

1 TO THE HOUSE OF REPRESENTATIVES:

2 The House Committee on Natural Resources and Energy to which was
3 referred House Bill No. 40 entitled “An act relating to establishing a renewable
4 energy standard and energy transformation program” respectfully reports that it
5 has considered the same and recommends that the bill be amended by striking
6 out all after the enacting clause and inserting in lieu thereof the following:

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
20 other impacts to air, water, or soil that may occur through the plant’s
21 displacement of a nonrenewable energy source.

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

3 * * *

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

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

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

20 * * *

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

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

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

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

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

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

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

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

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

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

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

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

(C) exclusive legal ownership can be verified through an auditable contract path or pursuant to the system established or authorized by the Board or any program for tracking and verification of the ownership of environmental attributes of energy legally recognized in any state and approved by the Board.

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

(25) “Energy transformation project” means an undertaking that provides energy-related goods or services but does not include or consist of the generation of electricity and that results in a net reduction in fossil fuel consumption by the customers of a retail electricity provider and in the emission of greenhouse gases attributable to that consumption. Examples of energy transformation projects may include home weatherization or other thermal energy efficiency measures; air source or geothermal heat pumps; high efficiency heating systems; increased use of biofuels; biomass heating systems; support for transportation demand management strategies; support for electric vehicles or related infrastructure; and infrastructure for the storage of renewable energy on the electric grid.

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

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 New
13 England that reflect the required amounts of renewable energy as provided for
14 in subsection (b) of this set forth in section 8005 of this title or without support
15 of energy transformation projects in accordance with that section. In the case
16 of members of the Vermont Public Power Supply Authority, the requirements
17 of 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~~

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~~ environmental attributes still attached, or a
6 combination of those credits and resources. ~~No retail electricity provider shall~~
7 ~~be required to provide in excess of a total of 10 percent of its calendar year~~
8 ~~2005 retail electric sales with electricity generated by new renewable~~
9 ~~resources.~~

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

16 ~~(d)~~(b) Rules; procedures. The Board shall ~~provide, by order or rule, adopt~~
17 ~~the regulations and rules or procedures~~ that are necessary to allow the Board
18 and the Department to implement and supervise further the implementation
19 and maintenance of ~~a renewable portfolio standard~~ the RESET program.

20 (c) RECS; banking. The Board shall allow a provider that has met the
21 required amount of renewable energy in a given year, commencing with 2017,

1 to retain tradeable renewable energy credits created or purchased in excess of
2 that amount for application to the provider's required amount of renewable
3 energy in one of the following three years.

4 ~~(e)~~(d) Alternative compliance payment. In lieu of, ~~or in addition to~~
5 purchasing renewable energy or tradeable renewable energy credits or
6 supporting energy transformation projects to satisfy the ~~portfolio~~ requirements
7 of this section and section 8005 of this title, a retail electricity provider in this
8 State may pay to the Vermont Clean Energy Development Fund established
9 under section 8015 of this title ~~an amount per kWh as established by the Board~~
10 an alternative compliance payment at the applicable rate set forth in section
11 8005. ~~As an alternative, the Board may require any proportion of this amount~~
12 ~~to be paid to the Energy Conservation Fund established under subsection~~
13 ~~209(d) of this title.~~

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

17 (f) Joint efforts. Retail electricity providers may engage in joint efforts to
18 meet one or more categories within the RESET program.

19 ~~(f) Before December 30, 2007 and biennially thereafter through~~
20 ~~December 30, 2013, the Board shall file a report with the Senate Committees~~
21 ~~on Finance and on Natural Resources and Energy and the House Committees~~

1 ~~on Commerce and on Natural Resources and Energy. The report shall include~~
2 ~~the following:~~

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

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

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

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

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

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

18 ~~(7) an assessment of the energy efficiency and renewable energy~~
19 ~~markets and recommendations to the legislature regarding strategies that may~~
20 ~~be necessary to encourage the use of these resources to help meet upcoming~~
21 ~~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 ~~(c) 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 any class of
17 tradeable renewable energy credits generated by any renewable energy plant
18 whose energy is capable of delivery in New England.

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 retail electric sales during the year beginning on

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

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

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

15 (2) Distributed renewable generation.

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

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

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

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

8 (I) is directly connected to the subtransmission or distribution
9 system of a Vermont retail electricity provider; or

10 (II) is directly connected to the transmission system of an
11 electric company required to submit a Transmission System Plan under
12 subsection 218c(d) of this title, if the plant is part of a plan approved by the
13 Board to avoid or defer a transmission system improvement needed to address
14 a transmission system reliability deficiency identified and analyzed in that
15 Plan; or

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

20 (C) Required amounts. The required amounts of distributed
21 renewable generation shall be one percent of each retail electricity provider’s

1 annual retail electric sales during the year beginning January 1, 2017,
2 increasing by an additional three-fifths of a percent each subsequent January 1
3 until reaching 10 percent on and after January 1, 2032.

