

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, **of food wastes**, shall be considered renewable energy resources, but no
8 **other** form of solid waste, ~~other than agricultural or silvicultural waste~~,
9 shall be considered renewable.

Comment [AA1]: Subdivision (A)
revised since draft 1.3.

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.”

1 * * *

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

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

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 [Repealed.]~~

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

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

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

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

* * *

(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 charging stations;** 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 **Vermont**
13 **New England** that reflect the required amounts of renewable energy as
14 provided for in subsection (b) of this set forth in section 8005 of this title or
15 without support of energy transformation projects in accordance with that
16 section. In the case of members of the Vermont Public Power Supply
17 Authority, the requirements 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 and procedures. The Board shall provide, by order or rule,~~
17 ~~adopt the regulations and rules or procedures that are necessary to allow the~~
18 ~~Board and the Department to implement and supervise further the~~
19 ~~implementation and maintenance of a renewable portfolio standard the~~
20 ~~RESET program.~~

Comment [AA2]: Subsection (b) revised since draft 1.3. and split into subsections (b) and (c).

1 (c) RECS; banking. ~~In its rules, the~~ The Board ~~may shall~~ allow a
2 provider that has met the required amount of renewable energy in a given year,
3 commencing with 2017, to retain tradeable renewable energy credits created
4 or purchased in excess of that amount for application to the provider's required
5 amount of renewable energy in one of the following ~~two~~ three years.

Comment [AA3]: Revised since draft 1.3.

6 ~~(d)~~ Alternative compliance payment. In lieu of, ~~or in addition to~~
7 purchasing renewable energy or tradeable renewable energy credits or
8 supporting energy transformation projects to satisfy the ~~portfolio~~ requirements
9 of this section and section 8005 of this title, a retail electricity provider in this
10 State may pay to the Vermont Clean Energy Development Fund established
11 under section 8015 of this title ~~an amount per kWh as established by the Board~~
12 an alternative compliance payment at the applicable rate set forth in section
13 8005. As an alternative, the Board may require any proportion of this amount
14 to be paid to the Energy Conservation Fund established under subsection
15 209(d) of this title.

Comment [AA4]: Subdivisions (d) through (f) were relettered from draft 1.3.

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

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

1 ~~(f) Before December 30, 2007 and biennially thereafter through~~
2 ~~December 30, 2013, the Board shall file a report with the Senate Committees~~
3 ~~on Finance and on Natural Resources and Energy and the House Committees~~
4 ~~on Commerce and on Natural Resources and Energy. The report shall include~~
5 ~~the following:~~

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

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

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

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

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

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

1 ~~(7) an assessment of the energy efficiency and renewable energy~~
2 ~~markets and recommendations to the legislature regarding strategies that may~~
3 ~~be necessary to encourage the use of these resources to help meet upcoming~~
4 ~~supply requirements;~~

5 ~~(8) any recommendations for statutory change related to this section,~~
6 ~~including recommendations for rewarding utilities that make substantial~~
7 ~~investments in SPEED resources; and~~

8 ~~(9) the Board's recommendations on how the State might best continue~~
9 ~~to meet the goals established in section 8001 of this title, including whether the~~
10 ~~State should meet its growth in energy usage over the succeeding 10 years by a~~
11 ~~continuation of the SPEED program.~~

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

13 § 8005. ~~SUSTAINABLY PRICED ENERGY ENTERPRISE~~

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

15 ~~CATEGORIES~~

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

19 ~~(b) Board; powers and duties. The SPEED program shall be established,~~
20 ~~by rule, order, or contract, by the Board. As part of the SPEED program, the~~

1 ~~Board may, and in the case of subdivisions (1), (2), and (5) of this subsection,~~
2 ~~shall:~~

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

5 ~~An entity appointed under this subdivision shall be known as a SPEED~~
6 ~~Facilitator.~~

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

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

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

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

20 ~~(6) Establish a method for Vermont retail electrical providers to obtain~~
21 ~~beneficial ownership of the renewable energy credits associated with any~~

