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H.40

Introduced by Representatives Klein of East Montpelier and Ellis of
Waterbury

Referred to Committee on

Date:

Subject: Energy; public service; climate change; greenhouse gas emissions;
renewable generation

Statement of purpose of bill as introduced: This bill proposes to repeal the
Sustainably Priced Energy Enterprise Development Program, effective July 1,
2015. It also proposes, for effect in 2017, to create a Renewable Energy
Standard and Energy Transformation (RESET) Program for electric utilities
that contains three elements:

- The bill would convert Vermont’s existing total renewables targets for those utilities into a requirement to own renewable energy or renewable energy credits (RECs) from renewable energy plants. These targets would become total renewable energy requirements.
- The bill would require ownership of specified amounts of renewable energy or RECs from smaller scale distributed renewable generation, which would count toward the total renewable energy requirement.

- 1 • The bill would establish an energy transformation requirement that
2 utilities would meet through distributed renewable generation or
3 projects that reduce Vermont’s fossil fuel consumption, or both.

4 An act relating to establishing a renewable energy standard and energy
5 transformation program

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

7 * * * Renewable Energy Standard and Energy
8 Transformation Program * * *

9 Sec. 1. 30 V.S.A. § 8002 is amended to read:

10 § 8002. DEFINITIONS

11 As used in this chapter:

12 * * *

13 (3) “CPI” means the Consumer Price Index for all urban consumers,
14 designated as “CPI-U,” in the northeast region, as published by the U.S.
15 Department of Labor, Bureau of Labor Statistics.

16 * * *

17 (6) “Environmental attributes” means the characteristics of a plant that
18 enable the energy it produces to qualify as renewable energy and include any
19 and all benefits of the plant to the environment such as avoided emissions or

1 other impacts to air, water, or soil that may occur through the plant's
2 displacement of a nonrenewable energy source.

3 (7) "Existing renewable energy" means renewable energy produced by a
4 plant that came into service prior to or on ~~December 31, 2004~~ June 30, 2015.

5 * * *

6 (13) "New renewable energy" means renewable energy produced by a
7 specific and identifiable plant coming into service after ~~December 31, 2004~~
8 June 30, 2015.

9 (A) Energy from within a system of generating plants that includes
10 renewable energy shall not constitute new renewable energy, regardless of
11 whether the system includes specific plants that came or come into service
12 after ~~December 31, 2004~~ June 30, 2015.

13 (B) "New renewable energy" also may include the additional energy
14 from an existing renewable energy plant retrofitted with advanced technologies
15 or otherwise operated, modified, or expanded to increase the kWh output of the
16 plant in excess of an historical baseline established by calculating the average
17 output of that plant for the 10-year period that ended ~~December 31, 2004~~
18 June 30, 2015. If the production of new renewable energy through changes in
19 operations, modification, or expansion involves combustion of the resource,
20 the system also must result in an incrementally higher level of energy
21 conversion efficiency or significantly reduced emissions.

Comment [AA1]: GMP asks to clarify that energy fitting this description can constitute existing renewable energy. May not be necessary in light of (17)(C) on p. 4.

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* * *

(17) “Renewable energy” means energy produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate.

(A) For purposes of this subdivision (17), methane gas and other flammable gases produced by the decay of sewage treatment plant wastes or landfill wastes and anaerobic digestion of agricultural products, byproducts, or wastes shall be considered renewable energy resources, but no form of solid waste, other than agricultural or silvicultural waste, shall be considered renewable.

(B) For purposes of this subdivision (17), no form of nuclear fuel shall be considered renewable.

(C) The only portion of electricity produced by a system of generating resources that shall be considered renewable is that portion generated by a technology that qualifies as renewable under this subdivision (17).

(D) The Board by rule may add technologies or technology categories to the definition of “renewable energy,” provided that technologies using the following fuels shall not be considered renewable energy supplies: coal, oil, propane, and natural gas.

Comment [AA2]: CLF argues that, because of the breadth of this definition, there should be a phase-in for retirement of VT-generated RECs

Comment [AA3]: GMP asks to revise this language to ensure that food waste and switchgrass may be included in an anaerobic digester.

1 (E) In this chapter, renewable energy refers to either “existing
2 renewable energy” or “new renewable energy.”

3 * * *

4 (19) “Retail electricity provider” or “provider” means a company
5 engaged in the distribution or sale of electricity directly to the public.

6 (20) “~~SPEED~~ Standard Offer Facilitator” means an entity appointed by
7 the Board pursuant to ~~subdivision 8005(b)(1)~~ subsection 8005a(a) of this title.

8 (21) “~~SPEED resources~~” means ~~contracts for resources in the SPEED~~
9 ~~program established under section 8005 of this title that meet the definition of~~
10 ~~renewable energy under this section, whether or not environmental attributes~~
11 ~~are attached.~~ [Repealed.]

12 (22) “Tradeable renewable energy credits” means all of the
13 environmental attributes associated with a single unit of energy generated by a
14 renewable energy source where:

15 (A) those attributes are transferred or recorded separately from that
16 unit of energy;

17 (B) the party claiming ownership of the tradeable renewable energy
18 credits has acquired the exclusive legal ownership of all, and not less than all,
19 the environmental attributes associated with that unit of energy; and

20 (C) exclusive legal ownership can be verified through an auditable
21 contract path or pursuant to the system established or authorized by the Board

1 or any program for tracking and verification of the ownership of environmental
2 attributes of energy legally recognized in any state and approved by the Board.

3 * * *

4 (24) “Customer” means a retail electric consumer.

5 (25) “Energy transformation project” means an undertaking that
6 provides energy-related goods or services but does not include or consist of the
7 generation of electricity and that results in a net reduction in fossil fuel
8 consumption by the customers of a retail electricity provider and in the
9 emission of greenhouse gases attributable to that consumption. Examples of
10 energy transformation projects may include home weatherization or other
11 thermal energy efficiency measures; air source or geothermal heat pumps;
12 electric vehicle charging stations; and infrastructure for the storage of
13 renewable energy on the electric grid.

14 (26) “RESET Program” means the Renewable Energy Standard and
15 Energy Transformation Program established under sections 8004 and 8005 of
16 this title.

Comment [AA4]: VFDA seeks language indicating support of high efficiency heating systems and increased biodiesel.

1 Sec. 2. 30 V.S.A. § 8004 is amended to read:

2 § 8004. ~~RENEWABLE PORTFOLIO STANDARDS FOR SALES OF~~
3 ELECTRIC ENERGY; RENEWABLE ENERGY STANDARD AND
4 ENERGY TRANSFORMATION (RESET) PROGRAM

5 (a) ~~Except as otherwise provided in section 8005 of this title, in order for~~
6 ~~Vermont retail electricity providers to achieve the goals established in section~~
7 ~~8001 of this title, no~~ Establishment; requirements. The RESET Program is
8 established. Under this program, a retail electricity provider shall not sell or
9 otherwise provide or offer to sell or provide electricity in the State of Vermont
10 without ownership of sufficient energy produced by renewable resources as
11 described in this chapter, energy plants or sufficient tradeable renewable
12 energy credits from plants whose energy is capable of delivery in Vermont that
13 reflect the required amounts of renewable energy as provided for in subsection
14 ~~(b) of this~~ set forth in section 8005 of this title or without support of energy
15 transformation projects in accordance with that section. In the case of
16 members of the Vermont Public Power Supply Authority, the requirements of
17 this chapter may be met in the aggregate.