4 (D) Distributed generation greater than five MW. On petition of a
5 retail electricity provider, the Board may for a given year allow the provider to
6 employ energy with environmental attributes attached or tradeable renewable
7 energy credits from a renewable energy plant with a plant capacity greater than
8 five MW to satisfy the distributed renewable generation requirement if the
9 plant would qualify as distributed renewable generation but for its plant
10 capacity and the provider demonstrates that it is unable during that year to
11 meet the requirement solely with qualifying renewable energy plants of five
12 MW or less. To demonstrate this inability, the provider shall issue one or more
13 requests for proposals, and show that it is unable to obtain sufficient ownership
14 of environmental attributes to meet its required amount under this subdivision
15 (2) from:

16 (i) the construction and interconnection to its system of distributed
17 renewable generation that is consistent with its approved least-cost integrated
18 resource plan under section 218c of this title at a cost less than or equal to the
19 sum of the applicable alternative compliance payment rate and the applicable
20 rates published by the Department under the Board's rules implementing
21 subdivision 209(a)(8) of this title; and

1 (ii) purchase of tradeable renewable energy credits for distributed
2 renewable generation at a cost that is less than the applicable alternative
3 compliance rate.

4 (3) Energy transformation.

5 (A) Purpose; establishment. This subsection establishes an energy
6 transformation category for the RESET program. This category encourages
7 Vermont retail electricity providers to support additional distributed renewable
8 generation or to support other projects to reduce fossil fuel consumed by their
9 customers and the emission of greenhouse gases attributable to that
10 consumption. A retail electricity provider may satisfy the energy
11 transformation requirement through distributed renewable generation in
12 addition to the generation used to satisfy subdivision (a)(2) of this section or
13 energy transformation projects or a combination of such generation and
14 projects.

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

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

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

3 (ii) the project shall:

4 (I) over its life, result in a net reduction in fossil fuel consumed
5 by the provider’s customers and in the emission of greenhouse gases
6 attributable to that consumption, whether or not the fuel is supplied by the
7 provider;

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

10 (III) cost the utility less per MWH than the applicable
11 alternative compliance payment rate.

12 (D) Conversion. For the purpose of determining eligibility and the
13 application of the energy transformation project to a provider’s annual
14 requirement, the provider shall convert the net reduction in fossil fuel
15 consumption resulting from the energy transformation project to a MWH
16 equivalent of electric energy, in accordance with rules or procedures adopted
17 by the Board. The conversion shall use the most recent year’s approximate
18 heat rate for electricity net generation from the total fossil fuels category as
19 reported by the U.S. Energy Information Administration in its Monthly Energy
20 Review. If an energy transformation project is funded by more than one
21 regulated entity, the Board shall prorate the reduction in fossil fuel

1 consumption among the regulated entities. In this subdivision (D), “regulated
2 entity” includes each provider and each efficiency entity appointed under
3 subsection 209(d) of this title.

4 (E) Other sources.

5 (i) A retail electricity provider or a provider’s partner may oversee
6 an energy transformation project under this subdivision (3). However, the
7 provider shall deliver the project’s goods or services in partnership with
8 persons other than the provider unless exclusive delivery through the provider
9 is more cost-effective than delivery by another person or there is no person
10 other than the provider with the expertise or capability to deliver the goods or
11 services.

12 (ii) An energy transformation project may provide incremental
13 support to a program authorized under Vermont statute that meets the
14 eligibility criteria of this subdivision (3) but may take credit only for the
15 additional amount of service supported and shall not take credit for that
16 program’s regularly budgeted or approved investments.

17 (F) Implementation. To carry out this subdivision (3), the Board
18 shall adopt rules or procedures:

19 (i) For the conversion methodology in accordance with
20 subdivision (3)(D) of this subsection (a).

1 (ii) To provide a process for prior approval of energy
2 transformation projects by the Board or its designee. This process shall ensure
3 that each of these projects meets the requirements of this subdivision (3) and
4 need not consist of individual review of each energy transformation project
5 prior to implementation as long as the mechanism ensures those requirements
6 are met. An energy transformation project that commenced prior to initial
7 adoption of rules or procedures under this subdivision (F) may seek approval
8 after such adoption.

9 (iii) For cost-effectiveness screening of energy transformation
10 projects. This screening shall be consistent with the provisions of this
11 subdivision (3) and, as applicable, the screening tests developed under
12 subsections 209(d) (energy efficiency) and 218c(a) (least-cost integrated
13 planning) of this title.

