

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Environment and Energy to which was referred House
3 Bill No. 289 entitled “An act relating to the Renewable Energy Standard”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 Sec. 1. 30 V.S.A. § 218d is amended to read:

8 § 218d. ALTERNATIVE REGULATION OF ELECTRIC AND NATURAL
9 GAS COMPANIES

10 * * *

11 (n)(1) Notwithstanding subsection (a) of this section and sections 218, 225,
12 226, 227, and 229 of this title, a municipal company formed under local charter
13 or under chapter 79 of this title and an electric cooperative formed under
14 chapter 81 of this title shall be authorized to change its rates for service to its
15 customers if the rate change is:

- 16 (A) applied to all customers equally;
- 17 (B) not more than ~~two~~ three percent during any twelve-month period;
- 18 (C) cumulatively not more than 10 percent from the rates last
19 approved by the Commission; and
- 20 (D) not going to take effect more than 10 years from the last approval
21 for a rate change from the Commission.

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Sec. 2. 30 V.S.A. § 8002 is amended to read:

§ 8002. DEFINITIONS

As used in this chapter:

* * *

(8) “Existing renewable energy” means renewable energy produced by a plant that came into service prior to or on ~~June 30, 2015~~ December 31, 2009.

* * *

(15) “Net metering” means measuring the difference between the electricity supplied to a customer and the electricity fed back by the customer’s net metering system during the customer’s billing period:

(A) ~~using~~ Using a single, non-demand meter or ~~such~~ other meter that would otherwise be applicable to the customer’s usage but for the use of net metering; ~~or.~~

(B) ~~if~~ If the system serves more than one customer, using multiple meters. The calculation shall be made by converting all meters to a non-demand, non-time-of-day meter, and equalizing them to the tariffed kWh rate.

(16) “Net metering system” means a plant for generation of electricity that:

(A) is of ~~no~~ not more than 500 kW capacity;

1 (B) operates in parallel with facilities of the electric distribution
2 system;

3 (C) is intended primarily to offset the customer's own electricity
4 requirements and does not primarily supply electricity to electric vehicle
5 supply equipment, as defined in section 201 of this title, for the resale of
6 electricity to the public by the kWh or for other retail sales to the public,
7 including those based in whole or in part on a flat fee per charging session or a
8 time-based fee for occupying a parking space while using electric vehicle
9 supply equipment; ~~and~~

10 (D)(i) employs a renewable energy source; or

11 (ii) is a qualified micro-combined heat and power system of 20 kW
12 or fewer that meets the definition of combined heat and power in subsection
13 8015(b) of this title and uses any fuel source that meets air quality standards;
14 and

15 (E) for systems that file a complete application for a certificate of
16 public good after January 1, 2025, generates energy through a single meter that
17 will be used on the same parcel as, or a parcel adjacent to, the parcel where the
18 plant is located. For purposes of this subsection (16), two parcels shall be
19 adjacent if they share a property boundary or are adjacent and separated only
20 by a river, stream, railroad line, private road, public highway, or similar
21 intervening landform.

1 (17) “New renewable energy” means renewable energy **capable of**
2 **delivery in New England and** produced by a specific and identifiable plant
3 coming into service on or after ~~June 30, 2015~~ January 1, 2010, but excluding
4 energy generated by a hydroelectric generation plant with a capacity of 200
5 MW or greater.

6 (A) Energy from within a system of generating plants that includes
7 renewable energy shall not constitute new renewable energy, regardless of
8 whether the system includes specific plants that came or come into service on
9 or after ~~June 30, 2015~~ January 1, 2010.

10 (B) Except as provided in 30 V.S.A. § 8005(c)(3), “New new
11 renewable energy” also ~~may~~ shall include:

12 (i) the additional energy from an existing renewable energy plant
13 retrofitted with advanced technologies or otherwise operated, modified, or
14 expanded to increase the kWh output of the plant in excess of an historical
15 baseline established by calculating the average output of that plant for the 10-
16 year period that ended ~~June 30, 2015~~ January 1, 2010. If the production of
17 new renewable energy through changes in operations, modification, or
18 expansion involves combustion of the resource, the system also must result in
19 an incrementally higher level of energy conversion efficiency or significantly
20 reduced emissions;

1 (ii) any additional energy available to a retail electricity provider
2 under agreements approved or authorized by the Public Utility Commission in
3 its April 15, 2011 Order issued in Docket No. 7670, Petition of twenty
4 Vermont utilities and Vermont Public Power Supply Authority requesting
5 authorization for the purchase of 218 MW to 225 MW of electricity of H.Q.
6 Energy Services (U.S.) Inc; and

7 (iii) energy generated by a hydroelectric plant meeting the
8 requirements of 30 V.S.A. § 8005(d)(3).

