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H.152

Introduced by Representatives Bray of New Haven, Potter of Clarendon, Helm
of Castleton, Adams of Hartland, Ainsworth of Royalton, Baker
of West Rutland, Botzow of Pownal, Clarkson of Woodstock,
Conquest of Newbury, Copeland-Hanzas of Bradford, Deen of
Westminster, Frank of Underhill, Jerman of Essex, Jewett of
Ripton, Johnson of Canaan, Larocque of Barnet, Lawrence of
Lyndon, Leriche of Hardwick, Malcolm of Pawlet, Marcotte of
Coventry, Masland of Thetford, McAllister of Highgate,
McCullough of Williston, McDonald of Berlin, McNeil of
Rutland Town, Nuovo of Middlebury, Orr of Charlotte,
Partridge of Windham, Pellett of Chester, Peltz of Woodbury,
Rodgers of Glover, Sharpe of Bristol, Stevens of Shoreham,
Taylor of Barre City, Toll of Danville, Weston of Burlington,
Winters of Williamstown and Zuckerman of Burlington

Referred to Committee on

Date:

Subject: Conservation; energy; biomass

Statement of purpose: This bill proposes to enact programs encouraging
energy production from sustainable harvested biomass. The bill would
establish a tax credit for the cost of installing new biomass combined heat and

1 power equipment purchased within the year. The bill would also establish the
2 biomass energy development program for the promotion and preservation of a
3 sustainable and efficient use of local biomass for energy production.

4 An act relating to encouraging biomass energy production

5 It is hereby enacted by the General Assembly of the State of Vermont:

6 * * * Biomass Energy Production * * *

7 Sec. 1. 32 V.S.A. § 5930gg is added to read:

8 § 5930gg. BIOMASS COMBINED HEAT AND POWER INSTALLATION

9 INCOME TAX CREDIT

10 (a) A taxpayer of this state shall be eligible for a credit against the income
11 tax imposed under this title in the amount of six percent of the sale price,
12 including installation charges, of new biomass combined heat and power
13 equipment purchased and installed by the taxpayer during the taxable year.
14 Unused credits may be carried forward for a total of five immediately
15 succeeding taxable years.

16 (b) As used in this section:

17 (1) "Biomass" means material from trees and woody plants, including
18 limbs, tops, needles, leaves, and other woody parts, grown in a forest,
19 woodland, farm, rangeland, or wildland-urban environment that is the product

1 of forest management, land clearing, ecosystem restoration, or hazardous fuel
2 reduction treatment.

3 (2) "Combined heat and power" means equipment that sequentially
4 produces both electric power and thermal energy from a single source or fuel.

5 Sec. 2. BIOMASS ENERGY DEVELOPMENT PROGRAM

6 (a) The biomass energy development program is established in the
7 department of forests, parks and recreation to provide grants for the promotion
8 and preservation of a sustainable and efficient use of local biomass for energy
9 production. The following research and development shall be eligible for
10 assistance under the grant program:

11 (1) biomass harvesting research and development, including harvesting
12 methods, silvicultural guidelines, and wood procurement standards;

13 (2) research and development of guidelines related to the sustainable
14 harvesting of biomass for energy production;

15 (3) research and development of wood energy systems that identify and
16 promote sustainable use of biomass; and

17 (4) educational and instructional activities to inform the forestry
18 industry, the forest products industry, and retail electricity providers of the
19 need for and methods to ensure a sustainable, long-term supply of local wood
20 biomass for the production of energy and forest products.

1 (b) In addition to any other funds appropriated to the agency of natural
2 resources in fiscal year 2010, there is appropriated from the general fund to the
3 agency \$200,000.00 in fiscal year 2010 for the purpose of establishing the
4 biomass energy development grant program under this section.

5 (c) As used in this section, "biomass" means material from trees and
6 woody plants, including limbs, tops, needles, leaves, and other woody parts,
7 grown in a forest, woodland, farm, rangeland, or wildland-urban environment
8 that is the product of forest management, land clearing, ecosystem restoration,
9 or hazardous fuel reduction treatment.