14 (iv) To allow a provider who has met its required amount under
15 this subdivision (3) in a given year to apply excess net reduction in fossil fuel
16 consumption, expressed as a MWH equivalent, from its energy transformation
17 project or projects during that year toward the provider's required amount in a
18 future year.

19 (v) To ensure periodic evaluation of an energy transformation
20 project's claimed fossil fuel reductions, avoided greenhouse gas emissions,
21 conversion to MWH equivalent, cost-effectiveness and, if applicable, energy

1 savings, and to ensure annual verification and auditing of a provider's claims
2 regarding project completion and resulting MWH equivalent. Changes to
3 project claims resulting from periodic evaluations shall not reduce retroactively
4 claims made on behalf of a project approved under subdivision (3)(F)(ii) of
5 this subsection (a) or reduce verified claims carried forward under subdivision
6 (3)(F)(iv) of this subsection (a).

7 (vi) To ensure that all ratepayers have an equitable opportunity to
8 participate in, and benefit from, energy transformation projects regardless of
9 rate class, income level, or provider service territory.

10 (vii) To ensure the coordinated delivery of energy transformation
11 projects with the delivery of similar services, including low-income
12 weatherization programs, entities that fund and support affordable housing,
13 energy efficiency programs delivered under section 209 of this title, and other
14 energy efficiency programs delivered locally or regionally within the State.

15 (viii) To ensure that, if an energy transformation project will
16 increase the use of electric energy, the project incorporates best practices for
17 demand management and will use technologies appropriate for Vermont.

18 (ix) To provide a process under which a provider may withdraw
19 from or terminate, in an orderly manner, an ongoing energy transformation
20 project that no longer meets the eligibility criteria because of one or more
21 factors beyond the control of the project and the provider.

1 (G) Petitions. On petition of a retail electricity provider in any given
2 year, the Board may:

3 (i) reduce the provider’s required amount under this subdivision
4 (3) for that year, without penalty or alternative compliance payment, if the
5 Board finds that strict compliance with the required amount for that year will:

6 (I) cause the provider to increase significantly its retail rates; or

7 (II) materially impair the provider’s ability to meet the public’s
8 need for energy services after safety concerns are addressed, in the manner set
9 forth in subdivision 218c(a)(1) (least-cost integrated planning) of this title; or

10 (ii) allow a provider who failed to achieve the required amount
11 under this subdivision (3) during the preceding year to avoid paying the
12 alternative compliance payment if the Board:

13 (I) finds that the provider made a good faith effort to achieve
14 the required amount and its failure to achieve that amount resulted from market
15 factors beyond its control; and

16 (II) directs that the provider add the difference between the
17 required amount and the provider’s actually achieved amount for that year to
18 its required amount for one or more future years.

19 (4) Alternative compliance rates.

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

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

2 (ii) distributed renewable generation and energy transformation

3 requirements – \$0.06 per kWh.

4 (B) The Board shall adjust these rates for inflation annually

5 commencing January 1, 2018, using the CPI.

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

7 (1) The provisions of this subsection shall apply to a retail electricity

8 provider that:

9 (A) as of January 1, 2015, was entitled, through contract, ownership

10 of energy produced by its own generation plants, or both, to an amount of

11 renewable energy equal to or more than 100 percent of its anticipated total

12 retail electric sales in 2017, regardless of whether the provider owned the

13 environmental attributes of that renewable energy; and

14 (B) commencing on January 1, 2017, owns and has retired tradeable

15 renewable energy credits monitored and traded on the New England

16 Generation Information System or otherwise approved by the Board equivalent

17 to 100 percent of the provider’s total retail sales of electricity, calculated as an

18 average on an annual basis.

19 (2) A provider meeting the requirements of subdivision (1) of this

20 subsection may:

1 (A) satisfy the distributed renewable generation requirement of this
2 section by accepting net metering systems within its service territory pursuant
3 to the provisions of this title that govern net metering; and

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

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

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

13 (I) the energy transformation requirement that would otherwise
14 apply under this section exceeds the achievable potential for cost-effective
15 energy transformation projects in the provider's service territory that meet the
16 eligibility criteria for these projects under this section; and

17 (II) the reduced energy transformation requirement proposed
18 by the provider is not less than the amount sufficient to ensure the provider's
19 deployment or support of energy transformation projects that will acquire that
20 achievable potential.

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

4 (c) Biomass.

5 (1) Distributed renewable generation that employs biomass to produce
6 electricity shall be eligible to count toward a provider's distributed renewable
7 generation or energy transformation requirement only if the plant produces
8 both electricity and thermal energy from the same biomass fuel and the
9 majority of the energy recovered from the plant is thermal energy.

