

Burlington Electric Department Testimony

H.40

January 28, 2015

- BED appreciates the opportunity to comment and is generally very supportive of the Bill
- Connecticut's consideration of whether the existing SPEED statute created a double count of renewability has created a cloud over Vermont's Renewable Energy Credits and poses a significant threat.
 - BED feels strongly that this legislation will eliminate any confusion and will bring stability back to the Renewable Energy Credit market
- We have comments on only a few specific sections of the Bill that we feel require clarification:
 - §8005(a)(3)(F)(ii) on page 21 of 48 lines 8-12, establishes a mechanism for prior approval of projects related to the energy transformation tier. BED would suggest that cost recovery language similar to that contained §8005a(k)(5) on page 29 of 48 lines 8-14 might be useful here given the nature of the new energy transformation investments. As fossil fuel conversion investments the eligible projects are likely to be more susceptible to prudence discussions in rate proceedings absent some further clarity in the legislation
 - §8005(a)(3)(F)(ii) on page 21 of 48 lines 13-16. BED understands the intent of this section to be establishment of prospective changes to savings claims. That is, once a project is installed and claimed its savings estimates would not be revisited; however savings estimates could be changed related to similar projects claimed in future periods. Use of the term "periodic verification" has historically meant that savings estimates are reviewed and retroactively changed for projects that have been claimed. BED would suggest modifying the wording slightly to clarify that verification would be used to adjust claims for future projects and not those already claimed in the program.
 - §8005(b)(1)(B) on page 23 of 48 lines 6-10, by setting the date requiring REC retirements under this section as April 1, 2015 the legislation effectively imposes requirements on those utilities that reached 100% renewability 2-years before other entities. BED feels that the date in this section should match the date other RPS requirements go into effect (January 1, 2017). In BED's case this provision could cost between \$150,000 and \$300,000 in each of 2015 and 2016.
 - §8005(b)(2)(A) on page 23 of 48 lines 13-15, BED understands the intent of this section to mean that qualifying entities will be deemed to have met their distributed renewable

generation requirement so long as they continue to accept net metered systems; however, the wording (in particular the “through an amount”) leaves some ambiguity as to whether additional distributed generation resources are required or not. BED would prefer this language to be explicit that entities qualifying under this section will be deemed to have met the distributed generation requirements solely by continuing to accept net metered projects.

- §8005(b)(2)(B)(ii) on page 24 of 48 lines 4-13, refers to “technical” potential in relation to the energy transformation requirements. Technical potential is a term of art in the energy efficiency business referring to all of the technically possible solutions without regard to cost (i.e. it is technically possible to convert 100% of cars to EV). This is a virtually unattainable standard in practice that BED feels would render this section of the legislation unworkable. BED would suggest that the proper standard for this section would be “achievable potential” which brings costs and customer elasticity constraints into the discussion (i.e. given the costs of changing vehicle stock and consumer reluctance to change it is cost effectively achievable to convert 60% of cars to EV).
- General Comment
 - Please be cognizant of the fact that the distributed generation requirement is likely to be met mostly by solar generation which has a 13% capacity factor (produces energy 13% of the time). Because the legislation talks in terms of kWh, small changes in the percent requirement can translate into significant increases in the required kW of construction. For example, a 1% requirement increase would translate into 3MW of additional solar construction in Burlington
- Principles BED feels are important in the development of an RPS
 - Protect Vermont consumers from undue rate increases
 - Recognize and maintain the value of past utility efforts and investments
 - Be simple, clear, and explainable to consumers
 - Retain and attract employers to grow the economy
 - Guide the state’s transition to a carbon-free energy future
 - Provide flexibility to utilities to offer products and services that help consumers achieve overall energy and carbon reduction goals
 - Be consistent with regional standards to reduce program uncertainty and increase stability