10 Sec. 3. DEPARTMENT OF BUILDINGS AND GENERAL SERVICES

11 REPORT ON BIOMASS ENERGY PRODUCTION AT STATE
12 FACILITIES

13 On or before January 15, 2010, the department of buildings and general
14 services shall report to the house and senate committees on agriculture and the
15 house and senate committees on natural resources and energy regarding the use
16 of biomass energy production at state-owned buildings and other facilities.

17 The report shall include:

18 (1) A list of state buildings and facilities at which biomass energy
19 production is currently utilized to provide thermal energy or electricity;

20 (2) A list of state buildings and facilities which utilize cogeneration
21 equipment to produce electricity and thermal energy;

1 (3) A summary of the existing biomass energy production activities
2 utilized at state buildings and facilities, including an estimate of the volume of
3 biomass purchased annually for these activities, the cost of the biomass
4 purchased annually, and the suppliers of the biomass purchased by the state;

5 (4) An estimate of the cost of purchasing biomass energy in contrast to
6 the cost of purchasing an equivalent amount of energy from fossil fuel;

7 (5) An estimate of the amount of carbon dioxide emissions produced
8 from biomass energy in contrast to the equivalent amount of carbon dioxide
9 emissions from an equivalent amount of fossil fuel energy;

10 (6) A summary of any plans by the department of buildings and general
11 services to increase the use of biomass energy production at state buildings and
12 facilities; and

13 (7) The obstacles, if any, that the department of buildings and general
14 services has identified for expanding the use of biomass energy production to
15 all state buildings and facilities.

16 Sec. 4. 30 V.S.A. § 8004(f) is amended to read:

17 (f) Before December 30, 2007 and biennially thereafter through
18 December 30, 2013, the public service board shall file a report with the senate
19 committees on finance and on natural resources and energy and the house
20 committees on commerce and on natural resources and energy. The report
21 shall include the following:

1 (1) the total cumulative growth in electric energy usage in Vermont
2 from 2005 through the end of the year that precedes the date on which the
3 report is due;

4 (2) a report on the market for tradeable renewable energy credits,
5 including the prices at which credits are being sold;

6 (3) a report on the SPEED program, and any projects using the program;

7 (4) a summary of other contracts held or projects developed by Vermont
8 retail electricity providers that are likely to be eligible under the provisions of
9 subsection 8005(d) of this title;

10 (5) an estimate of potential effects on rates, economic development and
11 jobs, if the target established in subsection 8005(d) of this section is met, and if
12 it is not met;

13 (6) an assessment of the supply portfolios of Vermont retail electricity
14 providers, and the resources available to meet new supply requirements likely
15 to be triggered by the expiration of major power supply contracts;

16 (7) an assessment of the energy efficiency and renewable energy
17 markets and recommendations to the legislature regarding strategies that may
18 be necessary to encourage the use of these resources to help meet upcoming
19 supply requirements;

1 (8) any recommendations for statutory change related to this section,
2 including recommendations for rewarding utilities that make substantial
3 investments in SPEED resources; ~~and~~

4 (9) the board's recommendations on how the state might best continue
5 to meet the goals established in section 8001 of this title, including whether the
6 state should meet its growth in energy usage over the succeeding 10 years by a
7 continuation of the SPEED program;

8 (10) a summary of existing biomass energy production in Vermont;

9 (11) a summary of potential new biomass energy production facilities in
10 the state and a summary of the department of public service's efforts to
11 encourage new biomass facilities within Vermont;

12 (12) a proposal to encourage the establishment and operation of biomass
13 facilities in the state;

14 (13) after consultation with the biomass energy staff at the agency of
15 agriculture, food and markets, a proposal to encourage retail electricity
16 providers in the state to provide consumers with a voluntary, premium rate
17 program, similar to the existing Cow Power program, for electricity generated
18 from biomass;

19 (14) after consultation with the department of forests, parks and
20 recreation, recommended standards for the procurement of biomass by retail
21 electricity providers in order to ensure that energy produced from biomass is

1 produced at a harvest rate at or below its natural regeneration rate; does not
2 impair long-term harvest site productivity; and does not compromise
3 environmental conditions of the harvest site;
4 (15) recommended standards for the design of new renewable energy
5 from biomass that are designed to promote sustainable, efficient, local, and fair
6 use of biomass supplies.