

H.40; An act relating to establishing a renewable energy standard and energy transformation (RESET) program

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Sec.	Summary as Passed House	Sen. Natural <u>Substitute</u> Report	Sen. Finance Report
1	<p>Amends the definitions section of Title 30’s renewable energy chapter.</p> <ul style="list-style-type: none"> • “Existing renewable energy” means plants coming into service on or before 6/30/15. • “New renewable energy” means plants coming into service after 6/30/15. • “Renewable energy” amended to include electricity from the anaerobic digestion of food waste. • “Energy transformation project” means an undertaking, other than electric generation, that provides energy-related goods or services and that results in a net reduction in fossil fuels consumption by customers and associated greenhouse gas emissions. 	No change.	<p><u>Third</u> and <u>fourth</u> amendments: Changes “renewable energy standard and energy transformation (RESET) program” to “renewable energy standard (RES)”</p>
2	<p>Amends the existing renewable portfolio statute to establish the RESET program.</p> <ul style="list-style-type: none"> • Utilities must obtain required amounts of renewable energy and fossil fuel reduction from energy transformation projects. The specific required amounts are stated in Sec. 3. • Utilities may meet the required amounts of renewable energy through renewable energy credits (RECs), renewable energy with environmental attributes attached (“bundled energy”), or a combination. • Excess RECs in one year may be banked for up to three years. • Utilities may make alternative compliance payments to the Clean Energy Development Fund. • Members of the Vermont Public Power Supply Authority may meet these requirements in the aggregate. • Utilities may engage in joint efforts to meet these requirements. 	<p><u>First</u> amendment: Clarifies RECs must be retired.</p> <p><u>Second</u> amendment: Implementation to be by rule; removes reference to “procedures.”</p>	<p><u>Fifth</u> amendment: Change from RESET to RES.</p>
3	<p>Amends the existing SPEED statute to repeal the 2017 SPEED goal and related provisions and substitute the three categories of the RESET program: (1) total renewable energy, (2) distributed renewable generation, and (3) energy transformation.</p>	<p><u>Third</u> amendment: Implementation to be by rule; removes reference to “procedures.”</p>	<p><u>Sixth</u> amendment: Change from RESET to RES.</p> <p><u>Seventh</u> amendment: Clarifies how a “100 percent renewable</p>

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	<p><i>Total renewable energy:</i></p> <ul style="list-style-type: none"> • Converts the existing total renewables targets to requirements for each utility to own bundled energy or RECs equivalent to 55 % of retail sales in 2017, rising to 75% in 2032 • Utilities may use any renewable energy plant to meet this requirement, as long as its energy is capable of delivery in New England <p><i>Distributed renewable generation:</i></p> <ul style="list-style-type: none"> • Utilities must own bundled energy or RECs from distributed renewable generation equivalent to 1% of retail electric sales in 2017 rising to 10% in 2032. • To meet this requirement, utilities may use renewable energy or RECs from plants that come into service after 6/30/15 and are 5 MW or less and directly connected to the Vermont utility grid or are net metering systems for which the utility retires the RECs. • A utility that cannot meet the requirement using facilities that are 5 MW or less may petition the Board to allow use of facilities larger than 5 MW. • Bundled energy and RECs used to meet this requirement count toward the total renewable energy requirement. <p><i>Energy transformation:</i></p> <ul style="list-style-type: none"> • The energy transformation category is a separate requirement that starts at 2% of retail electric sales 2017, rising to 12% in 2032. • Utilities may meet this requirement through additional distributed renewable generation, support of “energy transformation projects,” or a combination. • Energy transformation projects must commence on or after 1/1/15, deliver energy goods or services other than electric generation, and result in a net reduction in fossil fuel consumption by the utility’s customers and the associated greenhouse gases. • The eligibility criteria for these projects would require that they be the least- 	<p><u>Fourth</u> amendment: Allows electric and energy efficiency utilities to make joint proposals for the energy transformation category.</p> <p><u>Fifth</u> amendment: For energy transformation projects that will employ technology that may increase the use of electricity, directs the Board to encourage installation of the technology in buildings that meet minimum energy performance standards.</p> <p><u>Sixth and seventh</u> amendments: Clarifying changes and technical corrections.</p>	<p>utility” demonstrates it continues to be 100 percent renewable</p>

