a portfolio with more stable costs that are less subject to potential changes in future market prices. Smith pf. at 43.

30. Compared to numerous potential power supply sources evaluated by GMP during the last several years, the PPA is one of the most attractively priced long-term power sources available. The PPA fits a clear need in GMP's power supply portfolio, and offers favorable non-price features. Smith pf. at 39.

31. There are a number of alternative potential power sources available to GMP, representing a range of technology and fuel types, delivery profiles, and operating roles. Although some of them are difficult to compare directly to the PPA, none of the resources with non-price characteristics similar to the PPA appear to be as cost-effective as the PPA. Smith pf. at 39.

32. GMP has explored a number of power supply options within the past two years, through a combination of formal solicitations and bilateral dialogue with potential sellers. Those options consist of the following:

a. Purchases of output from existing hydroelectric plants in the region, including purchases from Hydro-Québec;

b. Utility-scale new renewable generation plants, including wind, biomass, landfill gas and solar;

c. Smaller-scale new renewable plants;

d. Enhancements to GMP hydroelectric plants;

e. Natural-gas-fired combined-cycle power (from proposed and existing plants);

f. Forward energy purchases (e.g., peak/off-peak/7x24 blocks) from the New England market;

g. New peaking capacity (i.e., simple-cycle combustion turbines or internal-combustion engines), particularly at GMP generation sites; and

h. A purchase of output from the Vermont Yankee nuclear plant.

Smith pf. at 39.

33. GMP compared and evaluated the most promising power supply options using a number of characteristics, based on GMP's recent experience seeking to purchase or construct those options. The relative attractiveness of these potential supply sources, and their suitability as alternatives to the proposed PPA, can be summarized as follows:

a. The PPA is projected to be cost-competitive with wholesale power in New England, while offering other favorable characteristics (lower air emissions, more price stability);

b. GMP is already pursuing substantial amounts of new renewable power sources. These include the Kingdom Community Wind project, a long-term PPA from the Granite Reliable wind project, solar photovoltaic power projects, and enhancements to GMP hydroelectric plants. These resources are intended to increase the new renewable component of GMP's portfolio as cost-effectively as possible. They tend to be significantly more costly than the proposed PPA, however, and they do not address GMP's portfolio need for baseload power;

c. To date, GMP has not identified any cost-competitive long-term purchase opportunities from existing hydroelectric plants, at least in substantial volumes;

d. New combined-cycle generation is available on a substantial scale similar to the proposed PPA, and can operate in a baseload mode under some market

conditions. It is not as attractive as the PPA, however, because it is likely to be significantly more costly, have less stable prices and contribute significant air emissions; and

e. Forward energy purchases from the regional market are available in flexible amounts and delivery profiles, but they feature relatively high air emissions, and are not a feasible source of long-term price stability.

Smith pf. at 40.

34. The PPA compares favorably to power-supply alternatives currently available to GMP and is favorably priced relative to the market, according to projections of both GMP and the DPS. Smith pf. at 40; tr. 9/15/11 at 84 (Foley).

Other Economic Benefits

Price Stability

35. The PPA provides price stability relative to the wholesale power market, primarily because its price-escalation factor is less volatile than power prices are expected to be. Even if the price of PPA power turns out to be above market for an extended period, the effect on customers is likely to be offset by lower prices for other GMP sources. This is because GMP's portfolio will likely not consist entirely of stably priced sources. Instead, a significant portion of GMP's portfolio (e.g., future market purchases, fossil-fired generating plants, and market-indexed power purchase contracts) would be expected to track market prices to a meaningful degree. Smith pf. at 41.

36. The PPA retains its price-stability benefits even under those scenarios in which its price for power is higher than expected market prices. Foley pf. at 5.