18 ~~(b) Each retail electricity provider in Vermont shall provide a certain~~
19 ~~amount of new renewable resources in its portfolio. Subject to subdivision~~
20 ~~8005(d)(1) of this title each retail electricity provider in Vermont shall supply~~
21 ~~an amount of energy equal to its total incremental energy growth between~~

Comment [AA5]: WEC requests change to ISO-NE or New England. WEC seeks on this page and following that “REC eligibility clarified as New England delivered”

1 ~~January 1, 2005 and January 1, 2012 through the use of electricity generated by~~
2 ~~new renewable resources. The A retail electricity provider may meet ~~this~~~~
3 ~~requirement the required amounts of renewable energy through eligible ~~new~~~~
4 ~~tradeable~~ renewable energy credits, ~~new eligible~~ renewable energy resources
5 with renewable energy credits still attached, or a combination of those credits
6 and resources. ~~No retail electricity provider shall be required to provide in~~
7 ~~excess of a total of 10 percent of its calendar year 2005 retail electric sales with~~
8 ~~electricity generated by new renewable resources.~~

9 ~~(e) The requirements of subsection (b) of this section shall apply to all~~
10 ~~retail electricity providers in this State, unless the retail electricity provider~~
11 ~~demonstrates and the Board determines that compliance with the standard~~
12 ~~would impair the provider's ability to meet the public's need for energy~~
13 ~~services after safety concerns are addressed, at the lowest present value life~~
14 ~~cycle cost, including environmental and economic costs.~~

15 ~~(d)(b) Rules and procedures.~~ The Board shall ~~provide, by order or rule,~~
16 ~~adopt the ~~regulations~~ rules and procedures that are necessary to allow the~~
17 ~~Board and the Department to implement and supervise further the~~
18 ~~implementation and maintenance of a renewable portfolio standard. In its~~
19 ~~rules, the Board may allow a provider that has met the required amount of~~
20 ~~renewable energy in a given year to retain tradeable renewable energy credits~~

Comment [AA6]: GMP wants to ensure this language does not exclude HQ because there currently are no RECs for HQ. Asks to change “renewable energy credits still attached” to “environmental attributes” still attached

Comment [AA7]: GMP – change to be consistent with program name (RESET)

1 created or purchased in excess of that amount for application to the provider's
2 required amount of renewable energy in one of the following **two years**.

3 ~~(e)~~(c) Alternative compliance payment. In lieu of, ~~or in addition to~~
4 purchasing renewable energy or tradeable renewable energy credits or
5 supporting energy transformation projects to satisfy the ~~portfolio~~ requirements
6 of this section and section 8005 of this title, a retail electricity provider in this
7 State may pay to the **Vermont Clean Energy Development Fund** established
8 under section 8015 of this title ~~an amount per kWh as established by the Board~~
9 an alternative compliance payment at the applicable rate set forth in section

10 8005. ~~As an alternative, the Board may require any proportion of this amount~~
11 ~~to be paid to the Energy Conservation Fund established under subsection~~
12 ~~209(d) of this title.~~

13 (d) VPPSA members. In the case of members of the Vermont Public
14 Power Supply Authority, the requirements of this chapter may be met in the
15 aggregate.

16 ~~(f) Before December 30, 2007 and biennially thereafter through~~
17 ~~December 30, 2013, the Board shall file a report with the Senate Committees~~
18 ~~on Finance and on Natural Resources and Energy and the House Committees~~
19 ~~on Commerce and on Natural Resources and Energy. The report shall include~~
20 ~~the following:~~

Comment [AA8]: GMP asks to change to 3 years. Also, this language applies to RECs and not to energy transformation projects (ETP). GMP and other parties want bill to clarify that unlimited banking is available for ETPs.

Comment [AA9]: GMP requests that ACP payments be directed toward ETP-like projects in provider's territory.

Comment [AA10]: VEIC asks for direction that CEDF target ACP \$ to programs for underserved markets, such as low-income and rental housing

Comment [AA11]: Stowe asks that it and other non-VPPSA public power be able to aggregate. VPPSA does not object but wants to maintain specific reference to its ability to aggregate. VEIC asks for language on multi-utility programs for the energy transformation category, beyond VPPSA.

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 Sec. 3. 30 V.S.A. § 8005 is amended to read:

9 § 8005. ~~SUSTAINABLY PRICED ENERGY ENTERPRISE~~

10 ~~DEVELOPMENT (SPEED) PROGRAM; RESET PROGRAM~~

11 ~~CATEGORIES~~

12 ~~(a) Creation. To achieve the goals of section 8001 of this title, there is~~
13 ~~created the Sustainably Priced Energy Enterprise Development (SPEED)~~
14 ~~program.~~

15 ~~(b) Board; powers and duties. The SPEED program shall be established,~~
16 ~~by rule, order, or contract, by the Board. As part of the SPEED program, the~~
17 ~~Board may, and in the case of subdivisions (1), (2), and (5) of this subsection,~~
18 ~~shall:~~

19 ~~(1) Name one or more entities to become engaged in the purchase and~~
20 ~~resale of electricity generated within the State by means of SPEED resources.~~

1 ~~An entity appointed under this subdivision shall be known as a SPEED~~
2 ~~Facilitator.~~

3 ~~(2) Issue standard offers for SPEED resources in accordance with~~
4 ~~section 8005a of this title.~~

5 ~~(3) Maximize the benefit to rate payers from the sale of tradeable~~
6 ~~renewable energy credits or other credits that may be developed in the future,~~
7 ~~especially with regard to those plants that accept the standard offer issued~~
8 ~~under subdivision (2) of this subsection.~~

9 ~~(4) Encourage retail electricity provider and third party developer~~
10 ~~sponsorship and partnerships in the development of renewable energy projects.~~

11 ~~(5) In accordance with section 8005a of this section, require all Vermont~~
12 ~~retail electricity providers to purchase from the SPEED Facilitator the power~~
13 ~~generated by the plants that accept the standard offer required to be issued~~
14 ~~under section 8005a. For the purpose of this subdivision (5), the Board and the~~
15 ~~SPEED Facilitator constitute instrumentalities of the State.~~

16 ~~(6) Establish a method for Vermont retail electrical providers to obtain~~
17 ~~beneficial ownership of the renewable energy credits associated with any~~
18 ~~SPEED projects, in the event that a renewable portfolio standard comes into~~
19 ~~effect under the provisions of section 8004 of this title. It shall be a condition~~
20 ~~of a standard offer required to be issued under subdivision (2) of this~~
21 ~~subsection that tradeable renewable energy credits associated with a plant that~~

1 ~~accepts the standard offer are owned by the retail electric providers purchasing~~
2 ~~power from the plant, except that in the case of a plant using methane from~~
3 ~~agricultural operations, the plant owner shall retain such credits to be sold~~
4 ~~separately at the owner's discretion.~~

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

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

12 ~~(9) Take such other measures as the Board finds necessary or~~
13 ~~appropriate to implement SPEED.~~

14 ~~(e) VEDA; eligible facilities. Developers of in-state SPEED resources shall~~
15 ~~be entitled to classification as an eligible facility under 10 V.S.A. chapter 12,~~
16 ~~relating to the Vermont Economic Development Authority.~~

17 ~~(d) Goals and targets. To advance the goals stated in section 8001 of this~~
18 ~~title, the following goals and targets are established.~~

19 ~~(1) 2012 SPEED goal. The Board shall meet on or before January 1,~~
20 ~~2012 and open a proceeding to determine the total amount of SPEED resources~~
21 ~~that have been supplied to Vermont retail electricity providers or have been~~