9 * * *

10 (25) “Low income customer” means a person purchasing energy from a
11 retail electricity provider and having income that is less than or equal to 80
12 percent of area median income, adjusted for family size, in accordance with
13 federal standards generally accepted at the time of incorporation and
14 comparable to standards of the U.S. Department of Housing and Urban
15 Development existing on June 16, 1988.

16 * * *

17 (31) “Load” means the total amount of electricity utilized by a retail
18 electricity provider over a 12-month calendar year period, including its retail
19 electric sales, any use by the provider itself not included in retail sales, and
20 transmission and distribution line losses associated with and allocated to the

1 utility; provided, however, that prior to January 1, 2025, load means a
2 provider’s annual retail electric sales.

3 (32) “Load growth” means the increase above a baseline year in a retail
4 electricity provider’s load.

5 Sec. 3. 30 V.S.A. § 8003 is amended to read:

6 § 8003. RENEWABLE ENERGY PRICING

7 (a) An electric utility, municipal department formed under local charter or
8 chapter 79 of this title, or electric cooperative formed under chapter 81 of this
9 title may implement a renewable energy pricing program under this section for
10 its customers, or offer customers the option of making a voluntary contribution
11 to the Vermont Clean Energy Development Fund established under section
12 8015 of this title. Such renewable energy pricing programs may include
13 tariffs, standard special contracts, or other arrangements whose purpose is to
14 increase the company’s reliance on, or the customer’s support of, renewable
15 sources of energy or the type and quantity of renewable energy resources
16 available.

17 (b) A standard special contract for renewable pricing that has been
18 approved as to form and substance by the Commission under this section shall
19 not require further approval by the Commission under section 229 of this title
20 as to individual customers who choose to execute that contract.

1 (c) Renewable pricing programs may be priced in the form of a premium
2 relative to the tariff that would otherwise apply, provided the premium shall
3 be cost-based, shall reasonably reflect the difference between acquiring the
4 renewable energy and the utility's alternative cost of power, including
5 administrative costs, and shall be adjusted via such periodic adjustment
6 mechanisms, including adjustment clauses, as the Commission shall approve
7 as part of a renewable pricing program. Any renewable pricing program shall
8 require that any costs of power in excess of the company's alternative cost of
9 power shall be borne solely by those customers who elect to participate in the
10 renewable pricing program.

11 ~~(d) Tradeable renewable energy credits (with or without other features),~~
12 ~~tradeable emissions credits, emission offsets, or other market instruments~~
13 ~~created or obtained by energy resources acquired pursuant to or as part of a~~
14 ~~renewable pricing program approved under this section shall be permanently~~
15 ~~retired by or on behalf of the program's subscribers, and shall not be sold or~~
16 ~~otherwise disposed of. However, if a program is not fully subscribed, any such~~
17 ~~instruments created or obtained by the unsubscribed portion of the program~~
18 ~~may be sold or disposed of at no less than market value if the net proceeds of~~
19 ~~such sale or disposal are used to reduce the cost paid under the renewable~~
20 ~~pricing program.~~

1 ~~(e)~~ The Commission shall ensure that disclosures and representations made
2 regarding renewable pricing programs are accurate, are reasonably supported
3 by objective data, disclose the types of technologies used, whether the energy
4 is Vermont-based or not, and clearly distinguish between energy or tradeable
5 energy credits provided from renewable and nonrenewable sources, and
6 existing and new sources.

7 ~~(f)~~ ~~[Repealed.]~~

8 ~~(g)~~(e) The Commission shall consider the following factors in deciding
9 whether and upon what conditions to approve a proposed renewable energy
10 pricing program:

- 11 (1) minimization of marketing and administrative expenses;
- 12 (2) auditing or certification of sources of energy or tradeable renewable
13 energy credits;
- 14 (3) marketing and promotion plans;
- 15 (4) effectiveness of the program in meeting the goals of promoting
16 renewable energy generation and public understanding of renewable energy
17 sources in Vermont;
- 18 (5) retention by the program of renewable energy production incentives,
19 tax incentives, and other incentives earned or otherwise obtained by energy
20 resources acquired pursuant to or as part of a renewable energy pricing

1 program approved under this section to reduce the cost of any premiums paid
2 under this section; and

3 (6) costs imposed on nonparticipating customers arising on account of
4 the implementation of the voluntary renewable energy pricing program.

