

Omya Senate Finance Overview (3/23/18)

Summary: Omya is a success story and has worked very well with Efficiency Vermont (EVT) and made significant strides in implementation of electric efficiency. However, we are ready to advance to a completely self-administered program at a more reasonable rate of commitment to implement a broader array of projects. Section 1 of H.739 would make this possible for Omya.

History and Investments:

1. Omya participates in one of the self-administered energy efficiency programs, the Customer Credit Program (CCP), and is the only business in the CCP category. We pay an energy efficiency charge on the electric bill that is held by EVT in a dedicated account. In 2017, we paid \$1.55 million into this account. To access our funds Omya must find energy efficiency projects and implement them within a three-year timeframe to be eligible for refunds from the account of up to 89.1% of the deposited money. The other 10.9% is retained by EVT.
2. Omya has done an immense amount of work with EVT and spent almost \$9 million dollars in electric efficiency projects between 2012 and 2018, but needs to become eligible for the so-called Self Managed Energy Efficiency Program or “SMEEP” on a permanent basis.
3. In addition to efficiency investments under the (CCP), in 2013 Omya built Vermont’s only Liquefied Natural Gas (LNG) storage facility to convert from the use of #2 fuel oil to LNG, which reduces emissions approximately 38% for – TSP, SO₂, NO_x, and CO and approximately 26% for – CO₂. Omya uses LNG in its fuel powered equipment and the Casella trucking fleet that moves Omya product locally. This multi-million dollar investment did not utilize funds from the CCP.
4. Omya also is a large solar energy off-taker (approx. 5MW).
5. Omya possesses and has demonstrated the local, national, and international in-house expertise and commitment to energy efficiency programs.

H. 739 Proposal:

H. 739 makes Omya eligible for SMEEP, currently utilized only by Global Foundries. Global was formerly a participant in the CCP, but in 2010 the legislature created the SMEEP program for Global recognizing that their ability to more effectively self-manage a program and utilize their funds across a wider array of energy efficiency projects beyond electric efficiency.

6. Omya would like to be eligible SMEEP for several reasons:
 - a. We have tackled the most meaningful electric efficiency projects and would like more flexibility in the types of efficiency project that we can

implement. SMEEP allows for projects across all types of energy or fuels. In Omya's case, there are an array of energy efficiency projects that would be better investments from an efficiency and financial perspective.

- b. We need to set the required annual expenditure at a sustainable rate that is also commensurate with our energy usage. H. 739 proposes a \$500,000 average annual commitment because Omya is using half the electricity (peak and total KWH) that Global does per year whose commitment under SMEEP is \$1 annually. By contrast, Omya paid \$1.55 million into EVT in 2017 and has paid in excess of \$1 million per year since they have been in the CCP. In some years, Omya's EVT payment represents up to 25% of its annual capital budget for the Vermont facility.
- c. Under SMEEP there is no reimbursement process involving EVT. By contrast under the CCP, Omya must pay into the EVT account and then must pay again to implement a project and then submit a rebate request in order to access their money in the EVT account. And they are only eligible for 89.1% of their funds. This is inefficient and Omya loses the use of their funds while in the EVT account. In addition, project costs are often higher than what may be in their EVT account, but in order to avoid potential forfeiture of the funds (they must be rebated within three years) we will pay for projects that are in excess of our balance in order to access the EVT money. This has resulted in an addition expense beyond what Omya pays into EVT of approximately \$1.2 million dollars.

Statutory Language:

H. 739 makes Omya eligible to move into SMEEP on a permanent basis. This has the support of the House, the DPS, the ACCD, Global Foundries, and Efficiency Vermont. In fact, it was a suggested legislative action in the recent Act 77 Report from DPS recognizing that Omya is unique among Vermont's businesses.

Three provisions of H.739 pertaining to Omya eligibility:

- 1) The amount spent in the qualifying year - \$1.5 million in 2017
- 2) Achievement of ISO 14001 certification
- 3) The required rate of average annual investment of \$500,000.