1 ~~issued a certificate of public good. If the Board finds that the amount of~~
2 ~~SPEED resources coming into service or having been issued a certificate of~~
3 ~~public good after January 1, 2005 and before July 1, 2012 equals or exceeds~~
4 ~~total statewide growth in electric retail sales during that time, and in addition,~~
5 ~~at least five percent of the 2005 total statewide electric retail sales is provided~~
6 ~~by SPEED resources or would be provided by SPEED resources that have been~~
7 ~~issued a certificate of public good, or if it finds that the amount of SPEED~~
8 ~~resources equals or exceeds 10 percent of total statewide electric retail sales for~~
9 ~~calendar year 2005, the portfolio standards established under this chapter shall~~
10 ~~not be in force. The Board shall make its determination by January 1, 2013. If~~
11 ~~the Board finds that the goal established has not been met, one year after the~~
12 ~~Board's determination the portfolio standards established under subsection~~
13 ~~8004(b) of this title shall take effect.~~

14 ~~(2) 2017 SPEED goal. A State goal is to assure that 20 percent of total~~
15 ~~statewide electric retail sales during the year commencing January 1, 2017~~
16 ~~shall be generated by SPEED resources that constitute new renewable energy.~~
17 ~~On or before January 31, 2018, the Board shall meet and open a proceeding to~~
18 ~~determine, for the calendar year 2017, the total amount of SPEED resources~~
19 ~~that were supplied to Vermont retail electricity providers and the total amount~~
20 ~~of statewide retail electric sales.~~

1 ~~(3) Determinations. For the purposes of the determinations to be made~~
2 ~~under subdivisions (1) and (2) of this subsection (d), the total amount of~~
3 ~~SPEED resources shall be the amount of electricity produced at SPEED~~
4 ~~resources owned by or under long-term contract to Vermont retail electricity~~
5 ~~providers that is new renewable energy.~~

6 (a) Categories. This section specifies three categories of required resources
7 to meet the requirements of the RESET Program established in section 8004 of
8 this title: total renewable energy, distributed renewable generation, and energy
9 transformation.

10 ~~(4)(1) Total renewables targets renewable energy. This~~

11 (A) Purpose; establishment. To encourage the economic and
12 environmental benefits of renewable energy, this subdivision establishes, as
13 percentages of annual electric sales, target for the RESET program, minimum
14 total amounts of total renewable energy within the supply portfolio of each
15 retail electricity provider. To satisfy this requirement, a provider may use
16 renewable energy with environmental attributes attached or tradeable
17 renewable energy credits generated by any renewable energy plant whose
18 energy is capable of delivery in Vermont.

19 ~~(A)(B) Required amounts. The target amounts of total renewable~~
20 ~~energy established required by this subsection shall be 55 percent of each retail~~
21 ~~electricity provider's annual electric sales during the year beginning January 1,~~

Comment [AA12]: CLF asks for a category of contracted renewable resources, to address system power. Limit to 40-55 percent of total renewable category. Also, CLF would add this term to the definitions section and use it to pull together and clarify language in other definitions relating to system power.

Comment [AA13]: VCE asks that the process for siting review be reformed if the RESET program is to go forward.

Comment [AA14]: Witness Whitworth asks that:
a. RESET projects result from collaborative process, demonstrate they are the least-cost option, and perform life cycle accounting for carbon investment and savings.
b. Distributed generation category must conform to local and regional plans and meet environmental criteria such as impact on wetlands and primary agricultural soils.

Comment [AA15]: WEC asks to clarify that Tier 1 can be met from any class in New England. WEC made the comment as related to page 8, but Tier 1 is on this page. GMP asks to use this language in the definition of renewable energy.

Comment [AA16]: WEC asks to clarify that amounts for each category are retail sales.

1 2017, increasing by an additional ~~four~~ one and one-third percent each ~~third~~
2 subsequent January 1 ~~thereafter~~, until reaching 75 percent on and after
3 January 1, 2032.

Comment [AA17]: GMP and IBM ask to retain percentages at four percent every three years

4 (B) ~~Each retail electricity provider shall manage its supply portfolio~~
5 ~~to be reasonably consistent with the target amounts established by this~~
6 ~~subdivision (4). The Board shall consider such consistency during the course~~
7 ~~of reviewing a retail electricity provider's charges and rates under this title,~~
8 ~~integrated resource plans under section 218c of this title, and petitions under~~
9 ~~section 248 (new gas and electric purchases, investments, and facilities) of this~~
10 ~~title.~~

Comment [AA18]: AIV suggests stepping back these percentages, arguing there may be rate impacts and current portfolio is "very clean"

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

16 (2) Distributed renewable generation.

Comment [AA19]: New Haven is concerned that this category will mean more solar or other renewable projects without addressing current siting process problems, including issues on aesthetic impacts, screening, setbacks, and impacts on primary agricultural soils.

17 (A) Purpose; establishment. This subsection establishes a distributed
18 renewable generation category for the RESET program. This category
19 encourages the use of distributed generation to support the reliability of the
20 State's electric system; reduce line losses; contribute to avoiding or deferring
21 improvements to that system necessitated by transmission or distribution

1 constraints; and diversify the size and type of resources connected to that
2 system. This category requires the use of renewable energy for these purposes
3 to reduce environmental and health impacts from air emissions that would
4 result from using other forms of generation.

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

7 (i) a renewable energy plant that is new renewable energy; has a
8 plant capacity of five MW or less; and

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 Board to avoid or defer a transmission system improvement needed to address
15 a transmission system reliability deficiency identified and analyzed in that
16 Plan; or

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

Comment [AA20]: VEIC asks to state that this rationale applies to all categories.

Comment [AA21]: WEC asks to address REC ownership for net metering systems

1 (C) Required amounts. The required amounts of distributed
2 renewable generation shall be one percent of each retail electricity provider's
3 annual electric sales during the year beginning January 1, 2017, increasing by
4 an additional three-fifths of a percent each subsequent January 1 until reaching
5 10 percent on and after January 1, 2032.

Comment [AA22]: AIV questions use of portfolio standard to support DG; argues should create incentives to place where cost-effective and assist reliability.

Comment [AA23]: IBM asks that the increase be 1.8 percent every three years

6 (D) Distributed generation greater than five MW. On petition of a
7 retail electricity provider, the Board may for a given year allow the provider to
8 employ a renewable energy plant with a plant capacity greater than five MW to
9 satisfy the distributed renewable generation requirement if the plant would
10 qualify as distributed renewable generation but for its plant capacity and the
11 provider demonstrates that it is unable during that year to meet the requirement
12 solely with qualifying renewable energy plants of five MW or less.

Comment [AA24]: Stowe concerned about being able to meet percentages. VEC argues will need wind to meet them. VPIRG argues that the percentages should be adjusted upward for a utility if net metering outpaces these percentages.

Comment [AA25]: New Haven is concerned that this is loophole that would allow too many large projects.

13 (3) Energy transformation.

14 (A) Purpose; establishment. This subsection establishes an energy
15 transformation category for the RESET program. This category encourages
16 Vermont retail electricity providers to support additional distributed renewable
17 generation or, at less cost than such generation, to support other projects to
18 reduce fossil fuel consumed by their customers and the emission of greenhouse
19 gases attributable to that consumption. A retail electricity provider may satisfy
20 the energy transformation requirement through distributed renewable

Comment [AA26]: GMP and VEIC oppose. See comment on p. 19 below.

Comment [AA27]: WEC asks to clarify that this is in addition to DRG category.

1 generation or energy transformation projects or a combination of such
2 generation and projects.