5 Sec. 4. 30 V.S.A. § 8004 is amended to read:

6 § 8004. SALES OF ELECTRIC ENERGY; RENEWABLE ENERGY
7 STANDARD (RES)

8 * * *

9 (d) Alternative compliance payment. In lieu of purchasing renewable
10 energy or tradeable renewable energy credits or supporting energy
11 transformation projects to satisfy the requirements of this section and section
12 8005 of this title, a retail electricity provider in this State may pay to the
13 Vermont Clean Energy Development Fund established under section 8015 of
14 this title an alternative compliance payment at the applicable rate set forth in
15 section 8005; provided, however, that a retail electricity provider electing to
16 make an alternative compliance payment to satisfy its obligations under
17 subdivision 8005(a)(5) of this title shall directly contribute the payment to the
18 development of renewable energy plants within the provider's service territory
19 that are intended to serve and benefit customers with low-income.

20 * * *

21 Sec. 5. 30 V.S.A. § 8005 is amended to read:

1 § 8005. RES CATEGORIES

2 (a) Categories. This section specifies ~~three~~ five categories of required
3 resources to meet the requirements of the RES established in section 8004 of
4 this title: total renewable energy, distributed renewable generation, ~~and~~ energy
5 transformation, new renewable energy, and load growth renewable energy.
6 The requirements contained in this section set forth the minimum statutory
7 requirements under the RES. In order to support progress toward Vermont’s
8 climate goals and requirements, a provider may, but shall not be required to,
9 exceed the statutorily required amounts under this section.

10 (1) Total renewable energy.

11 * * *

12 (B) Required amounts. The amounts of total renewable energy
13 required by this subsection shall be ~~55~~ 63 percent of each retail electricity
14 provider’s annual ~~retail electric sales~~ load during the year beginning on
15 January 1, ~~2017~~ 2025, increasing by at least an additional four percent each
16 third January 1 thereafter, until reaching ~~75~~ 100 percent;

17 (i) on and after January 1, ~~2032~~ 2035 for a retail electricity provider
18 who serves a single customer that takes service at 115 kilovolts and each
19 municipal retail electricity provider formed under local charter or chapter 79 of
20 this title; and

1 (ii) on and after January 1, 2030, for all other retail electricity
2 providers.

3 (C) Relationship to other categories. Distributed renewable
4 generation used to meet the requirements of subdivision (2) of this subsection
5 (a), new renewable energy under subdivision (4) of this subsection, and load
6 growth renewable generation under subdivision (5) of this subsection shall also
7 count toward the requirements of this subdivision. However, an energy
8 transformation project under subdivision (3) of this subsection shall not count
9 toward the requirements of this subdivision.

10 * * *

11 (2) Distributed renewable generation.

12 * * *

13 (B) Definition. As used in this section, “distributed renewable
14 generation” means ~~one of the following~~:

15 (i) a renewable energy plant that ~~is new renewable energy~~; has a
16 plant capacity of five MW or less; and

17 (ii) is one of the following:

18 (I) new renewable energy;

19 (II) a hydroelectric renewable energy plant that is, on or before
20 January 1, 2024, owned and operated by a municipal electric utility formed
21 under local charter or chapter 79 of this title, as of January 1, 2020, including

1 future plant modifications that do not cause the capacity of such a plant to
2 exceed five MW; or

3 (III) a hydroelectric renewable energy plant that is, on or before
4 January 1, 2024, owned and operated by a retail electricity provider that is not
5 a municipal electric utility, provided such plant is and continues to be certified
6 by the Low Impact Hydropower Institute, including any future modifications
7 that do not cause the capacity of such a plant to exceed five MW; and

8 (iii) is one of the following:

9 (I) is directly connected to the subtransmission or distribution
10 system of a Vermont retail electricity provider; or

11 (II) is directly connected to the transmission system of an
12 electric company required to submit a Transmission System Plan under
13 subsection 218c(d) of this title, if the plant is part of a plan approved by the
14 Commission to avoid or defer a transmission system improvement needed to
15 address a transmission system reliability deficiency identified and analyzed in
16 that Plan; or

17 ~~(ii)~~(III) is a net metering system approved under the former
18 section 219a or under section 8010 of this title if the system is new renewable
19 energy and the interconnecting retail electricity provider owns and retires the
20 system's environmental attributes.

1 (C) Required amounts. The required amounts of distributed
2 renewable generation shall be **one percent** of each retail electricity provider's
3 annual ~~retail electric sales~~ load during the year beginning January 1, 2017,
4 increasing by **at least** an additional **three-fifths of a** percent until January 1,
5 2025, then:

6 (i) increasing by at least an additional one and a half percent each
7 subsequent January 1 until reaching ~~40~~ 20 percent on and after January 1, 2035
8 for a retail electricity provider who serves a single customer that takes service
9 at 115 kilovolts and each municipal electric utility formed under local charter
10 or chapter 79 of this title; and

11 (ii) increasing by at least an additional two percent each
12 subsequent January 1 until reaching 20 percent on and after January 1, 2032
13 for all other retail electricity providers.

