

**State of Vermont**  
**Department of Public Service**  
112 State Street  
Montpelier, VT 05620-2601  
<http://publicservice.vermont.gov>

[phone] 802-828-2811  
[fax] 802-828-2342  
[tdd] 800-734-8390

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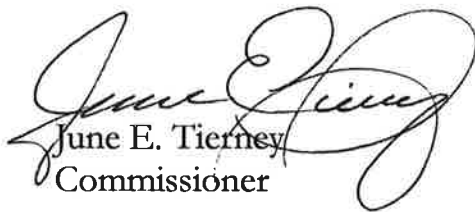
Governor Scott and Members of the Vermont General Assembly  
115 State Street  
Montpelier, VT 05633-5301

Dear Governor Scott and Members of the Vermont General Assembly,

I am pleased to submit the 2016 Annual Report for the Vermont Village Green Pilot Program.

If you have any questions or concerns upon reading the report please do not hesitate to contact me.

Sincerely,



June E. Tierney  
Commissioner





## **Vermont Village Green Pilot Program 2018 Annual Report**

**Submitted to: Governor Scott; the Vermont Senate Committees on Economic Development, Housing and General Affairs, on Finance, and on Natural Resources And Energy; the House Committees on Ways And Means, Commerce And Economic Development, Natural Resources, Fish & Wildlife, and Energy & Technology**

Published: March 2019

## **The Vermont Village Green Pilot Program**

In 2009, the Legislature enacted Chapter 93 of Title 30 to promote the creation of "Vermont village green renewable projects." These are defined as

*"...district heating, either with or without district power, to serve a downtown development district designated as such pursuant to 24 V.S.A. § 2793 or a growth center designated as such pursuant to 24 V.S.A. § 2793c. As long as the end uses served by the project are within such a district or center, the generation of heat and power may be outside the district or center."*

Pursuant to VSA 30 §8105(b), the Department of Public Service (PSD) shall submit a report to provide an update on progress made in the development of the Vermont village green renewable projects authorized under this chapter. The report is to also include an analysis of the costs and benefits of the projects as well as any recommendations consistent with the purposes of this chapter.

### **Report on Activities in the Program**

In 2012 the City of Montpelier applied for and achieved certification for their downtown district heating system as a Vermont village green renewable energy project. The district heating system supplies heat to City buildings, the federal building, and privately held buildings in Montpelier. The system receives heat from the State's wood-chip fueled heating plant, which also supplies heat to the State House and most of the State's buildings in Montpelier.

Certification allowed the Montpelier system to be eligible for \$100,000 in incentives from the Clean Energy Development Fund as described in §8102.

In 2014 Montpelier applied for and was awarded \$100,000 that the city could use for sub-grants to building owners for costs to interconnect to the City's district heating system.

In 2015 the City provided the PSD a final report and grant invoice for the interconnection sub-grants that it had made to building owners. A list of the sub-grants made by the City is attached as Appendix I.

After the close-out of the Montpelier grant the full \$100,000 required to be used as incentives by the CEDF in support of the Vermont Village Pilot Project was expended and no further activities in the program have occurred. In addition, there are no plans for further activity at the time.

### **Costs & Benefits:**

The \$100,000 granted to Montpelier in 2014 was a successful and cost effective grant. The \$100,000 of sub-grants leveraged \$797,832 of private funds invested in the plumbing, heat

meters, and heating system retrofits necessary to interconnect to the City's district heating system.

Providing the sub-grants allowed more buildings to interconnect to the City's system sooner than otherwise. These interconnected buildings provide needed revenue to the City's System making the entire system successful. A further benefit was the fossil fuel and likely cost savings realized from the thirteen buildings converting to the district heating system.

**Recommendations:**

Now that the \$100,000 allocated for incentives in the program have been fully expended and the CEDF is providing support for advanced wood heating, including district heating projects, though other programs there is little need for the Vermont Village Green Pilot Program to exist in statute. The PSD recommends deleting Chapter 93 from VSA 30. If Chapter 93 is not deleted the PSD recommends deleting the reporting section §8105 unless changes are made to the Chapter, as this report will be the same every year going forward and is thus not a productive exercise.