

THE IMPORTANCE OF MAINTAINING VERMONT'S STANDARD-OFFER PROGRAM



STANDARD OFFER PLAYS A KEY MARKET ROLE THAT BENEFITS VERMONTERS

- ▶ Standard Offer, through a competitive RFP process, creates least-costs, market-based pricing for Vermont Renewable Electricity.
- ▶ Standard Offer supports achieving Vermont's climate and renewable energy goals, and implementing the new Renewable Energy Standard with competitively priced, low cost renewable electricity.
- ▶ Standard Offer supports and has helped to grow Vermont's clean energy economy, creating jobs and income for Vermonters, the State, and local governments.
- ▶ Standard Offer helps deployment of new electricity technologies in Vermont (cow-power, food waste digesters, small wind, etc.)

STANDARD-OFFER BIDS & PPAs ARE LOWER; SERVE AS A MARKET MECHANISM

Standard Offer 2015/2016 Bids

2016 Bids

Sybac Solar*	7.5 cents/kWh
Battle Creek I Solar*	10.87 cents/kWh
Solar Sense	10.88 cents/kWh
Otter Creek Solar	10.94 cents/kWh
Gilman Renewal Solar	10.94 cents/kWh
groSolar	11.08 cents/kWh
Battle Creek II Solar	11.29 cents/kWh
Battle Creek II Solar	11.39 cents/kWh
REUP Energy	11.68 cents/kWh
Battle Creek 3	11.71 cents/kWh

2015 Bids

Triland (2.2 MW)**	10.96 cents/kWh
Triland Solar*	10.97 cents/kWh

Source, Dkts. 7873/7874, Orders of 5/29/15 & 5/27/16

* Contract Awarded
** Built

Utility PPA/ Project Prices

2015/2016 Solar PPAs/Projects

GMPSolar Richmond**	12.9 cents/kWh
GMPSolar Hartford**	12.8 cents/kWh
GMPSolar Williamstown**	12.3 cents/kWh
GMPSolar-Panton**	12.2 cents/kWh
GMPSolar Williston**	12.1 cents/kWh

(Source: GMP testimony in PSB Dockets 8637, 8562 8564, 8580, 8683)

VEC Alburgh Solar 11 to 14 cents/kWh
(VEC represented it would not build the project unless the cost was below 14 cents/kWh)
(Source: Docket No. 8439, Order of 5/22/2015 at 7)

GMP's 2016 proposed rates included 20 MW of "assumed" solar PPAs at 14.26 cents/kWh & 14 cents/kWh

(Source: Docket No 8684, GMP Response to Discovery, March 15, 2016)

STANDARD-OFFER EVOLVED TO DRIVE DOWN RENEWABLE ELECTRICITY PRICES

- ▶ Initially in 2009 PPA prices were set by statute - but SINCE 2012, prices are based on an RFP bid process that awards contracts to the lowest bidding resources, protecting VT ratepayers from above-market PPAs and improper rate assumptions.
- ▶ Recent standard-offer PPAs are lower than or competitive with utility PPAs during the same period for similar renewable electricity generation in Vermont.
- ▶ Standard Offer is a key market tool to maintain lower rates - both by procuring the lowest cost renewable electricity in Vermont and serving as an open, market based check to utility PPA pricing.

STANDARD OFFER & RENEWABLE ENERGY STANDARD & GOALS

- ▶ The RES was enacted into law in 2015, and 2017 is the first RES implementation year. The first RES compliance filings will not be made until 2018.
- ▶ “The Department will receive the first compliance filings in 2018 and will be in a better position at that time to more fully evaluate whether utilities met their targets”

(Source: Vermont Renewable Energy Standard and Standard Offer Program Report submitted to the General Assembly March 1, 2017)

RECs and Renewable Energy Held by Vermont Utilities

Progress Toward RES Compliance as of end of CY 2015:

All Utilities

Generation Source	Renewable MWh ¹³	RES Eligibility ¹⁴	% of Sales
Biomass	314,411	Tier 1	5.7%
HQ System Mix	1,759,501	Tier 1	31.9%
"Existing" Hydro	561,862	Tier 1	10.2%
"New" Hydro	3,141	Tiers 1 & 2	0.1%
Landfill Methane	101,671	Tier 1	1.8%
"Existing" Solar	5,654	Tier 1	0.1%
"New" Solar	564	Tiers 1 & 2	0.0%
Wind	503,319	Tier 1	9.1%
"Existing" Std. Offer	98,963	Tier 1	1.8%
"New" Std. Offer	2,413	Tiers 1 & 2	0.0%
Total	3,351,498		60.8%

(Source: Vermont Renewable Energy Standard and Standard Offer Program Report submitted to the General Assembly March 1, 2017)

PUBLIC SERVICE BOARD LETTER

- ▶ “The statutory exemption, as currently devised, does not require utilities to own the environmental attributes associated with renewable energy generation used to qualify for the exemption.”
- ▶ “....some utilities may become exempt from the program without effectively advancing the renewable energy goals that the standard offer program is intended to achieve.”
- ▶ The exemption could “undermine the operation of the broader program.”

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