14 (D) Distributed generation greater than five MW. On petition of a
15 retail electricity provider, the Commission may for a given year allow the
16 provider to employ energy with environmental attributes attached or tradeable
17 renewable energy credits from a renewable energy plant with a plant capacity
18 greater than five MW to satisfy the distributed renewable generation
19 requirement if the plant would qualify as distributed renewable generation but
20 for its plant capacity ~~and~~ when the provider demonstrates either that:

1 (B) Required amounts. For the energy transformation category, the
2 required amounts shall be two percent of each retail electricity provider’s
3 annual ~~retail electric sales~~ load during the year beginning January 1, 2017,
4 increasing by an additional two-thirds of a percent each subsequent January 1
5 until reaching 12 percent on and after January 1, 2032. However, in the case
6 of a provider that is a municipal electric utility serving not more than 6,000
7 customers, the required amount shall be two percent of the provider’s ~~annual~~
8 ~~retail sales~~ load beginning on January 1, 2019, increasing by an additional two-
9 thirds of a percent each subsequent January 1 until reaching 10 and two-thirds
10 percent on and after January 1, 2032. Prior to January 1, 2019, such a
11 municipal electric utility voluntarily may engage in one or more energy
12 transformation projects in accordance with this subdivision (3). In order to
13 support progress toward Vermont’s climate goals and requirements, retail
14 electricity providers may, but shall not be required to, exceed the statutorily
15 required amounts, up to and including procuring all available energy
16 transformation category projects and measures. The Commission shall not
17 hold imprudent any retail electricity provider expenditure to support energy
18 transformation projects or measures, based on the expenditure being above and
19 beyond what is statutorily required, provided the projects and measures
20 otherwise comply with statute and Commission rules.

21

* * *

1 (4) New renewable energy.

2 (A) Purpose; establishment. This subdivision (4) establishes a new
3 regional renewable energy category for the RES. This category encourages the
4 use of new renewable generation to support the reliability of the regional ISO-
5 NE electric system. To satisfy this requirement, a provider shall use new
6 renewable energy with environmental attributes attached or any class of
7 tradeable renewable energy credits generated by any renewable energy plant
8 coming into service after January 1, 2010 whose energy is capable of delivery
9 in New England.

10 (B) Required amounts and exemption. A retail electricity provider
11 that is 100 percent renewable under subdivision (c)(1) of this section shall be
12 exempt from any requirement for new renewable energy under this
13 subdivision (4). For all other providers, the amount of new renewable energy
14 required by this subsection (a) shall be:

15 (i) For a retail electricity provider with 75,000 or more customers,
16 the following percentages of each provider's annual load:

17 (I) 10 percent beginning on January 1, 2030.

18 (II) 15 percent on and after January 1, 2032.

19 (III) 20 percent on and after January 1, 2035. If the

20 Commission determines in the report required under subdivision 8005b(b)(4)
21 of this title that it is reasonable to expect that there will be sufficient new

1 regional renewable resources available for a provider to meet its requirement
2 under this subdivision (4) at or below the alternative compliance payment rate
3 laid out in subdivision 8005(5)(iii) of this title during a year beginning prior to
4 January 1, 2025, the Commission shall require that provider to meet its
5 requirement under this subdivision (4) in the earliest year the Commission
6 determines it can, provided that the provider shall not be required to meet that
7 requirement prior to the year starting January 1, 2032.

8 (ii) For a retail electricity provider with less than 75,000
9 customers, the following percentages of each provider's annual load:

10 (I) five percent beginning on January 1, 2030; and

11 (II) 10 Percent on and after January 1, 2035.

12 (C) Relationship to other categories. Distributed renewable
13 generation used to meet the requirements of subdivision (2) of this subsection
14 (a) shall not also count toward the requirements of this subdivision (4). An
15 energy transformation project under subdivision (3) of this subsection (a) shall
16 not count toward the requirements of this subdivision (4).

17 (D) Single customer provider. If a retail electricity provider with one
18 customer taking service at 115 kilovolts has not satisfied the distributed
19 renewable generation requirements of subdivision (2) of this subsection (a) on
20 property owned or controlled by the customer as of **January 1, 2024**, that
21 provider may satisfy the requirements of subdivision (2) of this subsection (a)

1 with an equivalent amount of increased new renewable energy as defined in
2 this subdivision (4), provided that the cost of additional distributed renewable
3 generation would be at or below the alternative compliance payment rate for
4 the distributed renewable generation category or economically infeasible.

5 (5) Load growth; retail electricity providers; 100 percent renewable.

