

Overview of H. 577

An act relating to voter approval of electricity purchases by municipalities and electric cooperatives

Purpose:

- A technical amendment to make the thresholds for when a public vote is required by a municipal or cooperative electric utility under Sections 2924 and 3044 consistent with the threshold for requiring a Certificate of Public Good under Section 248.
- This facilitates entry into mid and long-term contracts with renewable generators in accordance with State renewable goals and policies.

Background:

- In 2011 the Legislature amended Section 248 of Title 30 so that utilities were not required to obtain Certificates of Public Good (CPG) for out of state capacity or energy contracts that:
 - (a) represented 3% or less of a utility's historic peak demand (previously 1%), or
 - (b) in cases involving contracts with renewable resource facilities, 10% or less of peak demand (previously 1%).
- A key purpose of the 2011 amendment was to facilitate entry into arrangements with renewable generators.
- Subsequent to the 2011 session, Vermont's municipal and cooperative electric utilities realized that two parallel sections of Title 30, Sections 2924 and 3044, had not been amended and were inconsistent with the purpose of the 2011 amendments, because those sections continued to require public votes any time the contracts exceeded the 1% threshold.
 - This was an oversight in 2011 and it was intended to apply to public power systems run by municipalities and cooperatives. H. 577 rectify this oversight by adopting consistent thresholds.

Context for H. 577:

- Because of the relatively small size of the State's municipal and cooperative utilities, the 10% of peak requirement means votes will still be required for fairly small projects.
 - VPPSA's largest system has a peak of roughly 12 MW. Under the proposed amendments contained in H. 577 public votes would be required for contracts larger than 1.2 MW; currently votes are required in order for the utility to enter into a contract for 120 kW.
 - VPPSA's smallest system has a peak of roughly 1.1 MW. Under the proposed amendments contained in H. 577 public votes would be required for contracts larger than 110 kW; currently votes are required in order for the utility to enter into a contract for 11 kW.

H. 577 Maintains Accountability to Voters:

- H. 577 preserves the public voting requirement but makes a conforming amendment to the new (2011) threshold made in Section 248 for CPGs.
- Publicly-owned utilities are structured to be responsive to voters.
 - Under the municipal utility structure, utilities are governed by village trustees who are elected officials, or appointed Electric Commissioners. These Village Trustees and Electric Commissioners are charged with pursuing the best interest of the utilities' ratepayers.
 - Cooperatives are democratic institutions governed by a Board elected by the members who are also the energy consumers. Decisions are made in the best interests of the members.