10 (2) Distributed renewable generation and energy transformation projects
11 that employ forest biomass to produce energy shall comply with renewability
12 standards adopted by the Commissioner of Forests, Parks and Recreation under
13 10 V.S.A. § 2751.

14 (d) Hydropower. A hydroelectric renewable energy plant shall be eligible
15 to satisfy the distributed renewable generation or energy transformation
16 requirement only if, in addition to meeting the definition of distributed
17 renewable generation, the plant:

18 (1) is and continues to be certified by the Low-impact Hydropower
19 Institute of Portland, Maine; or

20 (2) after January 1, 1987, received a water quality certification pursuant
21 to 33 U.S.C. § 1341 from the Agency of Natural Resources.

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

7 ~~(f) Preapproval. In order to encourage joint efforts on the part of regulated~~
8 ~~companies to purchase power that meets or exceeds the SPEED standards and~~
9 ~~to secure stable, long term contracts beneficial to Vermonters, the Board may~~
10 ~~establish standards for pre-approving the recovery of costs incurred on a~~
11 ~~SPEED project that is the subject of that joint effort.~~

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

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

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

2 § 8005a. ~~SPEED~~; STANDARD OFFER PROGRAM

3 (a) Establishment. A standard offer program is established ~~within the~~
4 ~~SPEED program~~. To achieve the goals of section 8001 of this title, the Board
5 shall issue standard offers for renewable energy plants that meet the eligibility
6 requirements of this section. The Board shall implement these standard offers
7 ~~through the SPEED facilitator~~ by rule, order, or contract and shall appoint a
8 Standard Offer Facilitator to assist in this implementation. For the purpose of
9 this section, the Board and the Standard Offer Facilitator constitute
10 instrumentalities of the State.

11 * * *

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

15 (1) A contract shall be transferable. The contract transferee shall notify
16 the ~~SPEED~~ Standard Offer Facilitator of the contract transfer within 30 days of
17 transfer.

18 (2) The ~~SPEED~~ Standard Offer Facilitator shall distribute the electricity
19 purchased to the Vermont retail electricity providers at the price paid to the
20 plant owners, allocated to the providers based on their pro rata share of total
21 Vermont retail kWh sales for the previous calendar year, and the Vermont

1 retail electricity providers shall accept and pay the ~~SPEED~~ Standard Offer
2 Facilitator for the electricity. However, during any given calendar year:

3 (A) Calculation of pro rata shares under this subdivision (2) shall
4 include an adjustment in the allocation to a provider if one or more of the
5 provider's customers created greenhouse gas reduction credits under section
6 8006a of this title that are used to reduce the size of the annual increase under
7 subdivision (c)(1)(C)(adjustment; greenhouse gas reduction credits) of this
8 section. The adjustment shall ensure that any and all benefits or costs from the
9 use of such credits flow to the provider whose customers created the credits.
10 The savings that a provider realizes as a result of this application of greenhouse
11 gas reduction credits shall be passed on proportionally to the customers that
12 created the credits.

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

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

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

18 (5) All reasonable costs of a Vermont retail electricity provider incurred
19 under this subsection shall be included in the provider’s revenue requirement
20 for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title.
21 In including such costs, the Board shall appropriately account for any credits

1 received under subdivisions (3) and (4) of this subsection (k). Costs included
2 in a retail electricity provider's revenue requirement under this subdivision (5)
3 shall be allocated to the provider's ratepayers as directed by the ~~board~~ Board.

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

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

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

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

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

17 * * *

18 (n) Wood biomass. ~~Wood~~ In addition to the other requirements of this
19 section, wood biomass resources ~~that would otherwise constitute qualifying~~
20 ~~SPEED~~ resources may receive a standard offer under this section only if they

1 have a design system efficiency (the sum of full load design thermal output and
2 electric output divided by the heat input) of at least 50 percent.

3 * * *

4 (q) Allocation of regulatory costs. The Board and Department may
5 authorize or retain legal counsel, official stenographers, expert witnesses,
6 advisors, temporary employees, and research services in conjunction with
7 implementing their responsibilities under this section. In lieu of allocating
8 such costs pursuant to subsection 21(a) of this title, the Board or Department
9 may allocate the expense in the same manner as the ~~SPEED~~ Standard Offer
10 Facilitator's costs under subdivision (1)(1) of this section.

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

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

18 The General Assembly's intent in the amendments to 30 V.S.A. § 8005a set
19 forth in Sec. 4 of this act is to clarify the text because of the repeal of the
20 Sustainably Priced Energy Enterprise Development Program in Sec. 3 of this
21 act and to move provisions relating to the standard offer program from

1 30 V.S.A. § 8005 into section 8005a. The General Assembly does not intend
2 any provision of this act to be interpreted as a substantive change to the
3 standard offer program. The Standard Offer Facilitator described in Sec. 4 of
4 this act shall be the successor to the SPEED Facilitator under 30 V.S.A.
5 §§ 8005 and 8005a as they existed prior to this act.

