

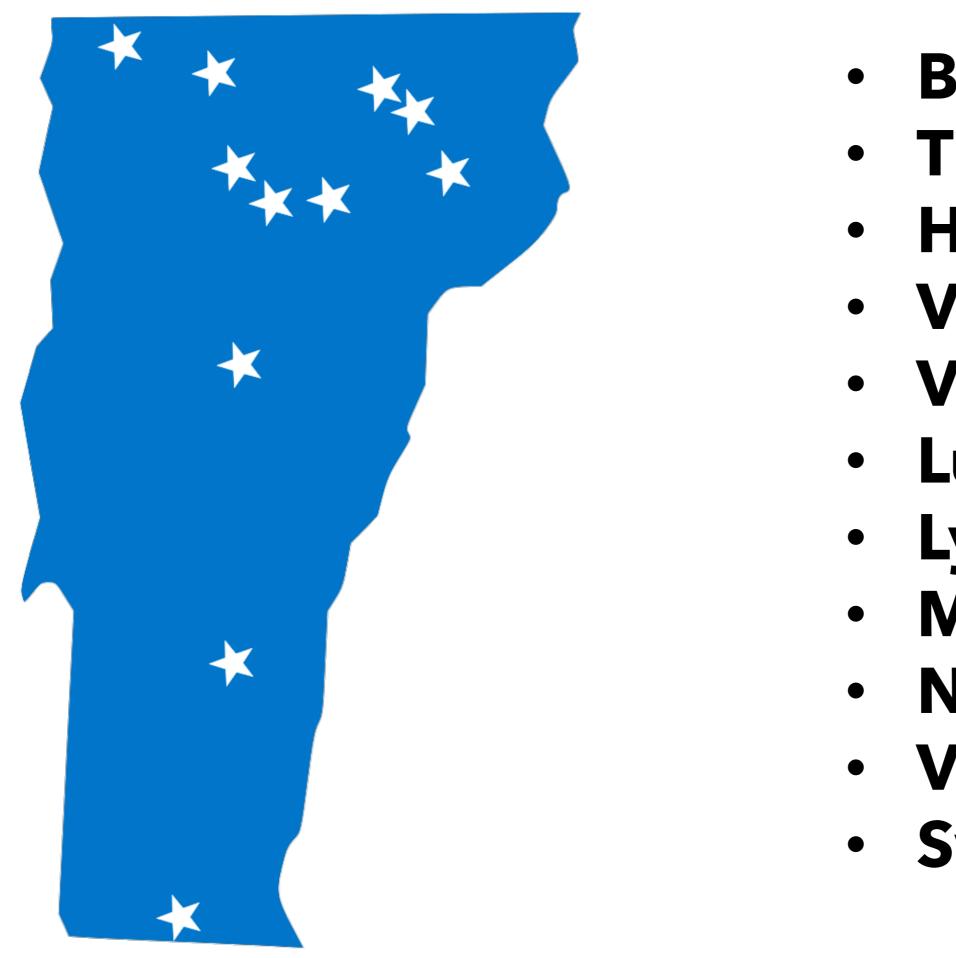
## Testimony on Standard Offer Amendments to H. 431







# **VPPSA Member Utilities**





 Barton Village The Village of Enosburg Falls Hardwick Electric Department Village of Jacksonville Village of Johnson Ludlow Electric Light Department Lyndonville Electric Department Morrisville Water & Light Northfield Electric Department Village of Orleans Swanton Village

# **Standard Offer Program Overview**

### "The standard-offer program was established in 2009 to increase the use of renewable energy and to spur the development of small and medium-sized renewable energy projects in Vermont."

- PUC Report on Exemptions from the Standard-Offer Program

### Standard Offer is premised on shared costs and benefits of smallscale, in-state renewable projects.

- Utilities pay Standard Offer program and contract costs
- - Renewable Energy Credits may be sold out of state.