6 (A) For any retail electricity provider that is 100 percent renewable
7 under subdivision (b)(1) of this section that provider shall meet its load growth
8 above its 2024 calendar year load, with at least the following percentages of
9 new renewable energy:

10 (i) 50 percent beginning on January 1, 2025;

11 (ii) 75 percent on and after January 1, 2026;

12 (iii) 90 percent on and after January 1, 2027;

13 (iv) 100 percent on and after January 1, 2028 until the provider's
14 annual load exceeds 135 percent of the provider's 2022 annual load, at which
15 point the provider shall meet its additional load growth with at least 50 percent
16 new renewable energy until 2035; and

17 (v) 75 percent on and after January 1, 2035.

18 (B) For a retail electricity provider with 75,000 or more customers,
19 and for each provider, excluding Swanton Village, Inc. Electric Department,
20 that is a member of the Vermont Public Power Supply Authority or its
21 successor, that provider shall meet its load growth above its 2035 calendar year

1 load with 100 percent new renewable energy, which shall include the required
2 amounts of distributed renewable generation as applicable to the provider
3 under subdivision (2) of this subsection (a).

4 (C) On petition of a retail electricity provider subject to the load
5 growth requirements in subdivision (1) of this subsection (a), the Commission
6 may for a given year allow the provider to employ existing renewable energy
7 with environmental attributes attached or tradeable renewable energy credits
8 from an existing renewable energy plant to satisfy part or all of the load growth
9 requirement if the provider demonstrates that, after making every reasonable
10 effort, it is unable during that year to meet the requirement with energy with
11 environmental attributes attached or tradeable renewable energy credits from
12 qualifying new renewable energy plants.

13 (i) To demonstrate this inability, the provider shall at a minimum
14 timely issue one or more subsequent requests for proposals or transactions and
15 any additional solicitations as necessary to show that it is unable to obtain
16 sufficient ownership of environmental attributes from new renewable energy to
17 meet its required amount under this subdivision at a cost that is less than or
18 equal to the applicable alternative compliance rate for the load growth
19 category.

20 (ii) In the event the provider is able to meet a portion, but not all,
21 of its load growth requirement in a calendar year with attributes from new

1 renewable energy at a cost that is less than or equal to the applicable
2 alternative compliance rate for the load growth category, the Commission shall
3 allow the provider to use existing renewables only for that portion of its
4 requirement that it is unable to meet with new renewable energy.

5 (iii) In the event that the provider is unable to meet its load growth
6 requirement with a combination of attributes from new renewable energy and
7 existing renewable energy at a cost that is less than or equal to the alternative
8 compliance rate laid out in subdivision (6) in this subsection (a), the
9 Commission shall require the provider to meet the remainder of its requirement
10 under this subdivision by paying the alternative compliance rate for the load
11 growth category.

12 (6) Alternative compliance rates.

13 (A) The alternative compliance payment rates for the categories
14 established by subdivisions (1)–(3) of this subsection (a) shall be:

15 (i) total renewable energy requirement — \$0.01 per kWh; and

16 (ii) distributed renewable generation and energy transformation
17 requirements — \$0.06 per kWh.

18 ~~(B) The set by the Commission, which~~ shall adjust these rates for
19 inflation annually commencing January 1, 2018, using the CPI.

1 (B) For the new renewable energy and load growth requirements, it
2 shall be \$0.04 per kWh annually commencing on January 1, 2025, with
3 calculations for inflation beginning on January 1, 2023.

4 (C) The Commission shall have the authority to adjust the alternative
5 compliance payment rate for the new renewable energy and load growth
6 requirements differently than the rate of inflation in order to minimize
7 discrepancies between this rate and the Massachusetts Class I alternative
8 compliance payment rate under 225 Mass. Reg. § 14.08(3) and to increase the
9 likelihood that Vermont retail electricity providers cost-effectively achieve
10 these requirements, if it determines doing so is consistent with State energy
11 policy under section 202a of this title.

12 (b) Reduced amounts; providers; 100 percent renewable.

13 (1) The provisions of this subsection shall apply to a retail electricity
14 provider that:

15 (A) as of January 1, 2015, was entitled, through contract, ownership
16 of energy produced by its own generation plants, or both, to an amount of
17 renewable energy equal to or more than 100 percent of its anticipated total
18 ~~retail electric sales~~ load in 2017, regardless of whether the provider owned the
19 environmental attributes of that renewable energy; and

20 (B) annually each July 1 commencing in 2018, owns and has retired
21 tradeable renewable energy credits monitored and traded on the New England

1 Generation Information System or otherwise approved by the Commission
2 equivalent to 100 percent of the provider's ~~total retail sales~~ load of electricity
3 for the previous calendar year.

4 * * *

5 (c) Biomass.