1 ~~SPEED projects, in the event that a renewable portfolio standard comes into~~
2 ~~effect under the provisions of section 8004 of this title. It shall be a condition~~
3 ~~of a standard offer required to be issued under subdivision (2) of this~~
4 ~~subsection that tradeable renewable energy credits associated with a plant that~~
5 ~~accepts the standard offer are owned by the retail electric providers purchasing~~
6 ~~power from the plant, except that in the case of a plant using methane from~~
7 ~~agricultural operations, the plant owner shall retain such credits to be sold~~
8 ~~separately at the owner's discretion.~~

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

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

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

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

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

3 ~~(1) 2012 SPEED goal. The Board shall meet on or before January 1,~~
4 ~~2012 and open a proceeding to determine the total amount of SPEED resources~~
5 ~~that have been supplied to Vermont retail electricity providers or have been~~
6 ~~issued a certificate of public good. If the Board finds that the amount of~~
7 ~~SPEED resources coming into service or having been issued a certificate of~~
8 ~~public good after January 1, 2005 and before July 1, 2012 equals or exceeds~~
9 ~~total statewide growth in electric retail sales during that time, and in addition,~~
10 ~~at least five percent of the 2005 total statewide electric retail sales is provided~~
11 ~~by SPEED resources or would be provided by SPEED resources that have been~~
12 ~~issued a certificate of public good, or if it finds that the amount of SPEED~~
13 ~~resources equals or exceeds 10 percent of total statewide electric retail sales for~~
14 ~~calendar year 2005, the portfolio standards established under this chapter shall~~
15 ~~not be in force. The Board shall make its determination by January 1, 2013. If~~
16 ~~the Board finds that the goal established has not been met, one year after the~~
17 ~~Board's determination the portfolio standards established under subsection~~
18 ~~8004(b) of this title shall take effect.~~

19 ~~(2) 2017 SPEED goal. A State goal is to assure that 20 percent of total~~
20 ~~statewide electric retail sales during the year commencing January 1, 2017~~
21 ~~shall be generated by SPEED resources that constitute new renewable energy.~~

1 ~~On or before January 31, 2018, the Board shall meet and open a proceeding to~~
2 ~~determine, for the calendar year 2017, the total amount of SPEED resources~~
3 ~~that were supplied to Vermont retail electricity providers and the total amount~~
4 ~~of statewide retail electric sales.~~

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

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

14 ~~(4)(1) Total renewables targets renewable energy. This~~

15 (A) Purpose; establishment. To encourage the economic and
16 environmental benefits of renewable energy, this subdivision establishes, as
17 percentages of annual electric sales, target for the RESET program, minimum
18 total amounts of total renewable energy within the supply portfolio of each
19 retail electricity provider. To satisfy this requirement, a provider may use
20 renewable energy with environmental attributes attached or **any class of**

1 tradeable renewable energy credits generated by any renewable energy plant
2 whose energy is capable of delivery in ~~Vermont~~ **New England**.

3 ~~(A)~~(B) Required amounts. The ~~target~~ amounts of total renewable
4 energy ~~established~~ required by this subsection shall be 55 percent of each retail
5 electricity provider's annual **retail** electric sales during the year beginning on
6 January 1, 2017, increasing by an additional **four percent each third**
7 **January 1 thereafter**, until reaching 75 percent on and after January 1, 2032.

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

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

20 (2) Distributed renewable generation.

1 (A) Purpose; establishment. This subsection establishes a distributed
2 renewable generation category for the RESET program. This category
3 encourages the use of distributed generation to support the reliability of the
4 State’s electric system; reduce line losses; contribute to avoiding or deferring
5 improvements to that system necessitated by transmission or distribution
6 constraints; and diversify the size and type of resources connected to that
7 system. This category requires the use of renewable energy for these purposes
8 to reduce environmental and health impacts from air emissions that would
9 result from using other forms of generation.

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

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

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

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

1 (ii) a net metering system approved under the former section 219a
2 or under section 8010 of this title if the system is new renewable energy and
3 the interconnecting retail electricity provider owns and retires the system's
4 environmental attributes.

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

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

Comment [AA5]: Added based on
DPS request.

Comment [AA6]: Added based on
DPS request.