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

7 § 8005b. RENEWABLE ENERGY PROGRAMS; ~~BIENNIAL REPORT~~
8 REPORTS

9 (a) ~~On or before January 15, 2013 and no later than every second~~
10 ~~January 15 thereafter through January 15, 2033, the Board~~ The Department
11 shall file a report reports with the General Assembly in accordance with this
12 section. ~~The Board shall prepare the report in consultation with the~~
13 ~~Department.~~

14 (1) The House Committee on Commerce and Economic
15 Development, the Senate Committee on Finance, and the House and Senate
16 Committees on Natural Resources and Energy each shall receive a copy of
17 these reports.

18 (2) The Department shall file the report under subsection (b) of this
19 section annually each January 15 commencing in 2018 through 2033.

20 (3) The Department shall file the report under subsection (c) of this
21 section biennially each March 1 commencing in 2017 through 2033.

1 (4) The provisions of 2 V.S.A. § 20(d) (expiration of required
2 reports) shall not apply to the reports to be made under this section.

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

5 (1) An assessment of the costs and benefits of the RESET Program
6 based on the most current available data, including rate and economic impacts,
7 customer savings, technology deployment, greenhouse gas emission reductions
8 actually achieved, fuel price stability, and effect on transmission and
9 distribution upgrade costs, and any recommended changes based on this
10 assessment.

11 (2) An assessment of whether the requirements of the RESET
12 Program have been met to date, and any recommended changes needed to
13 achieve those requirements.

14 (c) The biennial report under this section shall include at least each of the
15 following:

16 (1) The retail sales, in kWh, of electricity in Vermont during the two
17 preceding calendar ~~year~~ years. The report shall include the statewide total and
18 the total sold by each retail electricity provider.

19 (2) ~~The amount of SPEED resources~~ Commencing with the report to be
20 filed in 2019, each retail electricity provider's required amount of renewable

1 energy during the two preceding calendar years for each category of the
2 RESET Program as set forth in section 8005 of this title.

3 (3) For the two preceding calendar years, the amounts of renewable
4 energy and tradeable renewable energy credits eligible to satisfy the
5 requirements of sections 8004 and 8005 of this title actually owned by the
6 Vermont retail electricity providers, expressed as a percentage of retail kWh
7 sales. The report shall include the statewide total and the total owned by each
8 retail electricity provider for each of these amounts and shall discuss the
9 progress of each provider toward achieving ~~the goals and targets of subsection~~
10 ~~8005(d)(SPEED)~~ each of the categories set forth in section 8005 of this title.

11 ~~The report to be filed under this subsection on or before January 15, 2019 shall~~
12 ~~discuss and attach the Board's determination under subdivision~~
13 ~~8005(d)(2)(2017 SPEED goal) of this title.~~ The report shall summarize the
14 energy transformation projects undertaken pursuant to section 8005 of this
15 title, their costs and benefits, their claimed avoided fossil fuel consumption and
16 greenhouse gas emissions, and, if applicable, claimed energy savings.

17 ~~(3) A summary of the activities of the SPEED program under section~~
18 ~~8005 of this title, including the name, location, plant capacity, and average~~
19 ~~annual energy generation, of each SPEED resource within the program.~~

20 (4) A summary of the activities of the standard offer program under
21 section 8005a of this title, including the number of plants participating in the

1 program, the prices paid by the program, and the plant capacity and average
2 annual energy generation of the participating plants. The report shall present
3 this information as totals for all participating plants and by category of
4 renewable energy technology. The report also shall identify the number of
5 applications received, the number of participating plants under contract, and
6 the number of participating plants actually in service.

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

11 (6) An assessment of whether Vermont retail electric rates are rising
12 faster than inflation as measured by the CPI, and a comparison of Vermont's
13 electric rates with electric rates in other New England states and in New York.
14 If statewide average rates have risen ~~more than 0.2 percentage points per year~~
15 faster than inflation over the preceding two or more years, the report shall
16 include an assessment of the contributions to rate increases from various
17 sources, such as the costs of energy and capacity, costs due to construction of
18 transmission and distribution infrastructure, and costs due to compliance with
19 the requirements of sections 8004 and 8005 (RESET program) and section
20 8005a (SPEED program; standard offer) of this title. Specific consideration
21 shall be given to the price of renewable energy and the diversity, reliability,

1 availability, dispatch flexibility, and full life cycle cost, including
2 environmental benefits and greenhouse gas reductions, on a net present value
3 basis of renewable energy resources available from suppliers. The report shall
4 include any recommendations for statutory change that arise from this
5 assessment. If electric rates have increased primarily due to cost increases
6 attributable to nonrenewable sources of electricity or to the electric
7 transmission or distribution systems, the report shall include a recommendation
8 regarding whether to increase the size of the annual increase described in
9 subdivision 8005a(c)(1)(standard offer; cumulative capacity; pace) of this title.