3 (B) Required amounts. For the energy transformation category, the
4 required amounts shall be two percent of each retail electricity provider's
5 annual electric sales during the year beginning January 1, 2017, increasing by
6 an additional two-thirds of a percent each subsequent January 1 until reaching
7 12 percent on and after January 1, 2032.

8 (C) Eligibility criteria. For an energy transformation project to be
9 eligible under this subdivision (a)(3):

10 (i) implementation of the project shall have commenced on or
11 after January 1, 2015; and

12 (ii) the project shall:

13 (I) over its life, result in a net reduction in fossil fuel consumed
14 by the provider's customers and in the emission of greenhouse gases
15 attributable to that consumption, whether or not the fuel is supplied by the
16 provider;

17 (II) meet the need for its good or services at the lowest present
18 value life cycle cost, including environmental and economic costs; and

19 (III) cost less per MWH than the purchase of tradeable
20 renewable energy credits for distributed renewable generation.

Comment [AA28]: AIV argues may be difficult or costly to meet these requirements because depend on customer and not utility chooses. CLF argues that this tier should be kept as a separate requirement.

Comment [AA29]: See VEIC comment immediately below. WEC appears to ask that this be changed to utility cost.

Comment [AA30]: GMP requests removal of this requirement. Concerned that ETPs may cost more than RECs. VEIC seeks to replace with a societal cost-effectiveness requirement to be adopted by PSB by rule. WEC asks to change to ACP.

1 (D) Conversion. For the purpose of determining eligibility and the
2 application of the energy transformation project to a provider's annual
3 requirement, the provider shall convert the net reduction in fossil fuel
4 consumption resulting from the provider's support of the energy
5 transformation project to a MWH equivalent of electric energy, in accordance
6 with rules adopted by the Board. The conversion shall use the most recent
7 year's approximate heat rate for electricity net generation from the total fossil
8 fuels category as reported by the U.S. Energy Information Administration in its
9 Monthly Energy Review.

10 (E) Other sources.

11 (i) An energy transformation project under this subdivision (3)
12 shall deliver services through persons other than a retail electricity provider
13 unless one of the following applies:

14 (I) Service delivery through the provider is more cost-effective
15 than delivery by another person or there is no person other than the provider
16 willing and able to deliver the services.

17 (II) Implementation of the energy transformation project
18 commenced before July 1, 2015 and the project's service delivery was by a
19 provider.

20 (ii) An energy transformation project may provide incremental
21 support to a program authorized under Vermont statute that meets the

Comment [AA31]: VEIC questions whether the conversion methodology may incent measures that reduce fossil fuels but have high carbon intensity and may not reduce GHGs.

Comment [AA32]: GMP requests that language be softened to encourage partnership.

1 eligibility criteria of this subsection (a) but may take credit only for the
2 additional amount of service supported and shall not take credit for that
3 program's regularly budgeted or approved investments.

Comment [AA33]: Reference should be subdivision (a)(3).

4 (F) Rules. The Board shall adopt rules to carry out this
5 subsection (a). These rules shall include each of the following:

Comment [AA34]: Reference should be subdivision (a)(3)

6 (i) The conversion methodology in accordance with
7 subdivision (3)(D) of this subsection (a).

Comment [AA35]: VEIC asks for additional guidance to PSB to ensure equitable opportunity for all Vermonters to participate; include societal cost-effectiveness screening criteria; planning on three-year cycles to be consistent with other planning processes. VPIRG and VNRC support VEIC's recommendations.

8 (ii) A procedure for prior approval of energy transformation
9 projects by the Board or its designee. This procedure shall ensure that each of
10 these projects meets the requirements of this subsection (a) and need not
11 consist of individual review of each energy transformation project prior to
12 implementation as long as the mechanism ensures those requirements are met.

Comment [AA36]: WEC asks for language on projects commencing 1/1/15. BED asks for language similar to cost recovery guarantee for standard offer projects. CLF argues that legislation should maintain the prudence standard.

13 (iii) A mechanism to ensure periodic verification of an energy
14 transformation project's claimed fossil fuel reductions, avoided greenhouse gas
15 emissions, conversion to MWH equivalent, cost-effectiveness and, if
16 applicable, energy savings.

Comment [AA37]: Reference should be subdivision (a)(3).

17 (iv) Provisions to ensure the coordinated delivery of energy
18 transformation projects with the delivery of similar services, including
19 low-income weatherization programs, entities that fund and support affordable
20 housing, energy efficiency programs delivered under section 209 of this title.

Comment [AA38]: BED and DPS seek to clarify that verification will apply to future projects and not those already claimed in the program. DPS seeks to clarify that this tier allows for unlimited banking and that utilities may choose to take all credit up front or spread over life of measures.

Comment [AA39]: CLF asks for provisions to provide clear coordination with energy efficiency programs

1 and other energy efficiency programs delivered locally or regionally within
2 the State.

3 (v) Provisions to ensure that, if an energy transformation project
4 will increase the use of electric energy, the project incorporates best practices
5 for demand management and will use technologies appropriate for Vermont.

6 (vi) A procedure under which a provider may withdraw from or
7 terminate, in an orderly manner, an ongoing energy transformation project that
8 no longer meets the eligibility criteria because of changes in the price of
9 tradeable renewable energy credits or another factor beyond the control of the
10 project and the provider.

11 (4) Alternative compliance rates.

12 (A) The alternative compliance payment rates for the categories
13 established by this subsection (a) shall be:

14 (i) total renewable energy requirement – \$0.01 per kWh; and

15 (ii) distributed renewable generation and energy transformation
16 requirements – \$0.07 per kWh.

17 (B) The Board shall adjust these rates for inflation annually
18 commencing January 1, 2018, using the CPI.

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

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

Comment [AA40]: GMP, IBM, and VPPSA ask for \$0.06/kWh.

1 (A) as of January 1, 2015, was entitled, through contract, ownership
2 of energy produced by its own generation facilities, or both, to an amount of
3 renewable energy equal to or more than 100 percent of its anticipated total
4 retail electric sales in 2017, regardless of whether the provider owned the
5 environmental attributes of that renewable energy; and

6 (B) commencing April 1, 2015, owns and has retired tradeable
7 renewable energy credits monitored and traded on the New England
8 Generation Information System or otherwise approved by the Board equivalent
9 to 100 percent of the provider's total retail sales of electricity, calculated as an
10 average on an annual basis.

11 (2) A provider meeting the requirements of subdivision (1) of this
12 subsection may:

13 (A) satisfy the distributed renewable generation requirement of this
14 section through the amount of renewable energy generated by net metering
15 systems within its service territory; and

16 (B) if the Board has appointed the provider as an energy efficiency
17 entity under subsection 209(d) of this title, propose to the Board to reduce the
18 energy transformation requirement that would otherwise apply to the provider
19 under this section.

Comment [AA41]: BED requests change to 1/1/17. WEC asks to commence on date section becomes effective.

Comment [AA42]: WEC asks for clarification that any class of NE GIS RECs qualify

Comment [AA43]: BED requests clarify that DRG tier is met if 100 percent renewable utility accepts all the net metering that applies during the compliance period. WEC indicates that clarifying language may be needed "as page 17 on WEC net metering program."

Comment [AA44]: WEC asks to remove this language.

1 (i) The provider may make and the Board may review such a
2 proposal in connection with a periodic submission made by the provider
3 pursuant to its appointment under subsection 209(d) of this title.