1 **(i) the construction and interconnection to its system of**
2 **distributed renewable generation that is consistent with its approved**
3 **least-cost integrated resource plan under section 218c of this title at a cost**
4 **less than or equal to the sum of the applicable alternative compliance**
5 **payment rate and the applicable rates published by the Department under**
6 **the Board’s rules implementing subdivision 209(a)(8) of this title; and**
7 **(ii) purchase of tradeable renewable energy credits for**
8 **distributed renewable generation at a cost that is less than the applicable**
9 **alternative compliance rate.**

Comment [AA7]: Added at DPS request.

10 (3) Energy transformation.

11 (A) Purpose; establishment. This subsection establishes an energy
12 transformation category for the RESET program. This category encourages
13 Vermont retail electricity providers to support additional distributed renewable
14 generation or, ~~at less cost than such generation,~~ to support other projects to
15 reduce fossil fuel consumed by their customers and the emission of greenhouse
16 gases attributable to that consumption. A retail electricity provider may satisfy
17 the energy transformation requirement through distributed renewable
18 **generation in addition to the generation used to satisfy subdivision (a)(2) of**
19 **this section** or energy transformation projects or a combination of such
20 generation and projects.

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

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

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

10 (ii) the project shall:

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

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

17 (III) cost **the utility** less per MWH than the **purchase of**
18 ~~tradeable renewable energy credits for distributed renewable generation~~
19 **applicable alternative compliance payment rate.**

20 (D) Conversion. For the purpose of determining eligibility and the
21 application of the energy transformation project to a provider's annual

1 requirement, the provider shall convert the net reduction in fossil fuel
2 consumption resulting from the provider's support of the energy
3 transformation project to a MWH equivalent of electric energy, in accordance
4 with rules or procedures adopted by the Board. The conversion shall use the
5 most recent year's approximate heat rate for electricity net generation from the
6 total fossil fuels category as reported by the U.S. Energy Information
7 Administration in its Monthly Energy Review. **A provider may take credit**
8 **for the entire reduction in fossil fuel consumption for an energy**
9 **transformation project that is funded solely by the provider and no other**
10 **persons except the customers of the project. For an energy**
11 **transformation project funded by a provider and other persons who are**
12 **not customers of the project, the reduction in fossil fuel consumption shall**
13 **be prorated among the provider and these other persons.**

Comment [AA8]: Was struck in draft 1.3; this draft shows as retained.

14 (E) Other sources.

Comment [AA9]: Drafted by counsel based on discussion in committee on 2/11/15.

15 (i) ~~An~~ **A retail electricity provider or a provider's partner may**
16 **oversee an energy transformation project under this subdivision (3).**
17 **However, the provider shall deliver the project's goods or services through**
18 **in partnership with persons other than a retail electricity the provider unless**
19 **one of the following applies:**

20 ~~(1)~~ **Service exclusive delivery through the provider is more**
21 **cost-effective than delivery by another person or there is no person other than**

1 the provider ~~willing and able with the expertise or capability~~ to deliver the
2 goods or services.

3 ~~(II) Implementation of the energy transformation project~~
4 ~~commenced before July 1, 2015 and the project's service delivery was by a~~
5 ~~provider.~~

6 (ii) An energy transformation project may provide incremental
7 support to a program authorized under Vermont statute that meets the
8 eligibility criteria of this subdivision (3) but may take credit only for the
9 additional amount of service supported and shall not take credit for that
10 program's regularly budgeted or approved investments.

11 ~~(F) Rules Implementation. The Board shall adopt rules to To~~
12 ~~carry out this subdivision (3). These rules shall include each of the~~
13 ~~following, the Board shall adopt rules or procedures:~~

14 (i) ~~The For the conversion methodology in accordance with~~
15 ~~subdivision (3)(D) of this subsection (a).~~

16 (ii) ~~A procedure To provide a process~~ for prior approval of
17 energy transformation projects by the Board or its designee. This ~~procedure~~
18 ~~process~~ shall ensure that each of these projects meets the requirements of this
19 subdivision (3) and need not consist of individual review of each energy
20 transformation project prior to implementation as long as the mechanism
21 ensures those requirements are met. ~~An energy transformation project that~~

Comment [AA10]: Revised since draft 1.3.

1 commenced prior to initial adoption of rules or procedures under this
2 subdivision (F) may seek approval after such adoption.

