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H.518

Introduced by Representatives Jerman of Essex, Ainsworth of Royalton,
Canfield of Fair Haven, Conquest of Newbury, Devereux of
Mount Holly, Johnson of South Hero, Klein of East Montpelier,
Krawczyk of Bennington, Lawrence of Lyndon, Malcolm of
Pawlet, Masland of Thetford, Rodgers of Glover and Stevens of
Shoreham

Referred to Committee on

Date:

Subject: Renewable energy; public service; solar power; dairy farms

Statement of purpose: This bill proposes to create a dairy farm–solar power
initiative in the form of standard offers under the public service board’s
existing SPEED program for the installation of 50 MW of new solar energy
generation at dairy farms in Vermont.

An act relating to a dairy farm–solar power initiative

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

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

§ 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE

DEVELOPMENT (SPEED) PROGRAM

* * *

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 (1), (2), and (5)
4 of this subsection shall:

5 * * *

6 (2) No later than September 30, 2009, put into effect, on behalf of all
7 Vermont retail electricity providers, standard offers for qualifying SPEED
8 resources with a plant capacity of 2.2 MW or less. These standard offers shall
9 be available until the cumulative plant capacity of all such resources
10 ~~commissioned in the state~~ that have accepted a standard offer under this
11 subdivision (2) equals or exceeds 50 MW; provided, however, that capacity
12 within this amount shall be reallocated to other eligible resources if a plant that
13 accepts a standard offer is not commissioned within a reasonable period as
14 determined by the board and that a plant owned and operated by a Vermont
15 retail electricity provider shall count toward this ~~50-MW ceiling amount~~ if the
16 plant has a plant capacity of 2.2 MW or less and is commissioned on or after
17 September 30, 2009. The term of a standard offer required by this subdivision
18 (2) shall be 10 to 20 years, except that the term of a standard offer for a plant
19 using solar power shall be 10 to 25 years. The price paid to a plant owner
20 under a standard offer required by this subdivision shall include an amount for
21 each kilowatt-hour (kWh) generated that shall be set as follows:

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(g) With respect to executed contracts for standard offers under this section:

(1) Such a contract shall be transferable. The contract transferee shall notify the SPEED facilitator of the contract transfer within 30 days of transfer.

(2) The SPEED facilitator shall distribute the electricity purchased and any associated costs to the Vermont retail electricity providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for those costs. For the purpose of this subdivision, a Vermont retail electricity provider shall receive a credit toward its share of those costs for any plant with a plant capacity of 2.2 MW or less that it owns or operates and that is commissioned on or after September 30, 2009. The amount of such credit shall be the amount that the plant owner otherwise would be eligible to receive, if the owner were not a retail electricity provider, under a standard offer in effect at the time of commissioning. The amount of any such credit shall be redistributed to the Vermont retail electricity providers on a basis such that all providers pay for a proportionate volume of plant capacity ~~up to the 50 MW ceiling for~~ subject to standard offer contracts ~~stated in subdivision (b)(2) of~~ under this section.

* * *

1 (k) A Vermont retail electricity provider shall not be eligible for a standard
2 offer contract under ~~subdivision (b)(2)~~ of this section.

3 (l) The existence of a standard offer under ~~subdivision (b)(2)~~ of this section
4 shall not preclude a voluntary contract between a plant owner and a Vermont
5 retail electricity provider on terms that may be different from those under the
6 standard offer. A plant owner who declines a voluntary contract may still
7 accept a standard offer under this section.

8 * * *

9 (n) On or before January 15, 2011 and every second January 15 afterward,
10 the board shall report to the house and senate committees on natural resources
11 and energy concerning the status of the standard offer program under this
12 section. In its report, the board at a minimum shall:

13 (1) Assess the progress made toward attaining the cumulative statewide
14 capacity ~~ceiling~~ amount stated in subdivision (b)(2) of this section and any
15 additional standard offer capacity amount authorized by the board or statute.

16 (2) If that ~~cumulative statewide capacity ceiling~~ amount has not been
17 met, identify the barriers to attaining that ~~ceiling~~ amount and detail the board's
18 recommendations for overcoming such barriers.

19 (3) If that ~~cumulative statewide capacity~~ amount has been met or is
20 likely to be met within a year of the date of the board's report, recommend
21 whether the standard offer program under this section should continue and, if

1 so, whether additional capacity amounts should be offered and whether there
2 should be any modifications to the program.

