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AND ECONOMIC DEVELOPMENT

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MEMORANDUM

To: Rep. Tim Briglin, Chair, House Energy and Technology
From: Rep. Michael Marcotte, Chair, House Commerce and Economic
Development
Date: March 25, 2020
Subject: Clean Grid Optimization Legislation

Dear Rep. Briglin,

Thank you for the opportunity to review proposed statutory language concerning clean grid optimization companies and clean grid technology.

As you are aware, the concept underlying the language was originally offered in H.676, "An act relating to clean grid optimization," which proposed: (1) to create an income tax deduction and to expand the research and development income tax credit available to clean grid optimization companies; and (2) to create a pilot program led by the Agency of Commerce and Community Development to provide grant funding to clean grid optimization companies to establish the economic vitality of controls to electric appliances to maximize the utility of the electricity grid. Over the course of this session, the clean grid optimization proposal was further refined and legislative language was drafted by Legislative Counsel based on additional information and guidance from the administration. At your request, we added the proposal to our draft economic development bill, H.641.

Originally the substantive proposals were paired with \$2,000,000 in appropriations for a new special fund and \$150,000 for a pilot program. Following several committee hearings, and given the present circumstances, our committee opted to narrow the proposal to eliminate any tax credits and appropriations for clean grid optimization companies. The remaining pieces included only two components: authorization of a new special fund administered by ACCD to make grants and investments in clean grid technology businesses, and, authorization for a separate pilot program within the Agency, working with the Department of Public Service, to provide grants to clean grid technology businesses to demonstrate the economic vitality of clean grid technology.

After some discussion, the Committee determined that there was little added value in authorizing a separate pilot program, given that the grants contemplated for the pilot program were already authorized under the special fund. With only the special fund provision remaining, the Committee discussed the purpose and scope of other special funds that have been created by the General Assembly—and specifically, the Clean Energy Development Fund created in 30 V.S.A. § 8005.

Ultimately, the Committee felt that there were too many unknowns about the proposal, about the extent to which the new special fund and the CEDF may overlap, and about the appropriate scope of our respective committee jurisdictions. In a straw vote today, the Committee on Commerce and Economic Development approved H.641 without any of the clean grid technology provisions.

We feel that the Committee on Energy and Technology is the appropriate committee to consider the issues raised, namely: (1) how much funding is available in the Clean Energy Development Fund and to what extent can that funding be directed to clean grid optimization; (2) whether a new special fund necessary or appropriate given limited resources and the potential duplication of efforts; and (3) to the extent the CEDF could be used to incentive clean grid optimization businesses in the State, whether the CEDF could work cooperatively with ACCD and other appropriate State government actors to implement an effective strategy to promote economic development in this sector.

Thank you again for the opportunity to review this matter. We trust that your committee has the relevant experience and expertise to address these and other related issues. Our committee will of course offer any assistance we can if you choose to pursue the legislation further.

Best regards,

Rep. Michael Marcotte, Chair, on behalf of House Commerce and Economic Development