6 (1) Distributed renewable generation that employs biomass to produce
7 electricity shall be eligible to count toward a provider's distributed renewable
8 generation or energy transformation requirement only if the plant satisfies the
9 requirements of subdivision (3) of this subsection and produces both electricity
10 and thermal energy from the same biomass fuel and the majority of the energy
11 recovered from the plant is thermal energy.

12 (2) Distributed renewable generation and energy transformation projects
13 that employ forest biomass to produce energy shall comply with renewability
14 standards adopted by the Commissioner of Forests, Parks and Recreation under
15 10 V.S.A. § 2751. Energy transformation projects that use wood feedstock,
16 except for noncommercial applications, that are eligible at the time of project
17 commissioning to meet the renewability standards adopted by the
18 Commissioner of Forests, Parks and Recreation do not lose eligibility due to a
19 subsequent change in the renewability standards after the project
20 commissioning date.

1 (3) No new wood biomass electricity generation facility or wood
2 biomass combined heat and power facility coming into service after January 1,
3 2023, shall be eligible to satisfy any requirements of this section and section
4 8004 of this title unless that facility achieves 60 percent overall efficiency and
5 at least a 50 percent net lifecycle greenhouse gas emissions reduction relative
6 to the lifecycle emissions from the combined operation of a new combined-
7 cycle natural gas plant using the most efficient commercially available
8 technology. Any energy generation using wood feedstock from an existing
9 wood biomass electric generation facility placed in service prior to January 1,
10 2023, remains eligible to satisfy any requirements of this section and section
11 8004 of this title. Changes to wood biomass electric facilities that were placed
12 in service prior to January 1, 2023, including converting to a combined heat
13 and power facility, adding or modifying a district energy system, replacing
14 electric generation equipment, or repowering the facility with updated or
15 different electric generation technologies, do not change the in service date for
16 the facility, or affect its eligibility to satisfy the requirements of this section
17 and section 8004 of this title, or qualify it as new renewable energy.

18 (d) Hydropower. A hydroelectric renewable energy plant shall be eligible
19 to satisfy the distributed renewable generation or energy transformation
20 requirement only if, in addition to meeting the definition of distributed
21 renewable generation, the plant:

1 (1) is and continues to be certified by the Low-impact Hydropower
2 Institute; or

3 (2) after January 1, 1987, received a water quality certification pursuant
4 to 33 U.S.C. § 1341 from the Agency of Natural Resources.

5 Sec. 6. 30 V.S.A. § 8005b is amended to read:

6 § 8005b. RENEWABLE ENERGY PROGRAMS; REPORTS

7 (a) The Department shall file reports with the General Assembly in
8 accordance with this section.

9 (1) The House Committees on Commerce and Economic Development
10 and on ~~Energy and Technology~~ Environment and Energy and the Senate
11 Committees on Economic Development, Housing and General Affairs, on
12 Finance, and on Natural Resources and Energy each shall receive a copy of
13 these reports.

14 * * *

15 (b) The annual report under this section shall include at least each of the
16 following:

17 (1) An assessment of the costs and benefits of the RES based on the
18 most current available data, including rate and economic impacts, customer
19 savings, technology deployment, greenhouse gas emission reductions actually
20 achieved, fuel price stability, effect on transmission and distribution upgrade
21 costs, and any recommended changes based on this assessment.

1 (2) Projections, looking at least 10 years ahead, of the impacts of the
2 RES.

3 (A) The Department shall employ an economic model to make these
4 projections, to be known as the Consolidated RES Model, and shall consider at
5 least three scenarios based on high, mid-range, and low energy price forecasts.

6 (B) The Department shall make the model and associated documents
7 available on the Department’s website.

8 (C) In preparing these projections, the Department shall:

9 (i) characterize each of the model’s assumptions according to level
10 of certainty, with the levels being high, medium, and low; and

11 (ii) provide an opportunity for public comment.

12 (D) The Department shall project, for the State, the impact of the
13 RES in each of the following areas: electric utility rates; total energy
14 consumption; electric energy consumption; fossil fuel consumption; and
15 greenhouse gas emissions. The report shall compare the amount or level in
16 each of these areas with and without the program.

17 (3) An assessment of whether the requirements of the RES have been
18 met to date, and any recommended changes needed to achieve those
19 requirements.

20 (4) The annual report due in 2029 under this subsection (b) shall be
21 prepared in consultation with and issued jointly with the Commission as part of

1 a proceeding before the Commission with opportunities for participation by the
2 retail electricity providers, Vermont Public Power Supply Authority,
3 Renewable Energy Vermont, and other members of the public. In addition to
4 the information considered in subdivisions (1) through (3) of this subsection,
5 this component of the annual report shall also consider whether it is reasonable
6 to expect that there will be sufficient new regional renewable resources
7 available for a retail electricity provider with 75,000 or more customers to
8 meet its requirement under subdivision 8005(4)(B)(i)(III) of this title at or
9 below the alternative compliance payment rate for the new renewable
10 generation category of section 8005 of this title during the year beginning on
11 January 1, 2032, or during the years beginning on January 1, 2033 or January
12 1, 2034. The Commission shall not be required to issue this report in a
13 contested case under 3 V.S.A. chapter 25. Notwithstanding the timeline
14 specified in 30 V.S.A. 202b (e)(1), the Commission shall file this annual report
15 on or before December 15, 2028.