4 (ii) The Board may approve a proposal under this subdivision (B)
5 if it finds that:

6 (I) the energy transformation requirement that would otherwise
7 apply under this section exceeds the technical potential for cost-effective
8 energy transformation projects in the provider's service territory that meet the
9 eligibility criteria for these projects under this section; and

10 (II) the reduced energy transformation requirement proposed
11 by the provider is not less than the amount sufficient to ensure the provider's
12 deployment or support of energy transformation projects that will acquire that
13 technical potential.

14 (iii) The measure of cost-effectiveness under this subdivision (B)
15 shall be the alternative compliance payment rate established in this section for
16 the energy transformation requirement.

17 (c) Biomass.

18 (1) Distributed renewable generation that employs biomass to produce
19 electricity shall be eligible to count toward a provider's distributed renewable
20 generation or energy transformation requirement only if the plant produces

Comment [AA45]: BED requests change to "achievable"

Comment [AA46]: See BED comment above.

1 both electricity and thermal energy from the same biomass fuel and the
2 majority of the energy recovered from the plant is thermal energy.

3 (2) Distributed renewable generation and energy transformation projects
4 that employ biomass to produce energy shall **comply with harvesting and**
5 **procurement standards** adopted by the Commissioner of Forests, Parks and
6 Recreation under 10 V.S.A. § 2751.

7 (d) **Low-impact hydropower.** A hydroelectric renewable energy plant shall
8 be eligible to satisfy the distributed renewable generation or energy
9 transformation requirement only if, in addition to meeting the definition of
10 distributed renewable generation, the plant is and continues to be certified by
11 the Low-impact Hydropower Institute of Portland, Maine.

12 ~~(e) Regulations and procedures. The Board shall provide, by order or rule,~~
13 ~~the regulations and procedures that are necessary to allow the Board and the~~
14 ~~Department to implement, and to supervise further the implementation and~~
15 ~~maintenance of the SPEED program. These rules shall assure that decisions~~
16 ~~with respect to certificate of public good applications for construction of~~
17 ~~SPEED resources shall be made in a timely manner.~~

18 ~~(f) Preapproval. In order to encourage joint efforts on the part of regulated~~
19 ~~companies to purchase power that meets or exceeds the SPEED standards and~~
20 ~~to secure stable, long term contracts beneficial to Vermonters, the Board may~~

Comment [AA47]: VEIC questions what the implications are of applying these standards to all uses for the two categories, including the practicality of applying these standards to wood pellets for home heating

Comment [AA48]: GMP asks whether this applies to Tier 1. There is no language in the bill that would make it apply to Tier 1.

1 ~~establish standards for pre-approving the recovery of costs incurred on a~~
2 ~~SPEED project that is the subject of that joint effort.~~

3 ~~(g) State; nonliability. The State and its instrumentalities shall not be liable~~
4 ~~to a plant owner or retail electricity provider with respect to any matter related~~
5 ~~to SPEED, including costs associated with a standard offer contract under this~~
6 ~~section or section 8005a of this title or any damages arising from breach of~~
7 ~~such a contract, the flow of power between a plant and the electric grid, or the~~
8 ~~interconnection of a plant to that grid.~~

9 ~~(h) (n) [Repealed.]~~

10 Sec. 4. 30 V.S.A. § 8005a is amended to read:

11 § 8005a. ~~SPEED~~; STANDARD OFFER PROGRAM

12 (a) Establishment. A standard offer program is established ~~within the~~
13 ~~SPEED program~~. To achieve the goals of section 8001 of this title, the Board
14 shall issue standard offers for renewable energy plants that meet the eligibility
15 requirements of this section. The Board shall implement these standard offers
16 ~~through the SPEED facilitator~~ by rule, order, or contract and shall appoint a
17 Standard Offer Facilitator assist in this implementation. For the purpose of
18 this section, the Board and the Standard Offer Facilitator constitute
19 instrumentalities of the State.

Comment [AA49]: Insert "to"

20 * * *

1 (k) Executed standard offer contracts; transferability; allocation of benefits
2 and costs. With respect to executed contracts for standard offers under this
3 section:

4 (1) A contract shall be transferable. The contract transferee shall notify
5 the ~~SPEED~~ Standard Offer Facilitator of the contract transfer within 30 days of
6 transfer.

7 (2) The ~~SPEED~~ Standard Offer Facilitator shall distribute the electricity
8 purchased to the Vermont retail electricity providers at the price paid to the
9 plant owners, allocated to the providers based on their pro rata share of total
10 Vermont retail kWh sales for the previous calendar year, and the Vermont
11 retail electricity providers shall accept and pay the ~~SPEED~~ Standard Offer
12 Facilitator for the electricity. However, during any given calendar year:

13 (A) Calculation of pro rata shares under this subdivision (2) shall
14 include an adjustment in the allocation to a provider if one or more of the
15 provider's customers created greenhouse gas reduction credits under section
16 8006a of this title that are used to reduce the size of the annual increase under
17 subdivision (c)(1)(C)(adjustment; greenhouse gas reduction credits) of this
18 section. The adjustment shall ensure that any and all benefits or costs from the
19 use of such credits flow to the provider whose customers created the credits.
20 The savings that a provider realizes as a result of this application of greenhouse

1 gas reduction credits shall be passed on proportionally to the customers that
2 created the credits.

3 (B) A retail electricity provider shall be exempt and wholly relieved
4 from the requirements of this subdivision ~~and subdivision 8005(b)(5)~~
5 ~~(requirement to purchase standard offer power)~~ of this title if, during the
6 immediately preceding 12-month period ending October 31, the amount of
7 renewable energy supplied to the provider by generation owned by or under
8 contract to the provider, regardless of whether the provider owned the energy's
9 environmental attributes, was not less than the amount of energy sold by the
10 provider to its retail customers.

11 (3) The ~~SPEED~~ Standard Offer Facilitator shall transfer the
12 environmental attributes, including any tradeable renewable energy credits, of
13 electricity purchased under standard offer contracts to the Vermont retail
14 electricity providers in accordance with their pro rata share of the costs for
15 such electricity as determined under subdivision (2) of this subsection (k),
16 except that in the case of a plant using methane from agricultural operations,
17 the plant owner shall retain such attributes and credits to be sold separately at
18 the owner's discretion. It shall be a condition of a standard offer issued under
19 this section that tradeable renewable energy credits associated with a plant that
20 accepts the standard offer are owned by the retail electric providers purchasing

1 power from the plant, except in the case of a plant using methane from
2 agricultural operations.

3 (4) The ~~SPEED~~ Standard Offer Facilitator shall transfer all capacity
4 rights attributable to the plant capacity associated with the electricity
5 purchased under standard offer contracts to the Vermont retail electricity
6 providers in accordance with their pro rata share of the costs for such
7 electricity as determined under subdivision (2) of this subsection (k).

8 (5) All reasonable costs of a Vermont retail electricity provider incurred
9 under this subsection shall be included in the provider's revenue requirement
10 for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title.
11 In including such costs, the Board shall appropriately account for any credits
12 received under subdivisions (3) and (4) of this subsection (k). Costs included
13 in a retail electricity provider's revenue requirement under this subdivision (5)
14 shall be allocated to the provider's ratepayers as directed by the ~~board~~ Board.

15 (1) ~~SPEED~~ Standard Offer Facilitator; expenses; payments. With respect to
16 standard offers under this section, the Board shall ~~by rule or order:~~

17 (1) ~~Determine~~ determine a ~~SPEED~~ Standard Offer Facilitator's
18 reasonable expenses arising from its role and the allocation of the expenses
19 among plant owners and Vermont retail electricity providers;

1 (2) ~~Determine~~ determine the manner and timing of payments by a
2 ~~SPEED Standard Offer~~ Facilitator to plant owners for energy purchased under
3 an executed contract for a standard offer-;

4 (3) ~~Determine~~ determine the manner and timing of payments to the
5 ~~SPEED Standard Offer~~ Facilitator by the Vermont retail electricity providers
6 for energy distributed to them under executed contracts for standard offers-;

7 (4) ~~Establish~~ establish reporting requirements of a ~~SPEED Standard~~
8 ~~Offer~~ Facilitator, a plant owner, and a Vermont retail electricity provider.