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	<p>cost method to meet the needs for the goods or services they provide and that they cost less than the alternative compliance payment rate.</p> <ul style="list-style-type: none"> • The bill requires utilities to coordinate with existing service providers and states that they may support incremental additions to existing state programs. • The bill requires the conversion of an energy transformation project’s fossil fuel reduction to an electric energy equivalent in order to measure the project against the required percentages of retail electric sales. • The bill requires the Public Service Board to adopt rules or procedures governing energy transformation projects, including the conversion methodology, an approval process, periodic evaluation, opportunity for all ratepayers to benefit from these projects, and using best practices for demand management if a project will increase electric consumption. • The bill allows a utility to petition in a given year for relief from all or part of this requirement if compliance would result in a significant rate increase. The bill also includes other provisions to give utilities flexibility. <p><i>Alternative compliance payments:</i></p> <ul style="list-style-type: none"> • The bill sets the alternative compliance payment rates at \$0.01 per kWh for the total renewable energy category and at \$0.06 per kWh for the other categories. • These rates would be adjusted for inflation annually starting in 2018. <p><i>100 percent renewable utilities.</i> The bill includes the following provisions for a utility that was 100 percent renewable as of 1/1/15 and maintains that status:</p> <ul style="list-style-type: none"> • The utility may satisfy the distributed renewable generation category by accepting new net metering systems in accordance with the statutes governing those systems. • If the utility is also appointed as an energy efficiency utility, it may petition the Board for a reduced energy transformation requirement. 		

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	<p><i>Biomass.</i> To count toward the distributed renewable generation or energy transformation categories, the bill requires that:</p> <ul style="list-style-type: none"> • Biomass electric must be combined heat and power, with the majority of the energy used for heat. • Biomass energy production must comply with “renewability standards” to be adopted as rules by the Commissioner of Forests, Parks and Recreation. See summary of Secs. 9 and 10. <p>Biomass electric that does not meet these requirements would still count toward the total renewable category.</p> <p><i>Hydropower.</i> To count toward the distributed renewable generation category, hydroelectric power must be certified by the Low-impact Hydropower Institute or must have received a water quality certification from the Agency of Natural Resources after 1/1/87.</p>		
4	<p>This section amends the statute governing the standard offer program to:</p> <ul style="list-style-type: none"> • Remove references to SPEED. • Move provisions from the SPEED statute related to the standard offer into the standard offer statute. • Change the name of the “SPEED Facilitator” to the “Standard Offer Facilitator.” 	<p><u>Eighth</u> amendment: Clarifying change.</p>	<p>No change.</p>
5	<p>This section states that the intent of Sec. 4 is to clarify the text of the standard offer statute because of the repeal of SPEED. It also states that no substantive change to the standard offer program is intended.</p>	<p>No change.</p>	<p>No change.</p>
6	<p>This section revises the existing reporting requirements for renewable energy programs so that they apply also to the RESET programs. The section:</p> <ul style="list-style-type: none"> • Adds an annual report, in addition to the pre-existing biennial report. The 	<p><u>Ninth and tenth</u> amendments: Would require that the economic modeling to project RESET program impacts be annual instead of biennial.</p>	<p><u>First and sixth</u> amendments: Change from RESET to RES.</p>