37. The PPA pricing structure is linked primarily to general inflation. Over the past 5, 10, and 20 years, general inflation has averaged roughly 2 percent per year, with individual years ranging from near zero to over 4 percent. In most years, this inflation index increased at rates in the middle of this range, between 1.5 percent and 3 percent per year. Current forecasts project future inflation to average near the middle of this historical range. This suggests that general inflation and the PPA price will move gradually upward over time, with annual price changes during most years also falling in the historical range of 1.5 to 3 percent per year. This range of

year-to-year price changes is much narrower than for wholesale energy market prices, which have often exhibited year-to-year price changes of 10 percent or more. Smith pf. at 42.

Credit Requirements

38. Unlike typical long-term, stably priced contracts, the PPA does not contain any credit or collateral requirements. This provides a meaningful benefit for GMP and its customers, due to GMP's need regularly to deploy significant investment capital on various projects. At present, ongoing and expected capital demands include: generation investment at the Kingdom Community Wind project; VELCO transmission projects; SmartGrid investments; upgrades of GMP hydroelectric plants; and upkeep of GMP's transmission and distribution system. Smith pf. at 44.

39. GMP has established a credit agreement that is adequate to meet its short-term liquidity needs. However, the credit agreement is limited to $45 million, and the Company does not hold large quantities of cash. Incorporating the PPA into GMP's supply portfolio rather than other resources (contracts or owned generation) that might require collateral posting or require the Company to maintain a specific credit rating to avoid posting financial assurance allows GMP to reduce its liquidity requirements and allocate less of its financial resources to support its power supply portfolio. Because the proposed PPA is a long-term agreement and will constitute more than 20 percent of the Company's total energy needs in the near-term, the avoided financial resource requirements are significant. Smith pf. at 44–45.

Other Benefits

40. The PPA generation attributes (in the form of NEPOOL Generation Information System certificates) associated with the Seabrook plant's output feature zero direct air emissions. The addition of this zero-emission power into GMP's portfolio will meaningfully lower the portfolio's emission profile, relative to alternative power purchases from the regional market or specific emitting sources such as gas-fired combined-cycle plants. The PPA (along with other low- and zero-emission sources) will therefore help GMP maintain a greenhouse-gas-emission profile significantly below the regional average. The transfer of attributes associated with non-emitting

nuclear generation is consistent with GMP's energy plan and with state energy policy that emphasizes limiting the greenhouse gas emissions associated with Vermont's energy use. Smith pf. at 5, 43.

41. The PPA will also help to meet a significant need for baseload energy in GMP's portfolio, complementing a growing mix of intermittent renewable sources and reliable on-peak deliveries under the recent purchase of Hydro-Québec power from HQUS. The purchase of meaningful amounts of long-term capacity under the PPA, at relatively stable prices, will help to meet GMP's substantial long-term needs in the ISO-New England Forward Capacity Market ("FCM"). Smith pf. at 4–5.

Integrated Resource Planning

[30 V.S.A. § 248(b)(6)]

42. GMP's power purchase under the PPA is consistent with the principles for resource selection expressed in GMP's approved least-cost integrated plan. This finding is supported by finding 43, below; Smith pf. at 57.

43. GMP's approved IRP anticipates the continued purchase of nuclear power, either from Vermont Yankee or some other nuclear source. The methodology employed in GMP's risk analysis for the PPA, which involves multiple scenarios reflecting variations in the significant cost drivers, is consistent with the multi-attribute analysis employed in GMP's IRP, which tests six alternative portfolios against six key attributes: Net Present Value ("NPV") of future revenue requirements; societal-cost NPV; short-term market/fuel price exposure; portion of portfolio hedged with long-term fixed prices; and imputed debt and air emissions. Ultimately, both the IRP and GMP's specific evaluation of the PPA support inclusion of the PPA in GMP's portfolio. Smith pf. at 57.

Compliance with Electric Energy Plan

[30 V.S.A. § 248(b)(7)]

44. GMP's power purchase under the PPA is in compliance with the electric energy plan approved by the DPS under 30 V.S.A. § 202. This finding is supported by findings 45 through 47, below.