9 * * *

10 (n) Wood biomass. ~~Wood In addition to the other requirements of this~~
11 ~~section, wood~~ biomass resources ~~that would otherwise constitute qualifying~~
12 ~~SPEED resources~~ may receive a standard offer under this section only if they
13 have a design system efficiency (the sum of full load design thermal output and
14 electric output divided by the heat input) of at least 50 percent.

15 * * *

16 (q) Allocation of regulatory costs. The Board and Department may
17 authorize or retain legal counsel, official stenographers, expert witnesses,
18 advisors, temporary employees, and research services in conjunction with
19 implementing their responsibilities under this section. In lieu of allocating
20 such costs pursuant to subsection 21(a) of this title, the Board or Department

1 may allocate the expense in the same manner as the ~~SPEED~~ Standard Offer
2 Facilitator's costs under subdivision (1)(1) of this section.

3 (r) State; nonliability. The State and its instrumentalities shall not be liable
4 to a plant owner or retail electricity provider with respect to any matter related
5 to the standard offer program, including costs associated with a standard offer
6 contract or any damages arising from the breach of such a contract, the flow of
7 power between a plant and the electric grid, or the interconnection of a plant to
8 that grid.

9 Sec. 5. INTENT; AMENDMENT OF 30 V.S.A. § 8005a

10 The General Assembly's intent in the amendments to 30 V.S.A. § 8005a set
11 forth in Sec. 4 of this act is to clarify the text because of the repeal of the
12 Sustainably Priced Energy Enterprise Development Program in Sec. 3 of this
13 act and to move provisions relating to the standard offer program from
14 30 V.S.A. § 8005 into section 8005a. The General Assembly does not intend
15 any provision of this act to be interpreted as a substantive change to the
16 standard offer program.

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

18 § 8005b. RENEWABLE ENERGY PROGRAMS; BIENNIAL REPORT

19 (a) On or before January 15, 2013, and no later than every second
20 January 15 thereafter through January 15, 2033, the Board shall file a report
21 with the General Assembly in accordance with this section. The Board shall

Comment [AA50]: WEC asks for language clarifying that the change in dates for "new renewable energy" does not affect its exemption from the standard offer program.

Comment [AA51]: VEPPi asks to clarify that the Standard Offer Facilitator is the successor to the SPEED Facilitator

1 prepare the report in consultation with the Department. The provisions of
2 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to
3 be made under this subsection.

4 (b) The report under this section shall include at least each of the
5 following:

6 (1) The retail sales, in kWh, of electricity in Vermont during the
7 preceding calendar year. The report shall include the statewide total and the
8 total sold by each retail electricity provider.

9 (2) ~~The amount of SPEED resources~~ Each retail electricity provider's
10 required amount of renewable energy during the preceding calendar year for
11 each category of the RESET Program as set forth in section 8005 of this title.

12 (3) For the preceding calendar year, the amounts of renewable energy
13 and tradeable renewable energy credits eligible to satisfy the requirements of
14 sections 8004 and 8005 of this title actually owned by the Vermont retail
15 electricity providers, expressed as a percentage of retail kWh sales. The report
16 shall include the statewide total and the total owned by each retail electricity
17 provider for each of these amounts and shall discuss the progress of each
18 provider toward achieving ~~the goals and targets of subsection 8005(d)(SPEED)~~
19 each of the categories set forth in section 8005 of this title. ~~The report to be~~
20 ~~filed under this subsection on or before January 15, 2019 shall discuss and~~
21 ~~attach the Board's determination under subdivision 8005(d)(2)(2017 SPEED~~

Comment [AA52]: REV seeks to have input into this biennial report. Could modify to require PSB to provide opportunity for input. May want to consider having this report come from DPS with opportunity for input rather than create a proceeding before PSB.

Comment [AA53]: REV witnesses point out that 1/15/17 report cannot contain this information. Counsel suggestion: clarify that commences with 2019 report.

Comment [AA54]: See comment immediately above. However, snapshot of where utilities are as of 1/17 may be useful to legislature at that time.

1 ~~goal) of this title. The report shall summarize the energy transformation~~
2 ~~projects undertaken pursuant to section 8005 of this title, their costs, their~~
3 ~~claimed avoided fossil fuel consumption and greenhouse gas emissions, and, if~~
4 ~~applicable, claimed energy savings.~~

5 ~~(3) A summary of the activities of the SPEED program under section~~
6 ~~8005 of this title, including the name, location, plant capacity, and average~~
7 ~~annual energy generation, of each SPEED resource within the program.~~

8 (4) A summary of the activities of the standard offer program under
9 section 8005a of this title, including the number of plants participating in the
10 program, the prices paid by the program, and the plant capacity and average
11 annual energy generation of the participating plants. The report shall present
12 this information as totals for all participating plants and by category of
13 renewable energy technology. The report also shall identify the number of
14 applications received, the number of participating plants under contract, and
15 the number of participating plants actually in service.

16 (5) An assessment of the energy efficiency and renewable energy
17 markets and recommendations to the General Assembly regarding strategies
18 that may be necessary to encourage the use of these resources to help meet
19 upcoming supply requirements.

20 (6) An assessment of whether Vermont retail electric rates are rising
21 faster than inflation as measured by the CPI, and a comparison of Vermont's

Comment [AA55]: VEIC testimony asks that this report include GHG emissions; not clear whether what VEIC seeks is different from or broader than what is required here.

1 electric rates with electric rates in other New England states. If statewide
2 average rates have risen more than 0.2 percentage points per year faster than
3 inflation over the preceding two or more years, the report shall include an
4 assessment of the contributions to rate increases from various sources, such as
5 the costs of energy and capacity, costs due to construction of transmission and
6 distribution infrastructure, and costs due to compliance with the requirements
7 of section 8005a (SPEED program; standard offer) of this title. Specific
8 consideration shall be given to the price of renewable energy and the diversity,
9 reliability, availability, dispatch flexibility, and full life cycle cost, including
10 environmental benefits and greenhouse gas reductions, on a net present value
11 basis of renewable energy resources available from suppliers. The report shall
12 include any recommendations for statutory change that arise from this
13 assessment. If electric rates have increased primarily due to cost increases
14 attributable to nonrenewable sources of electricity or to the electric
15 transmission or distribution systems, the report shall include a recommendation
16 regarding whether to increase the size of the annual increase described in
17 subdivision 8005a(c)(1)(standard offer; cumulative capacity; pace) of this title.

18 (7)(A) An assessment of whether strict compliance with the
19 requirements of section 8005a (SPEED program; standard offer) of this title;

Comment [AA56]: VCC – include RESET program

Comment [AA57]: AIV and VCC concerned about rate impacts from RESET. Could modify this report requirement to also apply to RESET.

1 (i) has caused one or more providers to raise its retail rates faster
2 over the preceding two or more years than statewide average retail rates have
3 risen over the same time period;

4 (ii) will cause retail rate increases particular to one or more
5 providers; or

6 (iii) will impair the ability of one or more providers to meet the
7 public's need for energy services in the manner set forth under subdivision
8 218c(a)(1) of this title (least-cost integrated planning).