Comment [AA11]: Revised since draft 1.3.

3 (iii) For cost-effectiveness screening of energy transformation
4 projects. This screening shall be consistent with the provisions of this
5 subdivision (3) and screening tests developed under subsections 209(d)
6 (energy efficiency) and 218c(a) (least-cost integrated planning) of this title.

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

12 (v) ~~A mechanism to~~ To ensure periodic verification evaluation
13 of an energy transformation project's claimed fossil fuel reductions, avoided
14 greenhouse gas emissions, conversion to MWH equivalent, cost-effectiveness
15 and, if applicable, energy savings, and to ensure annual verification and
16 auditing of a provider's claims regarding project completion and resulting
17 MWH equivalent. Changes to project claims resulting from periodic
18 evaluations shall apply to future energy transformation projects only, and
19 shall not reduce retroactively claims made on behalf of a project approved
20 under subdivision (3)(F)(ii) of this subsection (a) or reduce claims carried
21 forward under subdivision (3)(F)(iv) of this subsection (a).

Comment [AA12]: Revised based on requests from DPS.

1 **(vi) To ensure that all ratepayers have an equitable**
2 **opportunity to participate in, and benefit from, energy transformation**
3 **projects regardless of rate class, income level, or distribution utility**
4 **service territory.**

5 **(vii) Provisions to To ensure the coordinated delivery of energy**
6 **transformation projects with the delivery of similar services, including**
7 **low-income weatherization programs, entities that fund and support affordable**
8 **housing, energy efficiency programs delivered under section 209 of this title,**
9 **and other energy efficiency programs delivered locally or regionally within**
10 **the State.**

11 **(viii) Provisions to To ensure that, if an energy transformation**
12 **project will increase the use of electric energy, the project incorporates best**
13 **practices for demand management and will use technologies appropriate for**
14 **Vermont.**

15 **(ix) A procedure to To provide a process under which a provider**
16 **may withdraw from or terminate, in an orderly manner, an ongoing energy**
17 **transformation project that no longer meets the eligibility criteria because of**
18 **changes in the price of tradeable renewable energy credits or another one**
19 **or more factors beyond the control of the project and the provider.**

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

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

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

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

Comment [AA13]: Corrected since draft 1.3.

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

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

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

20 **(4) Alternative compliance rates.**

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

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

4 (ii) distributed renewable generation and energy transformation
5 requirements – ~~\$0.07~~ \$0.06 per kWh.

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

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

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

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

16 (B) commencing ~~April 1, 2015~~ on January 1, 2017, owns and has
17 retired tradeable renewable energy credits monitored and traded on the New
18 England Generation Information System or otherwise approved by the Board
19 equivalent to 100 percent of the provider's total retail sales of electricity,
20 calculated as an average on an annual basis.

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

3 (A) satisfy the distributed renewable generation requirement of this
4 section ~~through the amount of renewable energy generated~~ by accepting
5 net metering systems within its service territory pursuant to the provisions of
6 this title that govern net metering; and

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

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

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

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

20 (II) the reduced energy transformation requirement proposed
21 by the provider is not less than the amount sufficient to ensure the provider's

Comment [AA14]: Was struck in 1.3; this draft shows as retained.

1 deployment or support of energy transformation projects that will acquire that
2 ~~technical~~ achievable potential.

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

6 (c) Biomass.

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

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

Comment [AA15]: Added based on FPR Commissioner request, since FPR's role relates to forests.

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

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

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

Comment [AA16]: Revised since draft 1.3.

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

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

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

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

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

1 § 8005a. ~~SPEED~~; STANDARD OFFER PROGRAM

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

10 * * *

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

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

17 (2) The ~~SPEED~~ Standard Offer Facilitator shall distribute the electricity
18 purchased to the Vermont retail electricity providers at the price paid to the
19 plant owners, allocated to the providers based on their pro rata share of total
20 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 electric providers purchasing
11 power from the plant, except in the case of a plant using methane from
12 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 (l) ~~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 (l)(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**
4 **of 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 (a) ~~On or before January 15, 2013, and no later than every second~~
9 ~~January 15 thereafter through January 15, 2033, the Board~~ **The Department**
10 shall file ~~a report~~ **reports** with the General Assembly in accordance with this
11 section. ~~The Board shall prepare the report in consultation with the~~
12 ~~Department.~~

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

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

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

Comment [AA17]: Revised since draft 1.3.

