

Testimony to the House Committee on Energy and Technology RE: S.1
Dylan Zwicky, Leonine Public Affairs, LLP
On behalf of Stored Solar, LLC
March 30, 2021

Leonine Public Affairs represents Stored Solar, LLC which owns the biomass power plant in Ryegate. While not specifically named in S.1, as a practical matter the bill relates exclusively to that plant.

The Ryegate power station is a 20.5-megawatt wood biomass plant constructed in 1992 and currently owned by Stored Solar, LLC. The plant employs 19 people and generates \$350,000 per year in property taxes. In 2019 47 different logging companies provided Ryegate with wood. Approximately 250 individuals are directly employed in the production of wood chips supplied to the plant.

Under 30 V.S.A. § 8009 Vermont's electric distribution utilities, with the exception of Burlington Electric Department, must purchase the plant's output at a rate set by the PUC. BED is exempt due to the fact that it gets more than one-third of its power supply from wood biomass. This "must-take" obligation commenced on November 1, 2012 and will expire on November 1, 2022.

In October 2012 the PUC issued an order setting the rate that Vermont utilities must pay at ten cents per kwh (when leveled over a ten-year period). That rate is subject to being increased or decreased if the price for biomass changes per a formula established by the PUC, but since 2012 that has rarely happened.

S.1 as adopted by the Senate would extend the "must-take" obligation for two years, at the current rate set by the PUC in 2012, until November 1, 2024. It would also direct the plant's owners to report back to the General Assembly by January 15, 2023 on whether a project utilizing the excess thermal energy generated by the plant has been developed, or when a project might become operational.

As a general proposition the biomass (wood chips) for the plant are generated by chipping the tops and limbs of trees that are otherwise being harvested for sawlogs or wood pulp, as opposed to leaving those tops and limbs to decay on the forest floor. In addition, low value, whole trees are sometimes chipped into biomass for the plant. The wood harvesting associated with the plant provides extra value to owners of forestland and thus provides an economic incentive to keep tracts of forestland intact, as opposed to being subdivided and developed. The removal of low value whole trees is also beneficial because it leads to the improvement of the economic quality of forestland because the removal of low quality trees fosters the growth of high quality timber. Due to the cost of trucking, most of the biomass from the plant comes from timber harvesting within a 60-mile radius of the plant.

The Ryegate plant is important to Vermont's hard-hit forest products industry. Paper mills in Lunenburg, VT and Grovetown, NH have recently closed, as have a number of sawmills in state.

In addition to the value provided to the forest products industry, ash produced by the plant is sold to a company that distributes it to organic farms in Vermont to be spread on fields. Finally, by providing a market for lower quality wood chips the Ryegate plant helps sustain the suppliers of high-quality hardwood chips sold to efficiently heat schools, and for district heating (such as the heat source for the statehouse). This happens because those suppliers can derive another source of revenue to pay for their expensive chippers and “live bottom” tractor trailer trucks needed to produce and haul woodchips. Without the Ryegate plant that expensive equipment would be idle in the warmer months.

Under the original Certificate of Public Good (CPG) for the plant, Ryegate is required to have a forester on staff. The Department of Fish and Wildlife is notified about each harvesting job associated with the plant. If Fish and Wildlife has any concerns about the impact of a harvesting job it will review the proposed job and impose conditions on how it is to be conducted.

The 2016 Comprehensive Energy Plan recommends that Vermont “*retain the two Vermont power plants [the McNeil plant in Burlington and the Ryegate plant] fueled with wood as a valuable part of the forest products economy and our state energy mix, work to use the waste heat, and upgrade efficiency as technology becomes available.*”¹

In 2016, a Selective Catalytic Reduction system (SCR) was installed at the plant at a cost of \$7.1 million. This system greatly reduced the emissions of nitrous oxide and particulate matter from the plant and qualified plant for higher value RECs in the Connecticut REC market.

The continued “must-take” obligation is critical to the economic viability of the Ryegate facility. Stored Solar respectfully urges the Committee on Energy and Technology to support S.1 and grant an extension of the current arrangement.

¹ (Page 359, 2016 Comprehensive Energy Plan
https://outside.vermont.gov/sov/webservices/Shared%20Documents/2016CEP_Final.pdf)