10 (7)(A) ~~An~~ Commencing with the report to be filed in 2019, an
11 assessment of whether strict compliance with the requirements of sections
12 8004 and 8005 (RESET program) and section 8005a (~~SPEED program;~~
13 standard offer) of this title:

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

17 (ii) will cause retail rate increases particular to one or more
18 providers; or

19 (iii) will impair the ability of one or more providers to meet the
20 public's need for energy services in the manner set forth under subdivision
21 218c(a)(1) of this title (least-cost integrated planning).

1 (B) Based on this assessment, consideration of whether statutory
2 changes should be made to grant providers additional flexibility in meeting
3 requirements of sections 8004 and 8005 or section 8005a of this title.

4 (8) Any recommendations for statutory change related to sections 8004,
5 8005, and 8005a of this title.

6 (d) During the preparation of reports under this section, the Department
7 shall provide an opportunity for the public to submit relevant information and
8 recommendations.

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

10 § 8006. TRADEABLE CREDITS; ENVIRONMENTAL ATTRIBUTES;
11 RECOGNITION, MONITORING, AND DISCLOSURE

12 (a) The Board shall establish or adopt a system of tradeable renewable
13 energy credits for renewable resources that may be earned by electric
14 generation qualifying for the ~~renewables portfolio standard~~ RESET Program.
15 The system shall ~~be designed to~~ recognize tradeable renewable energy credits
16 monitored and traded on the New England Generation Information System
17 (GIS); shall provide a process for the recognition, approval, and monitoring of
18 environmental attributes attached to renewable energy that are eligible to
19 satisfy the requirements of sections 8004 and 8005 of this title but are not
20 monitored and traded on the GIS; and shall otherwise be consistent with
21 regional practices.

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

8 Sec. 8. PUBLIC SERVICE BOARD RULEMAKING

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

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

16 (c) On or before July 1, 2016, the Board shall finally adopt initial rules to
17 implement Secs. 2, 3, and 7 of this act to take effect on January 1, 2017. If the
18 Board is unable to finally adopt these rules by July 1, 2016, the Board may
19 issue an order by that date stating the requirements of the initial rules for the
20 RESET program to take effect on January 1, 2017, if that order is followed by
21 final adoption of those initial rules for this program prior to January 1, 2017.

1 Initial rules finally adopted under this subsection (c) shall not be subject to the
2 requirement of 3 V.S.A. § 843(c) to finally adopt rules within eight months of
3 the initial filing.

4 (d) The Board and the Department of Public Service may retain experts and
5 other personnel to assist them with the rulemaking under this section and
6 allocate the costs of these personnel to the electric distribution utilities in
7 accordance with the process under 30 V.S.A. § 21.

8 * * * Harvesting and Procurement * * *

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

10 § 2751. BIOMASS RENEWABILITY STANDARDS; RESET

11 PROGRAM

12 (a) Definitions. As used in this section:

13 (1) “Commissioner” means the Commissioner of Forests, Parks and
14 Recreation.

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

17 (3) “Energy transformation project” shall have the same meaning as in
18 30 V.S.A. § 8002.

19 (4) “Renewability” means capable of being replaced by natural
20 ecological processes or sound management practices.

1 tradeable renewable energy credits, unless at the time of application for the
2 system the customer elects not to transfer ownership of those attributes to the
3 company. ~~If a customer elects this option, the~~ The company shall retain
4 ownership of and shall retire the attributes and credits received from ~~the~~
5 ~~customer~~ its net metering customers, which shall apply toward compliance
6 with ~~any statutes enacted or rules adopted by the State requiring the company~~
7 ~~to own the environmental attributes of renewable energy~~ sections 8004 and
8 8005 of this title.

9 * * *

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

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

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

14 * * *

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

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

18 (H) allows a customer to retain ownership of the environmental
19 attributes of energy generated by the customer's net metering system and of
20 any associated tradeable renewable energy credits or to transfer those attributes
21 and credits to the interconnecting retail provider, and:

1 subdivision (F), the Board shall consider making multiple lengths of time
2 available over which a customer may take a credit and differentiating the
3 amount according to the length of time chosen. For example, a credit amount
4 may be higher if taken over 10 years and lower if taken over 20 years. Factors
5 relevant to this consideration shall include the customer's ability to finance the
6 net metering system, the cost of that financing, and the net present value to all
7 ratepayers of the net metering program.