Comment [AA18]: Revised since draft 1.3.

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

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

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

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

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

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

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

Comment [AA19]: Provision in last draft, requiring biennial report to include same info as annual report, deleted because report now would be due on different dates.

1 renewable energy during the **two** preceding calendar years for each category of
2 the 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
16 and 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. If statewide
14 average rates have risen ~~more than 0.2 percentage points per year~~ faster than
15 inflation over the preceding two or more years, the report shall include an
16 assessment of the contributions to rate increases from various sources, such as
17 the costs of energy and capacity, costs due to construction of transmission and
18 distribution infrastructure, and costs due to compliance with the requirements
19 of sections 8004 and 8005 (RESET program) and section 8005a (~~SPEED~~
20 ~~program~~; standard offer) of this title. Specific consideration shall be given to
21 the price of renewable energy and the diversity, reliability, availability,

1 dispatch flexibility, and full life cycle cost, including environmental benefits
2 and greenhouse gas reductions, on a net present value basis of renewable
3 energy resources available from suppliers. The report shall include any
4 recommendations for statutory change that arise from this assessment. If
5 electric rates have increased primarily due to cost increases attributable to
6 nonrenewable sources of electricity or to the electric transmission or
7 distribution systems, the report shall include a recommendation regarding
8 whether to increase the size of the annual increase described in subdivision
9 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**
7 **Department shall provide an opportunity for the public to submit relevant**
8 **information and 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**
15 **Program.** The system shall ~~be designed to~~ recognize tradeable renewable
16 energy credits monitored and traded on the New England Generation
17 Information System (GIS); shall provide a process for the recognition,
18 approval, and monitoring of environmental attributes ~~and tradeable~~
19 ~~renewable energy credits associated with~~ **attached to** renewable energy that
20 are eligible to satisfy the requirements of sections 8004 and 8005 of this title

1 but are not monitored and traded on the GIS; and shall otherwise be
2 consistent with regional practices.

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

10 Sec. 8. PUBLIC SERVICE BOARD RULEMAKING

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

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

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

Comment [AA20]: This section revised to remove references that were in 1.3.

1 ~~renewable portfolio standard~~ **RESET program** to take effect on January 1,
2 2017, if that order is followed by final adoption of those initial rules for this
3 program prior to January 1, 2017. Initial rules finally adopted under this
4 subsection (c) shall not be subject to the requirement of 3 V.S.A. § 843(c) to
5 finally adopt rules within eight months of the initial filing.

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

10 * * * Harvesting and Procurement * * *

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

12 § 2751. ~~HARVESTING AND PROCUREMENT~~ **BIOMASS**

13 **RENEWABILITY STANDARDS; ~~RENEWABLE ENERGY~~**

14 **RESET PROGRAM**

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

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

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

20 (3) “Energy transformation project” shall have the same meaning as in
21 30 V.S.A. § 8002.

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

Comment [AA21]: Substituted “processes” for “cycles” in 1.3.

3 **(5) “RESET Program” shall have the same meaning as in 30 V.S.A.**
4 **§ 8002.**

5 **(b) Rules. The Commissioner shall adopt rules that set renewability**
6 **standards for ~~harvesting and procurement of wood forest~~ products used to**
7 **generate energy by distributed renewable generation and energy transformation**
8 **projects within the RESET Program. The Commissioner shall design the**
9 **standards to ensure long-term forest health and sustainability. These**
10 **standards may include minimum efficiency requirements for wood boilers**
11 **and requirements for harvesting and procurement. In developing these**
12 **rules, the Commissioner shall consider differentiating the standards by**
13 **type of forest product and scale of forest product consumption.**

Comment [AA22]: Since 1.3., “wood” changed to “forest”

Comment [AA23]: Revised since 1.3.

14 Sec. 10. FOREST, PARKS AND RECREATION RULEMAKING

15 On or before July 1, 2016, the Commissioner of Forests, Parks and
16 Recreation shall adopt initial rules under 10 V.S.A. § 2751.

