



STATE OF VERMONT
GENERAL ASSEMBLY
HOUSE COMMITTEE ON ENERGY AND
TECHNOLOGY

MEMORANDUM

To: Representative Janet Ancel, Chair, House Committee on Ways and Means
From: Representative Tim Briglin, Chair, House Committee on Energy and Technology
Date: February 14, 2019
Subject: Provisions in the Administration's Proposed FY 2019 Fee Bill

As requested, the House Committee on Energy and Technology has reviewed the Administration's proposed section 248c fee structure in the FY 2019 fee bill. Based on testimony provided by both the Department of Public Service (DPS) and the Public Utility Commission (PUC), we expanded our review to include additional options for raising sufficient funds to support the regulatory activities of these two entities in FY20.

After consideration of the various options presented, we recommend an increase in the gross receipts tax, as well as new section 248 application fees as follows:

- An FY 2020 increase in the gas gross receipts tax rate from .003 to .00525
- An FY 2020 increase in the electric gross receipts tax rate from .005 to .00525
- Under section 248c:
 - A registration fee of \$100.00 for small projects¹
 - A \$5.00 per kW fee for large projects²
 - A modification fee in the amount of \$25.00 for small projects and \$100.00 for large projects
 - A refund provision

We estimate that a gross receipts tax rate of .00525 on both electric and gas would generate approximately \$500,000.00 in new revenue in FY20 relative to current gross receipt tax rates. The new section 248c application fees are projected by the PUC to raise \$580,435.00.

While the projections provided by the PUC show a static amount of revenue generated by the new application fees, we are concerned about the volatility of this revenue source. Therefore, we support measures that would provide a more stable source of revenue for

¹ A "small project" would include an electric generation facility less than or equal to 50 kW in plant capacity, or for a rooftop project, or for a hydroelectric project filing a net-metering registration, or for an application filed under subsection 248(n).

² A "large project" would include any project that does not qualify as a "small project."

the DPS and PUC going forward. Additional increases in the electric and gas gross receipts tax rate beyond FY2020 may be necessary for sustainable funding in future years. Our Committee also briefly discussed the possibility of expanding the gross receipts tax to cover merchant generators. While we were unable to ascertain the feasibility of such a measure, we believe it warrants future examination as it may offset the need for additional gross receipts tax rate increases beyond FY2020.

Our Committee also took testimony from Renewable Energy Vermont (REV) regarding the effect of the Administration's proposed section 248c application fees. In line with a recommendation made by REV, we generally support the establishment of mandatory time frames for the review and approval of renewable energy systems. It makes sense to us that the establishment of new regulatory fees are accompanied by a commensurate increase in regulatory accountability.

Regarding DPS' proposed one-time reallocation of the PUC's accumulated reserve funds to DPS, as well as a modification to the statutory 60/40 allocation of gross receipts tax revenues between DPS and the PUC, our Committee will be considering these matters in the context of our review of the Administration's budget proposals before the House Committee on Appropriations.

Finally, we would like to emphasize that, although we heard from DPS, PUC, and REV, time constraints did not allow us to hear from regulated utilities or other interested persons whose input we would have welcomed. To the extent we receive feedback from these stakeholders in the coming weeks, we will convey our concerns or recommendations to you for your further consideration.

If you have any questions or would like additional information from us, please do not hesitate to reach out, as you deem appropriate.

Thank you for the opportunity to provide input on these important matters.