8 * * *

9 * * * Clean Energy Development Fund * * *

10 Sec. 13. 30 V.S.A. § 8015 is amended to read:

11 § 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

12 * * *

13 (d) Expenditures authorized.

14 * * *

15 (3) ~~A grant in lieu of a solar energy tax credit in accordance with~~
16 ~~32 V.S.A. § 5930z(f). Of any Fund monies unencumbered by such grants, the~~
17 ~~first \$2.3 million shall fund the Small-scale Renewable Energy Incentive~~
18 ~~Program described in subdivision (1)(E)(ii) of this subsection.~~

19 (4) ~~A sum equal to the cost for the 2010 and preceding tax years of the~~
20 ~~business solar energy income tax credits authorized in 32 V.S.A. §§ 5822(d)~~
21 ~~and 5930z(a), net of any such costs for which a transfer has already been made~~

1 ~~under this subdivision and of the cost of any credits in lieu of which the~~
2 ~~taxpayer elects to receive a grant, shall be transferred from the Clean Energy~~
3 ~~Development Fund to the General Fund. Notwithstanding any contrary~~
4 ~~provision of this section, the Clean Energy Development Fund shall use all of~~
5 ~~the monies from alternative compliance payments under sections 8004 and~~
6 ~~8005 of this title for projects that meet the definition of “energy transformation~~
7 ~~project” under section 8002 of this title and the eligibility criteria for those~~
8 ~~projects under section 8005 of this title. The Fund shall implement projects in~~
9 ~~the service territory of the retail electricity provider or providers making the~~
10 ~~alternative compliance payments used to support the projects and, in the case~~
11 ~~of a project delivered in more than one territory, shall prorate service delivery~~
12 ~~according to each provider’s contribution. A provider shall not count, toward~~
13 ~~its required amount under the energy transformation category of section 8005~~
14 ~~of this title, support provided by the Fund for an energy transformation project.~~

15 * * *

16 * * * Other Provisions * * *

17 Sec. 14. 10 V.S.A. § 212(6)(M) is amended to read:

18 (M) ~~Sustainably Priced Energy Enterprise Development (SPEED)~~
19 ~~resources~~ a renewable energy plant, as defined in 30 V.S.A. § 8002, if the
20 construction of the plant requires a certificate of public good under 30 V.S.A.

1 § 248 and all or part of the electricity generated by the plant will be under
2 contract to a Vermont electric distribution utility;

3 Sec. 15. 30 V.S.A. § 209(j) is amended to read:

4 (j) Self-managed energy efficiency programs.

5 * * *

6 (4) All of the following shall apply to a class of programs under this
7 subsection:

8 (A) A member of the transmission or industrial electric rate classes
9 shall be eligible to apply to participate in the self-managed energy efficiency
10 program class if the charges to the applicant, or to its predecessor in interest at
11 the served property, under subdivision (d)(3) of this section were a minimum
12 of \$1.5 million during calendar year 2008.

13 * * *

14 Sec. 16. 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

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. 17. 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. 18. 30 V.S.A. § 219a(m) and (n) are amended to read:

7 (m)(1) A facility for the generation of electricity to be consumed primarily
8 by the Military Department established under 3 V.S.A. § 212 and 20 V.S.A.
9 § 361(a) or the National Guard as defined in 32 U.S.C. § 101(3), and installed
10 on property of the Military Department or National Guard located in Vermont,
11 shall be considered a net metering system for purposes of this section if it
12 has a capacity of 2.2 MW or less and meets the provisions of subdivisions
13 (a)(6)(B)-(D) of this section.

14 (2) If the interconnecting electric company agrees, a solar facility or
15 group of solar facilities for the generation of electricity, to be installed by or on
16 behalf of one or more municipalities on a closed landfill, shall be considered a
17 net metering system for purposes of this section if the facility or group of
18 facilities has a total capacity of 5 MW or less and meets the provisions of
19 subdivisions (a)(6)(B)-(D) of this section. The facilities or group of facilities
20 may serve as a group net metering system that includes and is limited to each

1 participating municipality. In this subdivision (2), “municipality” shall have
2 the same meaning as under 24 V.S.A. § 4551.

3 * * *

4 (n) ~~As a pilot project, an~~ An electric cooperative under chapter 81 of this
5 title may ~~construct~~ engage in a pilot project involving a solar generation
6 facility or group of solar generation facilities to produce power to be consumed
7 by the company or its customers ~~and to be installed on land owned or leased by~~
8 ~~the company.~~

9 * * *

10 (3) ~~Under this pilot project, the electric cooperative may seek siting~~
11 ~~approval for the~~ A facility or group of facilities participating in this pilot
12 project may seek siting approval pursuant to the Board’s order issued under
13 subsection 8007(b) of this title, notwithstanding that subsection’s limitation to
14 plants with a plant capacity greater than 150 kW and 2.2 MW or less.