Receive energy, capacity benefits, and renewable Energy Credits (RECs)

# **VPPSA Participation in Standard Offer**

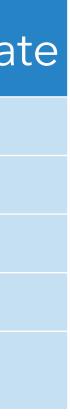
- **Standard Offer projects**
- under 30 V.S.A. § 8005a(k)(2)(B)
  - 100% renewable provider
- VPPSA has developed 5 "Provider Block" projects

Name	Host Utility	RFP Year	Price/kWh	Size (kW)	Commissioning Da
Trombley Hill	Morrisville	2017	12.9	0.855	05/30/2019
Savage Yard	Morrisville	2019	12.0	2.1	In Construction
Center Road	Hardwick	2019	12.9	2.1	In Construction
Lyndonville Solar East	Lyndonville	2015	15.4	495	05/17/2018
Lyndonville Solar West	Lyndonville	2015	15.5	480	05/17/2018



### Allocated energy, capacity, and renewable energy credits from

10 VPPSA members pay for Standard Offer Projects and receive benefits. Swanton Electric is exempt from Standard Offer participation



# **Standard Offer Program Under Current Conditions**

### Market, Policy, and Grid changes render the Program unnecessary to achieve the goals of 30 V.S.A. § 8001.

### **Renewable Energy Standard (RES) - 2015** •

- generators ("Tier 2")
  - Must retire RECs to comply with RES
- New Standard Offer is a subset of Tier 2 under the RES.
- Excess renewable energy credits are sold out of state.
  - consumption in Vermont.

### Siting has become increasingly important. Grid constraints are raising costs to customers.



Requires all utilities to procure electricity from small, in-state renewable

• Current SO prices generally consistent with costs of other Tier 2 resources. • VPPSA is negotiating projects for under \$.09/kWh through a local developer.

Extending the Standard Offer Program will not increase renewable energy

# **Challenges Under Standard Offer**

## Complex program results in costs to ratepayers.

- - VEPPI bills utilities for their "share" of the program •
  - VELCO calculates benefits for each utility •

### Equity concerns have arisen in recent years.

- other utilities for transmission.
  - •

### Siting and Grid Conditions

- - Has resulted in uneven deployment of projects
  - Exacerbates grid constraints



• Administrative complexity now imposes unnecessary costs on customers.

Three of the State's 17 utilities are exempted from Standard Offer Program Raises questions around which customers pay to support in-state development Utilities that have disproportionate levels of Standard Offer generation charge

Creates mandatory "transfer payments" among utilities' customers.

Lowest priced bids are awarded contracts regardless of where projects are located.

# **Storage Under Standard Offer?**

### Assigning a statewide "value" to storage presents significant challenges

- Values of storage
  - Reduce peak related costs
  - Absorb excess renewable generation
- Value is based on both *location* and *timing* of *discharge*
- The use case for storage is different for each utility and depends on how batteries are ulletdispatched.
  - Statewide dispatch of batteries could exacerbate cost-shifting Unlike energy, the kwh output from batteries cannot be administratively moved between
  - utilities.

## Standard Offer Program is not needed to promote storage in VT.

- Utilities are already pursuing storage for the benefit of customers. VPPSA issued an RFP for up to 5 MW of utility-scale storage





# Recommendations

#### **Interconnection Maps**

- - Existing capabilities vary among utilities.

#### **Allow Standard Offer Program to expire as scheduled**

- under Tier 2 of the RES.

#### If the Standard Offer Program is extended:

- Focus on technological diversity.
  - Exclude solar from future RFPs.
- Do not include storage.
  - Storage does not lend itself to statewide valuation.



# Allow PUC discretion in setting requirements for distribution utilities

• Acknowledge costs to customers of imposing requirements on utilities Quarterly updates may not provide value commensurate with cost.

No policy rationale for continuing the program has been articulated. Renewable projects that deliver the greatest ratepayer value will be developed



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