9 (B) Based on this assessment, consideration of whether statutory
10 changes should be made to grant providers additional flexibility in meeting
11 requirements of section 8005a of this title.

12 (8) Any recommendations for statutory change related to sections 8004,
13 8005, and 8005a of this title.

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

15 § 8006. TRADEABLE CREDITS

16 (a) The Board shall establish or adopt a system of tradeable renewable
17 energy credits for renewable resources that may be earned by electric
18 generation qualifying for the renewables portfolio standard. The system shall
19 be designed to be consistent with regional practices; shall recognize tradeable
20 renewable energy credits monitored and traded on the New England
21 Generation Information System (GIS); and shall provide a process for the

Comment [AA58]: WEC – change to RESET

Comment [AA59]: Clarification may be needed because subsequent language asks PSB to recognize eligible sources not recognized by New England GIS. Could reorder language and place “otherwise” before “consistent”

1 recognition, approval, and monitoring of environmental attributes and
2 tradeable renewable energy credits associated with renewable energy that are
3 eligible to satisfy the requirements of sections 8004 and 8005 of this title but
4 are not monitored and traded on the GIS.

5 (b) The Board shall ensure that all electricity provider and provider-affiliate
6 disclosures and representations made with regard to a provider's portfolio are
7 accurate and reasonably supported by objective data. Further, the Board shall
8 ensure that providers disclose the types of generation used and whether the
9 energy is Vermont-based, and shall clearly distinguish between energy or
10 tradeable energy credits provided from renewable and nonrenewable energy
11 sources and existing and new sources renewable energy.

12 Sec. 8. PUBLIC SERVICE BOARD RULEMAKING

13 (a) On or before August 1, 2015, the Public Service Board (the Board) shall
14 commence a rulemaking proceeding to adopt initial rules to implement Secs. 2
15 (sales of electric energy; RESET Program), 3 (RESET Program categories),
16 and 7 (tradeable renewable energy credits) of this act.

17 (b) On or before April 1, 2016, the Board shall submit final proposed rules
18 under this section to the Secretary of State and the Legislative Committee on
19 Administrative Rules pursuant to 3 V.S.A. § 841.

20 (c) On or before July 1, 2016, the Board shall finally adopt initial rules to
21 implement Secs. 2, 3, and 7 of this act to take effect on January 1, 2017. If the

Comment [AA60]: VCE asks for provisions requiring full REC disclosure by utilities.

1 Board is unable to finally adopt these rules by July 1, 2016, the Board may
2 issue an order by that date stating the requirements of the initial rules for the
3 renewable portfolio standard to take effect on January 1, 2017, if that order is
4 followed by final adoption of those initial rules for this program prior to
5 January 1, 2017. Initial rules finally adopted under this subsection (c) shall not
6 be subject to the requirement of 3 V.S.A. § 843(c) to finally adopt rules within
7 eight months of the initial filing.

8 (d) The Board and the Department of Public Service may retain experts and
9 other personnel to assist them with the rulemaking under this section and
10 allocate the costs of these personnel to the electric distribution utilities in
11 accordance with the procedures under 30 V.S.A. § 21.

12 * * * Harvesting and Procurement * * *

Comment [AA61]: See VEIC
comment on p. 25.

13 Sec. 9. 10 V.S.A. § 2751 is added to read:

14 § 2751. HARVESTING AND PROCUREMENT STANDARDS;

15 RENEWABLE ENERGY

16 (a) Definitions. As used in the section:

17 (1) “Commissioner” means the Commissioner of Forests, Parks and
18 Recreation.

19 (2) “Distributed renewable generation” shall have the same meaning as
20 in 30 V.S.A. § 8005.

1 ~~company. If a customer elects this option, the~~ The company shall retain
2 ownership of and shall retire the attributes and credits received from ~~the~~
3 ~~customer~~ its net metering customers, which shall apply toward compliance
4 with ~~any statutes enacted or rules adopted by the State requiring the company~~
5 ~~to own the environmental attributes of renewable energy~~ sections 8004 and
6 8005 of this title.

7 * * *

8 Sec. 12. 30 V.S.A. § 8010(c) is amended to read:

9 (c) In accordance with this section, the Board shall adopt and implement
10 rules that govern the installation and operation of net metering systems.

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

12 * * *

13 (F) balances, over time, the pace of deployment and cost of the
14 program with the program's impact on rates; ~~and~~

15 (G) accounts for changes over time in the cost of technology; and

16 (H) allows a customer to retain ownership of the environmental
17 attributes of energy generated by the customer's net metering system and of
18 any associated tradeable renewable energy credits or to transfer those attributes
19 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 the value of the attributes; 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.

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

8 * * *

9 (E) the formation of group net metering systems, the resolution of
 10 disputes between group net metering customers and the interconnecting
 11 provider, and the billing, crediting, and disconnection of group net metering
 12 customers by the interconnecting provider; and

13 (F) the amount of the credit to be assigned to each kWh of electricity
 14 generated by a net metering customer in excess of the electricity supplied by
 15 the interconnecting provider to the customer, the manner in which the
 16 customer's credit will be applied on the customer's bill, and the period during
 17 which a net metering customer must use the credit, after which the credit shall
 18 revert to the interconnecting provider; ~~and~~

19 ~~(G) the ownership and transfer of the environmental attributes of~~
 20 ~~energy generated by net metering systems and of any associated tradeable~~
 21 ~~renewable energy credits. When assigning an amount of credit under this~~

Comment [AA64]: VPIRG and VNRC disagree. VNRC raises issue of net metering customers seeking to go net zero.

1 subdivision (F), the Board shall consider the length of time over which to make
2 the credit available and the relationship of that amount and length of time to
3 the customer's ability to finance the net metering system, to the cost of that
4 financing, and to the net present value to all ratepayers of the net metering
5 program.

6 * * *

7 * * * Other Provisions * * *

8 Sec. 13. 10 V.S.A. § 212(6)(M) is amended to read:

9 (M) ~~Sustainably Priced Energy Enterprise Development (SPEED)~~
10 ~~resources~~ a renewable energy plant, as defined in 30 V.S.A. § 8002, if the
11 construction of the plant requires a certificate of public good under 30 V.S.A.
12 § 248 and all or part of the electricity generated by the plant will be under
13 contract to a Vermont electric distribution utility;

14 Sec. 14. 30 V.S.A. § 218(f) is amended to read:

15 (f) Regulatory incentives for renewable generation.

16 (1) Notwithstanding any other provision of law, an electric distribution
17 utility subject to rate regulation under this chapter shall be entitled to recover
18 in rates its prudently incurred costs in applying for and seeking any certificate,
19 permit, or other regulatory approval issued or to be issued by federal, State, or
20 local government for the construction of new renewable energy to be sited in

Comment [AA65]: VCE asks for provisions that make voluntary pricing programs for renewable power more widely available to Vermont consumers

1 Vermont, regardless of whether the certificate, permit, or other regulatory
2 approval ultimately is granted.

3 (2) The Board is authorized to provide to an electric distribution utility
4 subject to rate regulation under this chapter an incentive rate of return on
5 equity or other reasonable incentive on any capital investment made by such
6 utility in a renewable energy generation facility sited in Vermont.

7 (3) To encourage joint efforts on the part of electric distribution utilities
8 to support renewable energy and to secure stable, long-term contracts
9 beneficial to Vermonters, the Board may establish standards for preapproving
10 the recovery of costs incurred on a renewable energy plant that is the subject of
11 that joint effort, if the construction of the plant requires a certificate of public
12 good under section 248 of this title and all or part of the electricity generated
13 by the plant will be under contract to the utilities involved in that joint effort.

