

VERMONT PUBLIC POWER SUPPLY AUTHORITY

PO Box 126 5195 Waterbury-Stowe Road • Waterbury Ctr., VT 05677
(802) 244-7678 Fax (802) 244-6889 www.vppsa.com

April 17, 2015

To: Senate Natural Resources and Energy Committee

From: David Mullett, Vermont Public Power Supply Authority

re: H 40

Thank you for the opportunity to testify on this bill this morning.

As discussed during that testimony, the aggressive mandates of this proposed legislation, particularly with respect to its tier three, create challenges and uncertainties going forward even when they are the product of diligent planning and analytical efforts. As publicly owned and nonprofit entities, Vermont's municipal utilities are part of a long tradition of working to ensure that their electric customers are the beneficiaries of competitive and stable rates.

Given these uncertainties, the safeguards added on the House side to the original draft are vital components of the bill should it become law. Those components include:

1. The ability of utilities to petition for relief from tier 3 without penalty (and without making Alternative Compliance Payments ("ACP") if they can show that there are significant rate impacts.
2. The reduction in the ACP for tiers 2 and 3 from 7 cents to 6.
3. The language in the bill continuing the statutory right of VPPSA members to aggregate their efforts.
4. The language further allowing all utilities to work together in compliance efforts.
5. The language providing that, if a utility can show through an RFP process that tier 2 (the distributed generation tier) cannot be met cost-effectively through projects of 5 mW or less, the Public Service Board can allow the meeting of the requirements through larger renewable projects.

6. The provision that if ACP payments are made by a utility to the Clean Energy Development Fund, those funds are used to implement projects in the service territory of the utility making the payments.

7. Delegation to the Public Service Board to implement various aspects of the proposed legislation through Vermont's administrative rulemaking process.

8. Greater legislative reporting requirements imposed on the Public Service Department during the course of the term covered by the bill.

I hope that this is fully responsive to the Committee's request for a written summary of my testimony this morning. If it is not, or if the Committee would like more information in any area, please do not hesitate to let me know.

Thank you again for your consideration of our position.