17 * * * Environmental Attributes, Net Metering Systems * * *

18 Sec. 11. 30 V.S.A. § 219a(h) is amended to read:

19 (h)(1) An electric company:

20 * * *

1 (I) ~~At the option of a net metering customer of the company, may~~
2 Shall receive ownership of the environmental attributes of electricity generated
3 by the customer's net metering system, including ownership of any associated
4 tradeable renewable energy credits, unless at the time of application for the
5 system the customer elects not to transfer ownership of those attributes to the
6 company. ~~If a customer elects this option, the~~ The company shall retain
7 ownership of and shall retire the attributes and credits received from ~~the~~
8 ~~customer~~ its net metering customers, which shall apply toward compliance
9 with ~~any statutes enacted or rules adopted by the State requiring the company~~
10 ~~to own the environmental attributes of renewable energy sections 8004 and~~
11 8005 of this title.

12 * * *

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

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

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

17 * * *

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

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

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

5 (i) if the customer retains the attributes, reduces the value of the
6 credit provided under this section for electricity generated by the customer's
7 net metering system by the value of the attributes; and

8 (ii) if the customer transfers the attributes to the interconnecting
9 provider, requires the provider to retain them for application toward
10 compliance with sections 8004 and 8005 of this title.

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

12 * * *

13 (E) the formation of group net metering systems, the resolution of
14 disputes between group net metering customers and the interconnecting
15 provider, and the billing, crediting, and disconnection of group net metering
16 customers by the interconnecting provider; and

17 (F) the amount of the credit to be assigned to each kWh of electricity
18 generated by a net metering customer in excess of the electricity supplied by
19 the interconnecting provider to the customer, the manner in which the
20 customer's credit will be applied on the customer's bill, and the period during

Comment [AA24]: Mr. Weiss asks that the net metering application have a check-box, to be completed by the owner of the system, that the customer has received full information on trade-offs of keeping or transferring environmental attributes.

Comment [AA25]: 1.3. showed this language as revised; this draft restores to the language from the bill as introduced.

1 which a net metering customer must use the credit, after which the credit shall
2 revert to the interconnecting provider; ~~and~~

3 ~~(G) the ownership and transfer of the environmental attributes of~~
4 ~~energy generated by net metering systems and of any associated tradeable~~
5 ~~renewable energy credits. When assigning an amount of credit under this~~
6 ~~subdivision (F), the Board shall consider **the length of time over which to**~~
7 ~~**make the credit available and the relationship of that amount and length**~~
8 ~~**of time to making multiple lengths of time available over which a**~~
9 ~~**customer may take a credit and differentiating the amount according to**~~
10 ~~**the length of time chosen. For example, a credit amount may be higher if**~~
11 ~~**taken over 10 years and lower if taken over 20 years. Factors relevant to**~~
12 ~~**this consideration shall include** the customer's ability to finance the net
13 ~~**metering system, to** the cost of that financing, and ~~**to** the net present value to
14 ~~**all ratepayers of the net metering program.**~~~~~~~~

15 * * *

16 * * * Clean Energy Development Fund * * *

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

18 **§ 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND**

19 * * *

20 **(d) Expenditures authorized.**

21 * * *

1 ~~(3) A grant in lieu of a solar energy tax credit in accordance with~~
2 ~~32 V.S.A. § 5930z(f). Of any Fund monies unencumbered by such grants,~~
3 ~~the first \$2.3 million shall fund the Small-scale Renewable Energy~~
4 ~~Incentive Program described in subdivision (1)(E)(ii) of this subsection.~~

5 (4) A sum equal to the cost for the 2010 and preceding tax years of
6 the business solar energy income tax credits authorized in 32 V.S.A.
7 §§ 5822(d) and 5930z(a), net of any such costs for which a transfer has
8 already been made under this subdivision and of the cost of any credits in
9 lieu of which the taxpayer elects to receive a grant, shall be transferred
10 ~~from the Clean Energy Development Fund to the General Fund.~~

11 Notwithstanding any contrary provision of this section, the Clean Energy
12 Development Fund shall use all of the monies from alternative compliance
13 payments under sections 8004 and 8005 of this title for projects that meet
14 the definition of “energy transformation project” under section 8002 of
15 this title and the eligibility criteria for those projects under section 8005 of
16 this title. A retail electricity provider shall not count, toward its required
17 amount under the energy transformation category of section 8005 of this
18 title, support provided by the Clean Energy Development Fund for an
19 energy transformation project.

