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H.566

Introduced by Representatives Bray of New Haven, Ainsworth of Royalton,  
Branagan of Georgia, Cheney of Norwich, Conquest of  
Newbury, Consejo of Sheldon, Dickinson of St. Albans Town,  
Gilbert of Fairfax, Lawrence of Lyndon, Malcolm of Pawlet,  
McAllister of Highgate, McNeil of Rutland Town, Pearce of  
Richford, Perley of Enosburg, Savage of Swanton, Stevens of  
Shoreham, Taylor of Barre City, Toll of Danville, Turner of  
Milton and Young of St. Albans City

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Referred to Committee on

Date:

Subject: Energy; public service; agricultural methane; SPEED standard offer

Statement of purpose: This bill proposes to provide that agricultural methane  
or “cow power” electricity generation projects in existence as of January 1,  
2009 shall receive the same price for power as new agricultural methane  
projects under the SPEED standard offer.

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An act relating to existing agricultural methane electric generation plants

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

1       Sec. 1. FINDINGS

2           The general assembly finds that:

3           (1) Vermont has received and continues to receive significant and  
4           unique benefits from the use by electric utilities of agricultural methane  
5           electric generation plants, sometimes called “cow power,” to support voluntary  
6           renewable energy pricing programs under section 8003 of Title 30.

7           (2) In addition to the production of electric energy through a renewable  
8           fuel source, these farm methane projects have served as pioneers and  
9           laboratories for the technology of producing electricity through anaerobic  
10          digestion of wastes from farm animals and other sources.

11          (3) These existing farm methane projects have hosted studies and pilot  
12          projects related to the economics of electric energy production through  
13          anaerobic digestion of wastes, the use of lake weeds as digester feedstock, a  
14          computerized digester monitoring and control system, and the use of digester  
15          effluent to grow algae for use as biofuel, among others.

16          (4) These existing farm methane projects also have generated significant  
17          public interest in renewable energy. Three projects in the service area of  
18          Central Vermont Public Service Corp. have generated a total of roughly 20,000  
19          visitors. In addition, some of these existing farm methane projects have  
20          received extensive national and international press coverage.

1           (5) These existing farm methane projects create other benefits to  
2           Vermont such as support of its farm economy and working landscape, odor  
3           control, and nutrient management to reduce negative impacts on state waters.

4           (6) In part because of the success demonstrated by these projects, in  
5           2009, the general assembly enacted amendments to section 8005 of Title 30 to  
6           require the public service board to create and implement a “standard offer”  
7           program for contracts with new renewable energy plants with a plant capacity  
8           of 2.2 MW or less.

9           (7) The 2009 legislation set the default price for an eligible agricultural  
10           methane plant at \$0.12 per kilowatt-hour (kWh), which the public service  
11           board subsequently increased to \$0.16 per kWh.

12           (8) While these prices are available to new farm methane plants under  
13           the standard offer, the existing farm methane projects that helped to pave the  
14           way for this initiative are experiencing serious economic losses because the  
15           structure of the prices paid to these projects is dependent on the wholesale  
16           electric energy market, and the price for power on that market has dropped  
17           significantly. The public service board has approved an interim, six-month  
18           plan to stem these losses, but a longer term solution is required.

19           (9) Due to the unique, pioneering role of these existing plants, the  
20           general assembly should require that they be paid the same price as farm  
21           methane plants under the standard offer program.

1       Sec. 2. 30 V.S.A. § 8005 is amended to read:

2       § 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE

3                   DEVELOPMENT (SPEED) PROGRAM

4   \* \* \*

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

9   \* \* \*

10           (2) No later than September 30, 2009, put into effect, on behalf of all  
11       Vermont retail electricity providers, standard offers for qualifying SPEED  
12       resources with a plant capacity of 2.2 MW or less. These standard offers shall  
13       be available until the cumulative plant capacity of all such resources  
14       commissioned in the state that have accepted a standard offer under this  
15       subdivision (2) equals or exceeds 50 MW; provided, however, that a plant  
16       owned and operated by a Vermont retail electricity provider shall count toward  
17       this 50-MW ceiling if the plant has a plant capacity of 2.2 MW or less and is  
18       commissioned on or after September 30, 2009. The term of a standard offer  
19       required by this subdivision (2) shall be 10 to 20 years, except that the term of  
20       a standard offer for a plant using solar power shall be 10 to 25 years. The price  
21       paid to a plant owner under a standard offer required by this subdivision shall

1 include an amount for each kilowatt-hour (kWh) generated that shall be set as  
2 follows:

3 \* \* \*

4 (F)(i) Notwithstanding any other provision of this section, a standard  
5 offer at the price set under this subsection (b) for a plant that uses methane  
6 derived from an agricultural operation shall be available to a plant that meets  
7 all of the following:

8 (I) The plant was commissioned on or before July 1, 2009.

9 (II) The plant generates electricity using methane derived from  
10 an agricultural operation and has a plant capacity of 2.2 MW or less.

11 (III) On July 1, 2009, the plant owner had a contract with a  
12 Vermont retail electricity provider to supply energy from the plant in  
13 connection with a renewable energy pricing program approved under section  
14 8003 of this title.

15 (ii) Plant capacity of a plant accepting a standard offer pursuant to  
16 this subdivision (2)(F) shall not be counted toward the 50-MW ceiling under  
17 this subsection (b).

18 \* \* \*

19 Sec. 3. EFFECTIVE DATE

20 This act shall take effect on passage.