14 (4) ~~For the purpose of~~ In this subsection, “plant,” “renewable energy,”
15 and “new renewable energy” shall be as defined in section 8002 of this title.

16 Sec. 15. 30 V.S.A. § 218c(b) is amended to read:

17 (b) Each regulated electric or gas company shall prepare and implement a
18 least cost integrated plan for the provision of energy services to its Vermont
19 customers. At least every third year on a schedule directed by the Public
20 Service Board, each such company shall submit a proposed plan to the
21 Department of Public Service and the Public Service Board. The Board, after

1 notice and opportunity for hearing, may approve a company's least cost
2 integrated plan if it determines that the company's plan complies with the
3 requirements of subdivision (a)(1) of this section and ~~is reasonably consistent~~
4 ~~with achieving the goals and targets of subsection 8005(d)(2017 SPEED goal;~~
5 ~~total renewables targets)~~ of sections 8004 and 8005 of this title.

6 Sec. 16. 30 V.S.A. § 248(r) is added to read:

7 (r) The Board may provide that in any proceeding under subdivision
8 (a)(2)(A) of this section for the construction of a renewable energy plant, a
9 demonstration of compliance with subdivision (b)(2) of this section, relating to
10 establishing need for the plant, shall not be required if all or part of the
11 electricity to be generated by the plant is under contract to one or more
12 Vermont electric distribution companies and if no part of the plant is financed
13 directly or indirectly through investments, other than power contracts, backed
14 by Vermont electricity ratepayers. In this subsection, "plant" and "renewable
15 energy" shall be as defined in section 8002 of this title.

16 Sec. 17. 30 V.S.A. § 8001(b) is amended to read:

17 (b) The Board shall ~~provide, by order or rule,~~ adopt the regulations rules
18 and procedures that are necessary to allow the Board and the Department to
19 implement and supervise programs pursuant to subchapter 1 of this chapter.

* * * Technical Amendments * * *

1
2 Sec. 18. 30 V.S.A. § 2(g) is amended to read:

3 (g) In all forums affecting policy and decision making for the New England
4 region’s electric system, including matters before the Federal Energy
5 Regulatory Commission and the Independent System Operator of New
6 England, the Department of Public Service shall advance positions that are
7 consistent with the statutory policies and goals set forth in 10 V.S.A. §§ 578,
8 580, and 581 and sections 202a, 8001, 8004, and 8005 of this title. In those
9 forums, the Department also shall advance positions that avoid or minimize
10 adverse consequences to Vermont and its ratepayers from regional and
11 inter-regional cost allocation for transmission projects. This subsection shall
12 not compel the Department to initiate or participate in litigation and shall not
13 preclude the Department from entering into agreements that represent a
14 reasonable advance to these statutory policies and goals.

15 Sec. 19. 30 V.S.A. § 219a(e)(3)(C) is amended to read:

16 (C) Any accumulated credits shall be used within 12 months, or shall
17 revert to the electric company, without any compensation to the customer.
18 ~~Power reverting to the electric company under this subdivision (3) shall be~~
19 ~~considered SPEED resources under section 8005 of this title.~~

1 Sec. 20. REPEAL

2 30 V.S.A. § 219b(a)(5) (net metering systems; SPEED resources) is
3 repealed.

4 Sec. 21. CONFORMING AMENDMENTS; RENEWABLE ENERGY
5 DEFINITIONS

6 (a) In 2014 Acts and Resolves No. 99, Sec. 3, in 30 V.S.A. § 8002(8)
7 (existing renewable energy) and (17) (new renewable energy), each occurrence
8 of “December 31, 2004” is amended to “June 30, 2015.” The Office of
9 Legislative Counsel shall implement these amendments during statutory
10 revision.

11 (b) 2014 Acts and Resolves No. 99, Sec. 3 is amended to read:

12 Sec. 3. 30 V.S.A. § 8002 is amended to read:

13 § 8002. DEFINITIONS

14 As used in this chapter:

15 * * *

16 (24) “~~SPEED~~ Standard Offer Facilitator” means an entity appointed by
17 the Board pursuant to ~~subdivision 8005(b)(1)~~ subsection 8005a(a) of this title.

18 (25) “~~SPEED resources~~” means ~~contracts for resources in the SPEED~~
19 ~~program established under section 8005 of this title that meet the definition of~~
20 ~~renewable energy under this section, whether or not environmental attributes~~
21 ~~are attached.~~ [Repealed.]

1 * * *

2 (28) “Energy transformation project” means an undertaking that
3 provides energy-related goods or services but does not include or consist of the
4 generation of electricity and that results in a net reduction in fossil fuel
5 consumption by the customers of a retail electricity provider and in the
6 emission of greenhouse gases attributable to that consumption. Examples of
7 energy transformation projects may include home weatherization or other
8 thermal energy efficiency measures; air source or geothermal heat pumps;
9 electric vehicle charging stations; and infrastructure for the storage of
10 renewable energy on the electric grid.

11 (29) “RESET Program” means the Renewable Energy Standard and
12 Energy Transformation Program established under sections 8004 and 8005 of
13 this title.

14 Sec. 22. 30 V.S.A. § 8009 is amended to read:

15 § 8009. BASELOAD RENEWABLE POWER PORTFOLIO
16 REQUIREMENT

17 * * *

18 (f) With respect to a plant used to satisfy the baseload renewable power
19 portfolio requirement:

20 (1) The ~~SPEED~~ Standard Offer Facilitator shall purchase the baseload
21 renewable power, and shall allocate the electricity purchased and any

1 associated costs ~~shall be allocated by the SPEED Facilitator~~ to the Vermont
2 retail electricity providers based on their pro rata share of total Vermont retail
3 kWh sales for the previous calendar year, and the Vermont retail electricity
4 providers shall accept and pay those costs.

5 * * *

6 (i) The State and its instrumentalities shall not be liable to a plant owner or
7 retail electricity provider with respect to any matter related to the baseload
8 renewable power portfolio requirement or a plant used to satisfy such
9 requirement, including costs associated with a contract related to such a plant
10 or any damages arising from the breach of such a contract, the flow of power
11 between a plant and the electric grid, or the interconnection of a plant to that
12 grid. For the purpose of this section, the Board and the ~~SPEED~~ Standard Offer
13 Facilitator constitute instrumentalities of the State.

14 * * * Severability and Effective Dates * * *

15 Sec. 23. SEVERABILITY

16 The provisions of this act are severable. If any provision of this act is
17 invalid, or if any application of this act to any person or circumstance is
18 invalid, the invalidity shall not affect other provisions or applications which
19 can be given effect without the invalid provision or application.

1 Sec. 24. EFFECTIVE DATES

2 (a) This section and Secs. 8 (Public Service Board rulemaking), 10
3 (Forests, Parks and Recreation rulemaking), and 23 (severability) shall take
4 effect on passage.

5 (b) Secs. 1 through 7, 9, 11, and 13 through 22 shall take effect on July 1,
6 2015. Sec. 11 (net metering systems; environmental attributes) shall not apply
7 to complete applications filed prior to its effective date.

8 (c) Sec. 12 (net metering systems; environmental attributes) shall amend
9 30 V.S.A. § 8010 as added effective January 1, 2017 by 2014 Acts and
10 Resolves No. 99, Sec. 4. Sec. 12 shall take effect on January 2, 2017, except
11 that, notwithstanding 1 V.S.A. § 214, the section shall apply to the Public
12 Service Board process under 2014 Acts and Resolves No. 99, Sec. 5.