

1 TO THE HONORABLE SENATE:

2 The Committee on Natural Resources and Energy to which was referred  
3 Senate Bill No. 170 entitled “An act relating to the Standard Offer Program  
4 and hydroelectric plants” respectfully reports that it has considered the same  
5 and recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

7 Sec. 1. 30 V.S.A. § 8005a(p) is amended to read:

8 (p) Existing hydroelectric plants. Notwithstanding any contrary  
9 requirement of this section, no later than January 15, 2013, the Commission  
10 shall make a standard offer contract available to existing hydroelectric plants in  
11 accordance with this subsection.

12 (1) In this subsection:

13 (A) “Existing hydroelectric plant” means a hydroelectric plant of  
14 five MW plant capacity or less that is located in the State, that was in service  
15 as of January 1, 2009, that is a qualifying small power production facility  
16 under 16 U.S.C. § 796(17)(C) and 18 C.F.R. part 292, and that does not have  
17 an agreement with the Commission’s purchasing agent for the purchase of its  
18 power pursuant to subdivision 209(a)(8) of this title and Commission rules  
19 adopted under subdivision (8). The term includes hydroelectric plants that  
20 have never had such an agreement and hydroelectric plants for which such an

1 agreement has expired, ~~provided that the expiration date is prior to December~~  
2 ~~31, 2015.~~

3 (B) “LIHP” means the Low-Impact Hydropower Institute.

4 (2) The term of a standard offer contract under this subsection shall be  
5 10 or 20 years, at the election of the plant owner.

6 (3) Unless inconsistent with applicable federal law, the price of a  
7 standard offer contract shall be ~~the lesser of the following~~ the sum of the  
8 following elements:

9 ~~(A) \$0.08 per kWh, adjusted for inflation annually commencing~~  
10 ~~January 15, 2013 using the CPI; or~~

11 ~~(B) The sum of the following elements:~~

12 ~~(i)(A)~~ a two-year rolling average of the ISO New England Inc.  
13 (ISO-NE) Vermont zone hourly locational marginal price for energy;

14 ~~(ii)(B)~~ a two-year rolling average of the value of the plant’s  
15 capacity in the ISO-NE forward capacity market;

16 ~~(iii)(C)~~ the value of avoided line losses due to the plant as a fixed  
17 increment of the energy and capacity values;

18 ~~(iv)(D)~~ a two-year rolling average of the market value of  
19 environmental attributes, including renewable energy credits; and

20 ~~(v)(E)~~ the value of a 10- or 20-year contract.

1           (4) The Commission shall determine the price to be paid under this  
2 subsection (p) ~~no~~ not later than January 15, 2013.

3           (A)(i) Annually by January 15 commencing in 2014, the Commission  
4 shall recalculate and adjust the energy, ~~and~~ capacity, and environmental  
5 attribute elements of the price under ~~subdivisions (3)(B)(i) and (ii)~~ subdivision  
6 (3) of this subsection (p). The recalculated and adjusted energy, ~~and~~ capacity,  
7 and environmental attribute elements shall apply to all contracts executed  
8 under this subdivision, whether or not the contracts were executed prior to the  
9 adjustments.

10           (ii) the Commission may periodically adjust the value of  
11 environmental attributes that are applicable to an executed contract based upon  
12 whether the plant become certified by LIHI or loses such certification.

13           (B) With respect to the price elements specified in subdivisions  
14 ~~(3)(B)(iii)(3)(C)~~ (avoided line losses), ~~(iv) (environmental attributes)~~, and  
15 ~~(v)(E)~~ (value of long-term contract) of this subsection (p):

16           (i) These elements shall remain fixed at their values at the time a  
17 contract is signed for the duration of the contract, ~~except that the Commission~~  
18 ~~may periodically adjust the value of environmental attributes that are~~  
19 ~~applicable to an executed contract based upon whether the plant becomes~~  
20 ~~certified by LIHI or loses such certification.~~

1                   (ii) The Commission annually may adjust these elements for  
2 inclusion in contracts that are executed after the date any such adjustments are  
3 made.

4                   (5) ~~In addition to the limits specified in subdivision (3) of this~~  
5 ~~subsection (p), in no event shall an existing hydroelectric plant receive a price~~  
6 ~~in one year higher than its price in the previous year, adjusted for inflation~~  
7 ~~using the CPI, except that if a plant becomes certified by LIHI, the~~  
8 ~~Commission may add to the price any incremental increase in the value of the~~  
9 ~~plant's environmental attributes resulting from such certification.~~

10                  ~~(6)~~ Once a plant owner has executed a contract for a standard offer  
11 under this subsection (p), the plant owner shall continue to receive the pricing  
12 terms agreed on in that contract regardless of whether the Commission  
13 subsequently changes any pricing terms under this subsection.

14                  ~~(7)~~(6) Capacity of existing hydroelectric plants executing a standard  
15 offer contract under this subsection shall not count toward the cumulative  
16 capacity amount of subsection (c) of this section.

17                  Sec. 2. EFFECTIVE DATE

18                  This act shall take effect on July 1, 2019.

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2 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

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Senator \_\_\_\_\_

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FOR THE COMMITTEE