20 * * *

1 * * * Other Provisions * * *

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

3 (M) ~~Sustainably Priced Energy Enterprise Development (SPEED)~~
4 resources a renewable energy plant, as defined in 30 V.S.A. § 8002, if the
5 construction of the plant requires a certificate of public good under 30 V.S.A.
6 § 248 and all or part of the electricity generated by the plant will be under
7 contract to a Vermont electric distribution utility;

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

9 (j) Self-managed energy efficiency programs.

10 * * *

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

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

18 * * *

19 Sec. 16. 30 V.S.A. § 218(f) is amended to read:

20 (f) Regulatory incentives for renewable generation.

Comment [AA26]: Sec. 15
requested by IBM.

1 (1) Notwithstanding any other provision of law, an electric distribution
2 utility subject to rate regulation under this chapter shall be entitled to recover
3 in rates its prudently incurred costs in applying for and seeking any certificate,
4 permit, or other regulatory approval issued or to be issued by federal, State, or
5 local government for the construction of new renewable energy to be sited in
6 Vermont, regardless of whether the certificate, permit, or other regulatory
7 approval ultimately is granted.

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

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

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

1 Sec. 17. 30 V.S.A. § 218c(b) is amended to read:

2 (b) Each regulated electric or gas company shall prepare and implement a
3 least cost integrated plan for the provision of energy services to its Vermont
4 customers. At least every third year on a schedule directed by the Public
5 Service Board, each such company shall submit a proposed plan to the
6 Department of Public Service and the Public Service Board. The Board, after
7 notice and opportunity for hearing, may approve a company's least cost
8 integrated plan if it determines that the company's plan complies with the
9 requirements of subdivision (a)(1) of this section and ~~is reasonably consistent~~
10 ~~with achieving the goals and targets of subsection 8005(d)(2017 SPEED goal;~~
11 ~~total renewables targets) of sections 8004 and 8005 of this title.~~

12 Sec. 18. 30 V.S.A. § 248(b) is amended to read:

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

16 * * *

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

18 (A) is included in a solid waste management plan adopted pursuant to
19 24 V.S.A. § 2202a, which is consistent with the State Solid Waste
20 Management Plan; and

Comment [AA27]: New section based on language from GMP and the Chittenden Solid Waste District.

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

5 **Sec. 19.** 30 V.S.A. § 248(r) is added to read:

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

15 **Sec. 20.** 30 V.S.A. § 8001(b) is amended to read:

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

* * * Technical Amendments * * *

1
2 **Sec. 21.** 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. 22.** 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. 23. REPEAL

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

4 Sec. 24. 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 (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, **of food wastes** shall be considered renewable energy resources, but no
2 **other** form of solid waste, ~~other than agricultural or silvicultural waste,~~
3 shall 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**
20 **systems; support for transportation demand management strategies;**

1 **support for electric vehicles or related infrastructure charging stations;**
2 **and infrastructure for the storage of 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. 25. 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. 26. 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. 27. EFFECTIVE DATES**

13 (a) This section and Secs. 8 (Public Service Board rulemaking), 10
14 (Forests, Parks and Recreation rulemaking), and 26 (severability) shall take
15 effect on passage.

16 (b) Secs. 1 through 7, 9, 11, and 13 through 25 shall take effect on July 1,
17 2015. Sec. 11 (net metering systems; environmental attributes) shall not apply
18 to complete applications filed prior to its effective date.

19 (c) Sec. 12 (net metering systems; environmental attributes) shall amend
20 30 V.S.A. § 8010 as added effective January 1, 2017 by 2014 Acts and
21 Resolves No. 99, Sec. 4. Sec. 12 shall take effect on January 2, 2017, except

1 that, notwithstanding 1 V.S.A. § 214, the section shall apply to the Public
2 Service Board process under 2014 Acts and Resolves No. 99, Sec. 5.

3

4

5 (Committee vote: _____)

6

7

Representative _____

8

FOR THE COMMITTEE