16 * * *

17 Sec. 7. 30 V.S.A. § 8006a is amended to read:

18 § 8006a. GREENHOUSE GAS REDUCTION CREDITS

19 (a) Standard offer adjustment. In accordance with this section, greenhouse
20 gas reduction credits generated by an eligible ratepayer shall result in an
21 adjustment of the standard offer under subdivision 8005a(c)(1) of this title

1 (cumulative capacity; pace) or may be utilized by a retail electricity provider
2 that serves a single customer that takes service at 115 kilovolts to meet the
3 energy transformation requirements under subdivision 8005(a)(3)(D) of this
4 title. For the purpose of adjusting the standard offer under subdivision
5 8005a(c)(1) of this title or energy transformation requirements under
6 subdivision 8005(a)(3)(D) of this title, the amount of a year’s greenhouse gas
7 reduction credits shall be the lesser of the following:

8 (1) The amount of greenhouse gas reduction credits created by ~~the~~ an
9 eligible ratepayers ratepayer served by all providers an eligible provider.

10 (2) The ~~providers’~~ eligible provider’s annual ~~retail electric sales load~~
11 during that year to those eligible ratepayers creating greenhouse gas reduction
12 credits.

13 (b) Definitions. ~~As~~ As used in this section:

14 (1) “Eligible ratepayer” means a customer of a Vermont retail electricity
15 provider who takes service at 115 kilovolts and has demonstrated to the
16 Commission that it has a comprehensive energy and environmental
17 management program. Provision of the customer’s certification issued under
18 standard 14001 (environmental management systems) of the International
19 Organization for Standardization (ISO) shall constitute such a demonstration.

20 (2) “Eligible provider” means a Vermont retail electricity provider who
21 serves a single customer that takes service at 115 kilovolts.

1 (3) “Eligible reduction” means a reduction in non-energy-related
2 greenhouse gas emissions from manufacturing processes at an in-state facility
3 of an eligible ratepayer, provided that each of the following applies:

4 (A) The reduction results from a specific project undertaken by the
5 eligible ratepayer at the in-state facility after January 1, 2012 **2023**.

6 (B) The specific project reduces or avoids greenhouse gas emissions
7 above and beyond any reductions of such emissions required by federal and
8 State statutes and rules.

9 (C) The reductions are quantifiable and verified by an independent
10 third party as approved by the Agency of Natural Resources and the
11 Commission. Such independent third parties shall be certified by a body
12 accredited by the American National Standards Institute (ANSI) as having a
13 certification program that meets the ISO standards applicable to verification
14 and validation of greenhouse gas assertions. The independent third party shall
15 use methodologies specified under 40 C.F.R. part 98 and U.S. Environmental
16 Protection Agency greenhouse gas emissions factors and global warming
17 potential figures to quantify and verify reductions in all cases where those
18 factors and figures are available.

19 (3)(4) “Greenhouse gas” ~~shall be as defined under~~ has the same meaning
20 as in 10 V.S.A. § 552.

1 ~~(4)~~(5) “Greenhouse gas reduction credit” means a credit for eligible
2 reductions, calculated in accordance with subsection (c) of this section and
3 expressed as a ~~kWh~~ credit eligible under subdivision 8005a(c)(1) of this title,
4 or as a credit eligible under subdivision 8005(a)(3)(D) of this title.

5 (c) Calculation. Greenhouse gas reduction credits shall be calculated as
6 follows:

7 (1) Eligible reductions shall be quantified in metric tons of CO₂
8 equivalent, in accordance with the methodologies specified under 40 C.F.R.
9 part 98, and using U.S. Environmental Protection Agency greenhouse gas
10 emissions factors and global warming potential figures, and may shall be
11 counted annually for the life of the specific project that resulted in the
12 reduction. A project that converts a gas with a high global warming potential
13 into a gas with relatively lower global warming potential shall be eligible if the
14 conversion produces a CO₂ equivalent reduction on an annual basis.

