

1 H.170

2 Introduced by Representatives Cheney of Norwich, Edwards of Brattleboro,

3 Weston of Burlington, Mitchell of Barnard and Young of St.

4 Albans City

5 Referred to Committee on

6 Date:

7 Subject: Public service; renewable energy; SPEED program; standard offer

8 Statement of purpose: This bill proposes to amend the Sustainably Priced
9 Energy Enterprise Program (SPEED) to require that, by August 1, 2009, the
10 public service board, on behalf of all Vermont's retail electricity providers,
11 issue a standard, cost-based long-term contract offer for qualifying SPEED
12 resources.

13 An act relating to a requirement that the Public Service Board, by August 1,
14 2009, issue a standard long-term contract offer for qualifying SPEED
15 resources

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

17 Sec. 1. 30 V.S.A. § 8005 is amended to read:

18 § 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE

19 DEVELOPMENT (SPEED) PROGRAM

20 * * *

1 (b) The SPEED program shall be established, by rule, order, or contract, by
2 the public service board by January 1, 2007. As part of the SPEED program,
3 the public service board may, and in the case of subdivisions (2) and ~~(3)~~(5) of
4 this subsection shall:

5 (1) ~~name~~ Name one or more entities to become engaged in the purchase
6 and resale of electricity generated within the state by means of qualifying
7 SPEED resources or nonqualifying SPEED resources; and may implement the
8 standard offer required by subdivision (2) of this subsection through this entity
9 or entities.

10 ~~(2) allow the developer of a facility that is one megawatt or less, and is a~~
11 ~~qualifying SPEED resource or a nonqualifying SPEED resource, to sell that~~
12 ~~power under a long term contract that is established at a specified price~~
13 ~~determined by the board to be adequate to promote SPEED resource~~
14 ~~development while remaining consistent with the principles of least cost~~
15 ~~energy services under section 218c of this title. For purposes of this section, a~~
16 ~~long term contract should be 15 years or greater unless the board finds good~~
17 ~~cause for a shorter term;~~

18 ~~(3) encourage Vermont's retail electricity providers to secure long term~~
19 ~~contracts, at stable prices, for qualifying SPEED resources. The board shall~~
20 ~~create a standard contract price, or a set of maximum and minimum provisions,~~
21 ~~or both, for qualifying SPEED resources over 1 MW of capacity. In setting a~~

1 ~~standard contract price for a qualifying SPEED resource, the board shall~~
2 ~~consider the goal of developing qualified SPEED resources, least cost~~
3 ~~provision of energy service under section 218c of this title, and the impact on~~
4 ~~electric rates. The board may create a competitive bid process through which~~
5 ~~to select a portion of those contracts;~~ No later than August 1, 2009, create and
6 put into effect, on behalf of all Vermonts retail electricity providers, a standard
7 offer for qualifying SPEED resources with a rated capacity of 250 kW or
8 greater. This standard offer shall be in effect until such time as the capacity of
9 qualifying SPEED resources, taken together, equals 20 percent of Vermonts
10 highest winter peak demand prior to August 1, 2009. The standard offer
11 required by this subdivision shall meet all of the following:

12 (A) The term shall be 20 years.

13 (B) The price paid to the generator under the standard offer shall:

14 (i) Be based on cost. Rather than determine the cost on a
15 project-by-project basis, the board shall set a generic cost, based on an
16 economic analysis, for each category of generation technology that constitutes
17 renewable energy.

18 (ii) Provide that, for an individual resource seeking to utilize the
19 standard offer, the cost basis shall be determined by using the generic cost for
20 the resource's generation technology determined under subdivision (i) of this

1 subdivision (2)(B) minus any tax credits or other incentives provided by
2 federal, state, or local government to the resource.

3 (iii) Include an annual inflation factor applied to the cost
4 determined under subdivisions (i) and (ii) of this subdivision (2)(B).

5 (iv) Include a rate of return not less than the highest rate of return
6 received by a Vermont investor-owned retail electric service provider under its
7 Board-approved rates as of the date the standard offer goes into effect. The
8 rate of return shall be the same for all resources under the standard offer.

9 (C) Wood biomass resources that would otherwise constitute
10 qualifying SPEED resources may receive a standard offer contract under this
11 subdivision only if they also constitute a combined heat and power facility
12 under 10 V.S.A. § 6523(b).

13 ~~(4)(3) maximize~~ Maximize the benefit to rate payers from the sale of
14 renewable energy credits or other credits that may be developed in the future,
15 especially with regard to ~~the those~~ projects ~~approved~~ that accept the standard
16 offer issued under subdivision ~~(3)(2)~~ of this subsection;

17 ~~(5)(4) encourage~~ Encourage retail electricity provider sponsorship and
18 partnerships in the development of renewable energy projects;

19 ~~(6) make available to~~ (5) Require all Vermont retail electricity
20 providers ~~for~~ to purchase through the SPEED program, on a pro rata basis, a
21 ~~specified portion of~~ the power generated by the projects that accept the

1 standard offer required to be issued under subdivisions subdivision (2) and (3)
2 of this subsection. ~~A retail electricity provider that chooses not to purchase a~~
3 ~~pro rata share of power generated under subdivision (3) of this section must~~
4 ~~establish, to the satisfaction of the board, that the purchase would impair the~~
5 ~~provider's ability to meet the public's need for energy services after safety~~
6 ~~concerns are addressed at the lowest present value life cycle cost, including~~
7 ~~environmental and economic costs;~~

8 ~~(7)(6)~~ establish a method for Vermont retail electrical providers to
9 obtain beneficial ownership of the renewable energy credits associated with
10 any SPEED projects, in the event that a renewable portfolio standard comes
11 into effect under the provisions of section 8004 of this title;

12 ~~(8)(7) create~~ Create a mechanism by which a retail electricity provider
13 may establish that ~~it has a sufficient amount of~~ no less than 50 percent of its
14 supply portfolio consists of long-term contracts for renewable energy that is
15 sited in Vermont, ~~or resources that would otherwise qualify under the~~
16 ~~provisions of subsection (d) of this section, in its portfolio~~ so that equity
17 requires that the retail electricity provider be relieved, in whole or in part, from
18 requirements established under subdivision ~~(6)(5)~~ of this subsection that would
19 require a retail electricity provider to purchase SPEED power; in which case
20 the purchase requirement that would have been allocated to the provider

1 obtaining relief under this subdivision shall be allocated pro rata among the
2 Vermont retail electricity providers not so relieved.

3 ~~(9)(8) provide~~ Provide that in any proceeding under subdivision
4 248(a)(2)(A) of this title, a demonstration of compliance with subdivision
5 248(b)(2) of this title, relating to establishing need for the facility, shall not be
6 required if the facility is a SPEED resource and if no part of the facility is
7 financed directly or indirectly through investments, other than power contracts,
8 backed by Vermont electricity ratepayers; ~~and~~.

9 ~~(10)(9) take~~ Take such other measures as the board finds necessary or
10 appropriate to implement SPEED.

11 * * *

12 Sec. 2. EFFECTIVE DATE

13 This act shall take effect from passage.