

MEMORANDUM

From: Sarah Hofmann, Public Service Board Member

To: Senate Finance Committee

Date: May 12, 2015

Re: Suggested language for H.40

Thank you for affording me the opportunity to address the Committee last week. My understanding is that you plan to discuss amendments to H.40 late this afternoon. It is clear that the legislation will call for a rulemaking to implement H.40. It would be beneficial to the implementation of H.40 if the Board had the opportunity to work with the various stakeholders for a longer period prior to rulemaking than is presently provided for in the current favorable amendments. This will allow the Board to refine the implementation of H.40 to take into account real world conditions and unforeseen complications. Below, I have used the text from today's Senate calendar and have made one change to the Eleventh Amendment, Clause (d) (shaded).

NOTICE CALENDAR Second Reading Favorable with Proposal of Amendment H. 40. An act relating to establishing a renewable energy standard and energy transformation program. Reported favorably with recommendation of proposal of amendment by Senator Bray for the Committee on Natural Resources & Energy.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: In Sec. 2, 30 V.S.A. § 8004(a), by striking out the last sentence in its entirety and inserting in lieu thereof the following: A retail electricity provider may meet this requirement the required amounts of renewable energy through eligible new tradeable renewable energy credits that it owns and retires, new eligible renewable energy resources with renewable energy credits environmental attributes still attached, or a combination of those credits and resources.

Second: In Sec. 2, 30 V.S.A. § 8004, by striking out subsection (b) in its entirety and inserting in lieu thereof to read as follows: (d)(b) Rules. The Board shall provide, by order or rule, adopt the regulations and procedures rules that are necessary to allow the Board and the Department to implement and supervise further the implementation and maintenance of a renewable portfolio standard the RESET program.

Third: In Sec. 3, 30 V.S.A. § 8005(a)(3), in subdivision (D), in the first sentence, by striking out "or procedures" and in subdivision (F), by striking out each occurrence of "or procedures"

Fourth: In Sec. 3, 30 V.S.A. by inserting a new § 8005(a)(3)(E)(iii) to read as follows: (iii) To meet the requirements of this subdivision (3), one or more retail electricity providers may jointly propose with an energy efficiency entity appointed under subdivision 209(d)(2) of this title an energy transformation project or group of such projects. The proposal shall include standards of measuring performance and

methods to allocate savings and reductions in fossil fuel consumption and greenhouse gas emissions among each participating provider and efficiency entity.

Fifth: In Sec. 3, 30 V.S.A. by striking out § 8005 (a)(3)(F)(viii) in its entirety and inserting in lieu thereof to read as follows: (viii) To ensure that, if an energy transformation project will increase the use of electric energy, the project incorporates best practices for demand management, uses technologies appropriate for Vermont, and encourages the installation of the technologies in buildings that meet minimum energy performance standards.

Sixth: In Sec. 3, 30 V.S.A. § 8005, (a)(3)(G)(i), by striking out the word “strict”

Seventh: In Sec. 3, 30 V.S.A. § 8005(d)(1), by striking out the following: “of Portland, Maine”

Eighth: In Sec. 4, 30 V.S.A. § 8005a(k)(3), in the last sentence, after “purchasing power” by striking out the word “from” and inserting in lieu thereof the words generated by

Ninth: In Sec. 6, 30 V.S.A. § 8005b, by striking out subsection (b) in its entirety and inserting in lieu thereof to read as follows: (b) The annual report under this section shall include at least each of the following: (1) An assessment of the costs and benefits of the RESET Program based on the most current available data, including rate and economic impacts, customer savings, technology deployment, greenhouse gas emission reductions actually achieved, fuel price stability, and effect on transmission and distribution upgrade costs, and any recommended changes based on this assessment. (2) Projections, looking at least 10 years ahead, of the impacts of the RESET Program. The Department shall employ an economic model to make these projections and shall consider at least three scenarios based on high, mid-range, and low energy price forecasts. The Department shall project, for the State, the RESET Program’s impact in each of the following areas: electric utility rates; total energy consumption; electric energy consumption; fossil fuel consumption; and greenhouse gas emissions. The report shall compare the amount or level in each of these areas with and without the Program. (3) An assessment of whether the requirements of the RESET Program have been met to date, and any recommended changes needed to achieve those requirements.

Tenth: In Sec. 6, 30 V.S.A. § 8005b, in subsection (c), by striking out subdivision (8) and by renumbering the remaining subdivision to be numerically correct.

Eleventh: By striking out Sec. 8 (Public Service Board rulemaking) and inserting in lieu thereof to read as follows: Sec. 8. PUBLIC SERVICE BOARD IMPLEMENTATION

(a) Commencement. On or before August 31, 2015, the Public Service Board (the Board) shall commence a proceeding to implement Secs. 2 (sales of electric energy; RESET Program), 3 (RESET Program categories), and 7 (tradeable renewable energy credits) of this act.

(b) Notice; comment; workshop. The proceeding shall include one or more workshops to solicit the input of potentially affected parties and the public. The Board shall provide notice of the workshops on its website and directly to the Department, Vermont’s retail electricity providers, Renewable Energy Vermont, business organizations such as Associated Industries of Vermont, environmental and

consumer advocacy organizations such as the Vermont Natural Resources Council and the Vermont Public Interest Research Group, and to any other person that requests direct notice or to whom the Board may consider direct notice appropriate. The Board also shall provide an opportunity for submission of written comments, which the notice shall include.

(c) Procedures; order. On or before July 1, 2016, the Board shall by order adopt initial procedures to implement Secs. 2, 3, and 7 of this act to take effect on January 1, 2017.

(d) On or before July 1, ~~2017~~ **2018**, the Board shall commence rulemaking to implement Secs. 2, 3, and 7 of this act. The Board shall finally adopt these rules within eight months of commencing rulemaking, unless this period is extended by the Legislative Committee on Administrative Rules under 3 V.S.A. § 843.

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

Twelfth: In Sec. 12, 30 V.S.A. § 8010(c)(2)(F), by striking out the third sentence and inserting in lieu thereof to read as follows: For example, a monthly credit amount may be higher if taken over 10 years and lower if taken over 20 years.

Thirteenth: By striking out Sec. 14a in its entirety and inserting in lieu thereof to read as follows:
[Deleted.]

Fourteenth: By striking out Sec. 14b in its entirety and inserting lieu thereof to read as follows: Sec. 14b.