3 (o) In addition to the standard offer amount required by subdivision (b)(2)
4 of this section, on or before January 15, 2011, the board shall put into effect on
5 behalf of all Vermont retail electricity providers standard offers for qualifying
6 SPEED resources that generate electricity through conversion of energy from
7 the sun and that are placed on dairy farms located in Vermont, to be known as
8 the dairy farm–solar power initiative. These additional standard offers shall be
9 available until the cumulative plant capacity of all resources that have accepted
10 a standard offer under the dairy farm–solar power initiative equals or exceeds
11 50 MW; provided, however, that capacity within this additional amount shall
12 be reallocated to other resources that are eligible under this subsection if a
13 plant that accepts a standard offer under this subsection is not commissioned
14 within a reasonable period as determined by the board. The provisions of
15 subdivisions (b)(2)(A) and (b)(2)(B)(ii) and (iii) of this section (default
16 pricing) shall not apply to the initiative authorized in this subsection. Each of
17 the following shall apply to the initiative authorized in this subsection:

18 (1) “Dairy farm” shall have the same meaning as under 6 V.S.A.
19 § 2672(5).

20 (2) To be eligible under this section, a plant:

1 (A) Shall be located on a dairy farm in Vermont. The operation of
2 the dairy farm shall be conducted by a person who, with respect to the dairy
3 farm, constitutes a “farmer” within the meaning of 32 V.S.A. § 3752(7).

4 (B) Shall have a plant capacity that is 2.2 MW or less.

5 (C) Shall not have been placed into service prior to July 1, 2010.

6 (D) Shall not be subject to a standard offer under subdivision (b)(2)
7 of this section.

8 (3) A plant may be installed, owned, or operated by a person other than
9 the owner or operator of the dairy farm if the owner or operator of the dairy
10 farm receives income or other valuable consideration from the plant through
11 lease or other arrangement with the plant owner.

12 (4) The term of a standard offer shall be 10 to 25 years.

13 (5) The board shall set the price to be paid in accordance with
14 subdivision (b)(2)(B)(i) of this section. The provisions of subdivisions
15 (b)(2)(C), (D), and (E) and the provisions of subsections (g), (h), (i), (k), (l),
16 (m), and (n) of this section shall apply.

17 (6) The standard offer under this subsection shall be awarded by the
18 SPEED facilitator through a competitive process initiated by a request for
19 proposals. The board shall determine the factors to be used in selecting
20 proposals. Such factors may include plant capacity, use of innovative

1 technology, geographic diversity, location in a constrained area of the utility
2 grid, or other relevant factors.

3 (7) A plant that accepts a standard offer under this subsection shall not
4 be eligible for funds from the clean energy development fund under 10 V.S.A.
5 § 6523.

6 Sec. 2. 32 V.S.A. § 3752(5) is amended to read:

7 (5) “Development” means, for the purposes of determining whether a
8 land use change tax is to be assessed under section 3757 of this chapter, the
9 construction of any building, road or other structure, or any mining,
10 excavation, or landfill activity. “Development” also means the subdivision of
11 a parcel of land into two or more parcels, regardless of whether a change in
12 use actually occurs, where one or more of the resulting parcels contains less
13 than 25 acres each; but if subdivision is solely the result of a transfer to one or
14 more of a spouse, parent, grandparent, child, grandchild, niece, nephew, or
15 sibling of the transferor, or to the surviving spouse of any of the foregoing,
16 then “development” shall not apply to any portion of the ~~newly created~~ newly
17 created parcel or parcels which qualifies for enrollment and for which, within
18 30 days following the transfer, each transferee applies for reenrollment in the
19 use value appraisal program. “Development” also means the cutting of timber
20 on property appraised under this chapter at use value in a manner contrary to a
21 forest or conservation management plan as provided for in subsection 3755(b)

1 of this title, or contrary to the minimum acceptable standards for forest
2 management; or a change in the parcel or use of the parcel in violation of the
3 conservation management standards established by the commissioner of
4 forests, parks and recreation. The term “development” shall not include the
5 construction, reconstruction, structural alteration, relocation, or enlargement of
6 any building, road, or other structure for farming, logging, forestry, or
7 conservation purposes, but shall include the subsequent commencement of a
8 use of that building, road, or structure for other than farming, logging, or
9 forestry purposes. The term “development” also shall not include a solar plant
10 at a dairy farm for which a standard offer has been awarded under 30 V.S.A.
11 § 8005(o).