15 (2) Metric tons of CO₂ equivalent quantified under subdivision (1) of
16 this subsection shall be converted into units of energy through calculation of
17 the equivalent number of kWh of generation by renewable energy plants, other
18 than biomass, that would be required to achieve the same level of greenhouse
19 gas emission reduction through the displacement of market power purchases.
20 For the purpose of this subdivision, the value of the avoided greenhouse gas
21 emissions shall be based on the aggregate greenhouse gas emission

1 characteristics of system power in the regional transmission area overseen by
2 the Independent System Operator of New England (ISO-NE).

3 (d) Reporting. An eligible ~~ratepayer~~ provider shall report to the
4 Commission annually on each specific project undertaken by an eligible
5 ratepayer to create eligible reductions. The Commission shall specify the
6 required contents of such reports, which shall be publicly available.

7 ~~(e) Savings. A provider shall pass on savings that it realizes through~~
8 ~~greenhouse gas reduction credits proportionally to the eligible ratepayers~~
9 ~~generating the credits.~~

10 Sec. 8. 30 V.S.A. § 8010 is amended to read:

11 § 8010. SELF-GENERATION AND NET METERING

12 * * *

13 (c) In accordance with this section, the Commission shall adopt and
14 implement rules that govern the installation and operation of net metering
15 systems.

16 (1) The rules shall establish and maintain a net metering program that:

17 * * *

18 (H) allows a customer to retain ownership of the environmental
19 attributes of energy generated by the customer’s net metering system and of
20 any associated tradeable renewable energy credits or to transfer those attributes
21 and credits to the interconnecting retail provider, and:

1 (i) if the customer retains the attributes, reduces the value of the
2 credit provided under this section for electricity generated by the customer's
3 net metering system by an appropriate amount; ~~and~~

4 (ii) if the customer transfers the attributes to the interconnecting
5 provider, requires the provider to retain them for application toward
6 compliance with sections 8004 and 8005 of this title unless the provider has
7 fewer than 75,000 customers, in which case the attributes do not need to be
8 applied toward compliance obligations under sections 8004 and 8005 of this
9 title, and

10 (iii) if a retail electricity provider that is 100 percent renewable
11 under section 8005(c)(1) of this title does not retire the transferred attributes
12 under sections 8004 and 8005 of this title, requires that the provider apply an
13 equivalent amount of attributes from distributed renewable generation that
14 qualifies under section 8005(a)(2)(B)(i)(I) of this title toward its compliance
15 obligations under section 8004 and 8005 of this title.

16 (2) The rules shall include provisions that govern:

17 * * *

18 (F) the amount of the credit to be assigned to each kWh of electricity
19 generated by a net metering customer in excess of the electricity supplied by
20 the interconnecting provider to the customer, the manner in which the
21 customer's credit will be applied on the customer's bill, and the period during

1 which a net metering customer must use the credit, after which the credit shall
2 revert to the interconnecting provider.

3 (i) ~~When assigning an amount of credit under this subdivision (F),~~
4 ~~the Commission shall consider making multiple lengths of time available over~~
5 ~~which a customer may take a credit and differentiating the amount according to~~
6 ~~the length of time chosen. For example, a monthly credit amount may be~~
7 ~~higher if taken over 10 years and lower if taken over 20 years. Factors relevant~~
8 ~~to this consideration shall include the customer’s ability to finance the net~~
9 ~~metering system, the cost of that financing, and the net present value to all~~
10 ~~ratepayers of the net metering program. [Repealed.]~~

11 (ii) ~~In~~ As used in this subdivision (ii), “existing net metering
12 system” means a net metering system for which a complete application was
13 filed before January 1, 2017.

14 (I) Commencing 10 years from the date on which an existing
15 net metering system was installed, the Commission may apply to the system
16 the same rules governing bill credits and the use of those credits on the
17 customer’s bill that it applies to net metering systems for which applications
18 were filed on or after January 1, 2017, other than any adjustments related to
19 siting and tradeable renewable energy credits.

20 (II) A provider with fewer than 75,000 customers may apply
21 the environmental attributes of energy generated by existing net metering

1 systems, that are less than 150 kWh, to the providers statutory requirements
2 under this section if the retail provider has not been informed that the
3 environmental attributes have been sold or otherwise retired. A provider with
4 fewer than 75,000 customers may apply the environmental attributes of energy
5 generated by existing net metering systems that are 150 kWh or greater to the
6 providers statutory requirements under this section if the provider demonstrates
7 to the Commission the environmental attributes have not been sold or
8 otherwise retired.

9 (III) This subdivision (ii) shall apply to existing net metering
10 systems notwithstanding any contrary provision of 1 V.S.A. § 214 and 2014
11 Acts and Resolves No. 99, Sec. 10.

12 * * *

13 Sec. 9. EFFECTIVE DATE

14 This act shall take effect on July 1, 2024.

15
16
17
18 (Committee vote: _____)

19 _____
20 Representative _____
21 FOR THE COMMITTEE