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	<p>annual report would be due Jan 15 and the biennial report would be due March 1.</p> <ul style="list-style-type: none"> • Shifts responsibility for the report from the Public Service Board to the Department of Public Service. • States that the annual report will evaluate costs and benefits of the RESET program; whether the RESET goals have been met; and whether the Department recommends changes to the RESET program. • States the requirements for the biennial report, which among other items would include data about: (1) retail electricity sales; (2) utility compliance with RESET; (3) deployment of renewable generation; (4) deployment of energy transformation projects; (5) the standard offer program, and (6) rate impacts. 		
7	<p>This section amends an existing statute that required the Public Service Board to adopt or establish a system for recognizing and monitoring RECs and ensuring that utility disclosures concerning their energy supplies are accurate. The amendment requires the Board to ensure the system recognizes New England RECs and the environmental attributes of renewable energy that may qualify for RESET but may not be monitored on the New England system.</p>	<p>No change.</p>	<p><u>Sixth</u> amendment: Change from RESET to RES.</p>
8	<p>This section establishes a schedule for initial Board rulemaking to implement the RESET program, with rules taking effect by 1/1/17.</p>	<p><u>Eleventh</u> amendment: By 7/1/16, Board to issue order stating initial procedures to implement RESET, followed by rulemaking to commence by 7/1/17 and be completed 8 months later.</p>	<p><u>Second</u> amendment: Revises the Sen. Natural amendment to remove reference to “procedures.” Board will issue order for initial implementation, to be followed by rulemaking.</p> <p><u>Sixth</u> amendment: Change from RESET to RES.</p>

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9	This section requires the Commissioner of Forests, Parks and Recreation to adopt rules establishing “renewability standards” for RESET program projects used to meet the distributed renewable generation or energy transformation categories. The Commissioner is to design the standards to ensure long-term forest health and sustainability.	No change.	No change.
10	This section establishes a deadline of 7/1/16 for the Commissioner to issue initial rules under Sec. 9.	No change.	No change.
11	<p>This section amends the current net metering program, which under Act 99 of 2014 ends on 1/1/17.</p> <p>The amendment provides that RECS associated with a net metering system will default to the utility unless the customer chooses to retain them. Net metering RECs transferred to the utility must be retired and would count towards the distributed renewable generation category of the RESET program.</p>	No change.	No change.
12	<p>This section amends the statute on the future net metering program that, under Act 99 of 2014, will commence on 1/1/17. The section:</p> <ul style="list-style-type: none"> • Allows net metering customers to choose whether to transfer RECs to their utility. If the customer transfers the RECs to the utility, the utility must retire them. In addition, the Public Service Board is to reduce, by an appropriate amount, the monetary benefit received by the net metering customer if the customer decides not to transfer the RECs to the utility. • Makes clear that the Public Service Board can vary the length of time and the amount of the credit that is assigned to net metering customers in order to maximize access to financing. 	<u>Twelfth</u> amendment: Clarifying change.	No change.
13	This section directs the Clean Energy Development Fund to expend funds received from alternative compliance payments under the RESET Program on energy transformation projects in the service area of the utility that made the payment.	No change.	No change.

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14	This section updates the definition of “eligible project” in the VEDA chapter of title 10 to reflect the repeal of the SPEED program. It deletes a reference to that program and inserts “renewable energy plant” in its place.	No change.	No change.
14a	This section would cap, until February 1, 2018, the rates for the energy efficiency charge (EEC) at the 2015 rates.	<u>Thirteenth</u> amendment: Strikes the EEC cap.	No change.
14b	This section would require a recommendation from the legislative Joint Energy Committee, by 2/15/16, on whether to continue or revise the cap in Sec. 14a or let it expire. The Committee also would address what legislation, if any, it recommends to clarify or alter the relationship of the activities of the energy efficiency utilities to the energy transformation category of the RESET Program.	<u>Fourteenth</u> amendment: Deletes language on the EEC cap; asks for recommended revisions, if any, to the statutes on the energy efficiency utility and the EEC.	No change.
15	This section updates the Self-Managed Energy Efficiency Program, or SMEEP program, in light of the proposed sale of IBM to Global Foundries.	No change.	No change.
15a	<i>Not in House bill; added by Sen. Finance and Sen. Natural substitute report.</i>	<u>Fifteenth</u> amendment: Additional language related to the SMEEP program to clarify that Global Foundries can continue as a participant on same terms as IBM. Identical to Sen. Finance provision.	<u>Eighth</u> amendment: Additional language related to the SMEEP program to clarify that Global Foundries can continue as a participant on same terms as IBM. Identical to Sen. Natural provision.
16	Because of the repeal of the SPEED program, this section moves language regarding preapproval of renewable energy projects from the SPEED statute to a different statute.	No change.	
17	This section amends utility least-cost integrated planning requirements in Title 30 to reflect the repeal of the SPEED program and the adoption of the RESET program.	No change.	