45. The *Vermont Electric Plan* speaks to the concern over the potential loss of existing power resources and the need to diversify the Vermont power portfolio with a more sustainable and stable long-term supply mix, one that is diversified away from large fossil-fuel sources. The Draft Update to the 2005 *Vermont Electric Plan* notes this same major challenge: "No issue in Vermont seems to loom larger in the present energy planning environment than the approaching gap between committed electricity supply and expected demand." Smith pf. at 58.

46. The PPA is consistent with the priorities for the future emphasized in Section 10 of the *Vermont Electric Plan*, namely, increasing resource diversity and promoting stably priced and competitively priced resources. The PPA will serve as a hedge against potential high electricity market outcomes (driven, for example, by fossil-fuel price increases or national emission-reduction requirements). Smith pf. at 58.

47. The DPS has determined that the PPA is consistent with the *Vermont Electric Plan*, in accordance with 30 V.S.A. § 202(f). Letter from Louise Porter, Esq., of the DPS to Susan M. Hudson, Clerk of the Board, September 13, 2011.

Service by Existing Infrastructure

[30 V.S.A. §248(b)(10)]

48. The purchase of power under the PPA can be served economically by existing or planned transmission resources. This finding is supported by finding 22, above; Smith pf. at 58.

C. Overall Public Good

In addition to factors specifically enumerated in 30 V.S.A. § 248(b), 30 V.S.A. § 248(a) also requires that, in order to issue a CPG, the Board must find that the PPA "will promote the general good of the state."

Finding

49. The PPA will promote the general good of the state because the power is needed to meet an expected power supply gap, it provides significant price stability with a significant price-hedge against spot-market volatility, it is a relatively low-cost source of power, it provides low-emission power, and it provides a relatively reliable baseload source of power. Smith pf. at 58; Foley pf. at 7.

Discussion

In order to issue a CPG, the Board must find that the PPA will promote the general good of the State in accordance with Section 248(a)(1). For the reasons set forth in prior sections of this Order, the Board has concluded that the proposed purchase under the PPA satisfies the applicable criteria of Section 248(b), i.e., the purchase is needed to meet the needs of GMP's electric consumers, will not adversely affect system stability and reliability, will provide an economic benefit, is consistent with GMP's IRP, complies with the *Vermont Electric Plan*, and can be served economically by existing or planned transmission facilities.

These considerations, taken together, support the conclusion that the proposed purchase under the PPA will promote the general good of the State. The Section 248(a)(1) determination of general good may take into account factors in addition to those specified in the criteria of Section 248(b).[7] In the present proceeding, however, no party has identified any additional considerations that would indicate the PPA might not promote the general good, nor have we ourselves discerned any such considerations.

Therefore, the Board concludes that, pursuant to 30 V.S.A. § 248(a)(1), GMP's purchase of capacity and energy under the PPA will promote the general good of the State.

IV. CONCLUSION

For the reasons set forth above, the proposed PPA will promote the general good of the State of Vermont in accordance with 30 V.S.A. § 248, and a certificate of public good to that effect shall be issued in this matter.

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7. *See,* e.g., *Application of Twenty-Four Electric Utilities*, Docket No. 5330, Order re Scope, Intervention, and Motion to Dismiss, 9/21/89.

V. ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that the purchase of capacity and energy by Green Mountain Power Corporation under the Power Purchase Agreement, dated as of May 24, 2011, with NextEra Energy Seabrook, LLC, will promote the general good of the State of Vermont in accordance with 30 V.S.A. § 248, and a certificate of public good to that effect shall be issued.

Dated at Montpelier, Vermont, this 4th day of November, 2011.

s/James Volz	)	
	)	PUBLIC SERVICE
	)	
s/David C. Coen	)	BOARD
	)	
	)	OF VERMONT
s/John D. Burke	)	

OFFICE OF THE CLERK

FILED: November 4, 2011

ATTEST: s/Susan M. Hudson
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@state.vt.us)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.