15 * * *

16 Sec. 19. 30 V.S.A. § 248(b) is amended to read:

17 (b) Before the Public Service Board issues a certificate of public good as
18 required under subsection (a) of this section, it shall find that the purchase,
19 investment or construction:

20 * * *

21 (9) with respect to a waste to energy facility;

1 (A) is included in a solid waste management plan adopted pursuant to
2 24 V.S.A. § 2202a, which is consistent with the State Solid Waste
3 Management Plan; and

4 (B) is included in a solid waste management plan adopted pursuant to
5 24 V.S.A. § 2202a for the municipality and solid waste district from which a
6 substantial portion of the waste is to originate, if that municipality or district
7 already beneficially uses a portion of the waste;

8 Sec. 20. 30 V.S.A. § 248(r) is added to read:

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

18 Sec. 21. 30 V.S.A. § 8001(b) is amended to read:

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

1 Sec. 24. REPEAL

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

4 Sec. 25. 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 Council 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 (21) “Renewable energy” means energy produced using a technology
17 that relies on a resource that is being consumed at a harvest rate at or below its
18 natural regeneration rate.

19 (A) For purposes of this subdivision (21), methane gas and other
20 flammable gases produced by the decay of sewage treatment plant wastes or
21 landfill wastes and anaerobic digestion of agricultural products, byproducts, or

1 wastes, or of food wastes shall be considered renewable energy resources, but
2 no other form of solid waste, other than ~~agricultural or silvicultural~~ waste, shall
3 be considered renewable.

4 * * *

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

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

11 * * *

12 (28) “Energy transformation project” means an undertaking that
13 provides energy-related goods or services but does not include or consist of the
14 generation of electricity and that results in a net reduction in fossil fuel
15 consumption by the customers of a retail electricity provider and in the
16 emission of greenhouse gases attributable to that consumption. Examples of
17 energy transformation projects may include home weatherization or other
18 thermal energy efficiency measures; air source or geothermal heat pumps; high
19 efficiency heating systems; increased use of biofuels; biomass heating systems;
20 support for transportation demand management strategies; support for electric

1 vehicles or related infrastructure; and infrastructure for the storage of
2 renewable energy on the electric grid.

3 (29) “RESET Program” means the Renewable Energy Standard and
4 Energy Transformation Program established under sections 8004 and 8005 of
5 this title.

6 Sec. 26. 30 V.S.A. § 8009 is amended to read:

7 § 8009. BASELOAD RENEWABLE POWER PORTFOLIO
8 REQUIREMENT

9 * * *

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

12 (1) The ~~SPEED~~ Standard Offer Facilitator shall purchase the baseload
13 renewable power, and shall allocate the electricity purchased and any
14 associated costs ~~shall be allocated by the SPEED Facilitator~~ to the Vermont
15 retail electricity providers based on their pro rata share of total Vermont retail
16 kWh sales for the previous calendar year, and the Vermont retail electricity
17 providers shall accept and pay those costs.

18 * * *

19 (i) The State and its instrumentalities shall not be liable to a plant owner or
20 retail electricity provider with respect to any matter related to the baseload
21 renewable power portfolio requirement or a plant used to satisfy such

1 requirement, including costs associated with a contract related to such a plant
2 or any damages arising from the breach of such a contract, the flow of power
3 between a plant and the electric grid, or the interconnection of a plant to that
4 grid. For the purpose of this section, the Board and the ~~SPEED~~ Standard Offer
5 Facilitator constitute instrumentalities of the State.

6 * * * Severability and Effective Dates * * *

7 Sec. 27. SEVERABILITY

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

12 Sec. 28. EFFECTIVE DATES

13 (a) This section and Secs. 8 (Public Service Board rulemaking), 10
14 (Forests, Parks and Recreation rulemaking), 18 (net metering pilot project),
15 and 27 (severability) shall take effect on passage. Notwithstanding 1 V.S.A.
16 § 214, Sec. 18 shall apply to facilities for which an application for a certificate
17 of public good is pending as of its effective date.

18 (b) Secs. 1 through 7, 9, 11, 13 through 17, and 19 through 26 shall take
19 effect on July 1, 2015. Sec. 11 (net metering systems; environmental
20 attributes) shall not apply to complete applications filed prior to its effective
21 date.

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

6 (Committee vote: _____)

7

8

Representative _____

9

FOR THE COMMITTEE