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18	This section amends provisions on net metering added by Act 99 of 2014 to clarify that a net metering project located on a municipal landfill, or a net metering project initiated by a cooperative, may be built by the municipality, the cooperative, or a developer on behalf of the municipality or cooperative.	No change.	
19	This section amends the statute for siting review of electric generation facilities and requires that, if an anaerobic digester in one solid waste district will generate power using food waste from another solid waste district, the digester must comply with the solid waste plan of both districts.	<u>Sixteenth</u> amendment: Clarifying changes.	
20	Because of the repeal of the SPEED program, this section moves language that allowed the Board not to require a demonstration of need for a renewable energy project from the SPEED statute to the statute for siting review of generation facilities.	No change.	
21	This section amends existing law to reflect that the Public Service Board is to implement the RESET Program through rulemaking.	<u>Seventeenth</u> amendment: Removes reference to “procedures.”	
21a	<i>Not in House bill; added by Sen. Finance.</i>		<u>Ninth</u> amendment: Requires DPS to report to legislature on whether to adopt minimum standards for heat pumps sold in Vermont, including efficiency and cold climate use.
21b	<i>Not in House bill; added by Sen. Finance.</i>		<u>Ninth</u> amendment: Requires DPS to report with recommendations on how to improve its public advocacy division.

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22 thru 26	<p>These sections consist of technical corrections that:</p> <ul style="list-style-type: none"> • Add a reference to the RESET program in the general powers of the Department of Public Service. • Delete a reference to the SPEED program from the net metering statute. • Repeal a statute that required the Public Service Board to issue a report in 2006. • Conform definitions from Act 99 of 2014 that will go into effect on 1/1/17 with changes to definitions of the same terms contained in Sec. 1 of the bill. • Replace “SPEED Facilitator” with “Standard Offer Facilitator.” 	No change.	<u>Tenth</u> amendment: Change from RESET to RES.
Sec. 25a	<i>Not in House bill; added by Sen. Finance</i>		<u>Eleventh</u> amendment: Revision authority to Office of Legislative Council to implement change from RESET to RES.
Secs. 26a– 26f	<i>Not in House bill; added by Sen. Natura.</i>	<p><u>Eighteenth</u> amendment:</p> <ul style="list-style-type: none"> • Sec. 26a gives towns the same statutory right to participate in PSB energy siting as they have in PSB telecommunications siting and Act 250. • Sec. 26b states minimum statewide setbacks for solar generation that vary by capacity of the system. The PSB may require greater setbacks. Applicant, municipality, and affected adjoining landowner(s) may agree to smaller setbacks. • Sec. 26c–26e give towns the ability to issue bylaws and ordinances stating 	

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		<p>screening requirements for solar generation.</p> <ul style="list-style-type: none"> ○ Under Sec. 26c, these requirements and municipal recommendations are followed by the PSB unless they would have the effect of prohibiting the facility or interfering with its intended use. ○ Under Secs. 26d and 26e, towns may use land use bylaw or ordinance authority to adopt the screening requirements. ○ The towns could not require a separate permit. Review and enforcement is through the PSB. ● Adds Sec. 26f to require Depts. of Housing and Community Development and Public Service to report back by 1/15/17 on the implementation of these sections on screening requirements 	
27	This section is a standard severability provision.	No change.	
28	<p>This section states the effective dates.</p> <ul style="list-style-type: none"> ● The sections on rulemaking and severability would take effect on passage. ● The energy efficiency charge cap would take effect on passage. ● Most of the remaining sections would take effect on 7/1/15. Sec. 12 (net metering) would take effect in 2017. 	<p><u>Eighteenth</u> amendment:</p> <ul style="list-style-type: none"> ● Cuts reference to delated Sec. 14a. ● Secs. 26a-26f, on siting issues, to take effect on passage. ● Clarifies that Sec. 12 (net metering) shall not affect a net metering system for which an application is filed before 1/1/17. 	After passage, title change to: “An act relating to establishing a renewable energy standard”