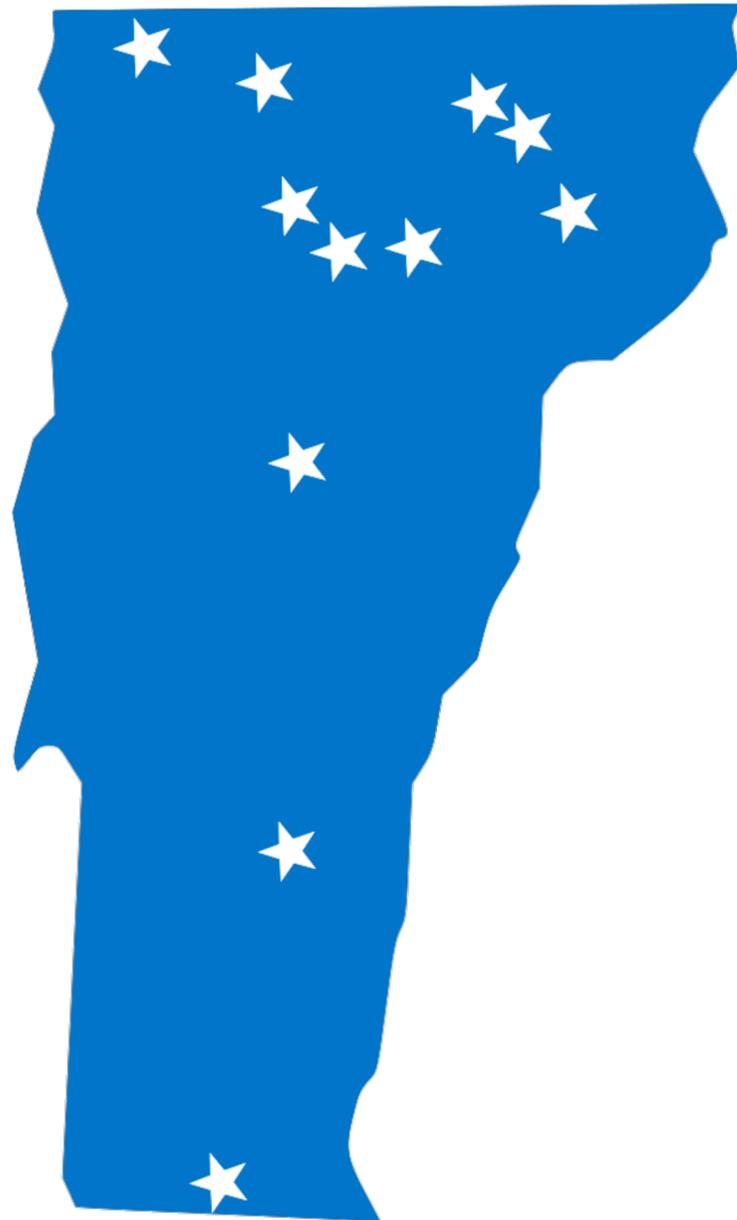




Standard Offer Testimony

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**

Current Standard Offer Program

- **Standard Offer is premised on shared costs and benefits of small-scale, in-state renewable projects.**
 - Program has succeeded in getting renewable projects in the ground in Vermont.
- **Standard Offer is a subset of Tier 2 under the Renewable Energy Standard.**
 - “New” (post July 2015) projects can satisfy Tier 2 requirements
 - Recently issued contracts are generally consistent with costs of other Tier 2 resources.
 - Excess renewable energy credits are sold out of state.
- **Overly complex program results in higher costs to ratepayers.**
 - Administrative costs unnecessary now that utilities are required to procure Tier 2 resources
 - VELCO load adjustments leave Vermont susceptible to challenges
- **The Program is no longer needed to achieve the goals of 30 V.S.A. § 8001**
 - In some cases, Standard Offer is counter to these goals

VPPSA Participation in Standard Offer

- **Member utilities allocated energy, capacity, and renewable energy credits from Standard Offer projects**
 - 10 VPPSA members pay for Standard Offer Projects and receive benefits.
- **Swanton Electric is exempt from Standard Offer participation**
 - 100% renewable provider under 30 V.S.A. § 8005a(k)(2)(B)
- **VPPSA has developed 5 “Provider Block” projects**

Name	Host Utility	Size (kW AC)	Commissioning Date
Trombley Hill	Morrisville	0.855	05/30/2019
Savage Yard	Morrisville	2.1	In Construction
Center Road	Hardwick	2.1	In Construction
Lyndonville Solar East	Lyndonville	495	05/17/2018
Lyndonville Solar West	Lyndonville	480	05/17/2018

Challenges Under Standard Offer

- **Exemptions**
 - 3 of the State's 17 utilities are exempted from the Standard Offer Program
 - Raises equity concerns around which customers pay to support in state development
- **"Wheeling"**
 - Utilities that have disproportionate levels of SO generation charge other utilities for transmission.
 - Creates mandatory "transfer payments" among utilities
- **Siting**
 - Lowest priced bids are awarded contracts regardless of where projects are located.
 - Has exacerbated grid constraints

Storage Under Standard Offer?

- **Standard Offer Program is not needed to promote storage in Vermont.**
 - Utilities are already pursuing storage for the benefit of customers.
 - VPPSA issued an RFP for up to 5 MW of utility-scale storage located in 3 service territories.
 - Development partner to be selected by end of summer
- **Values of storage**
 - Reduce state and regional cost exposure (Capacity and Transmission)
 - Absorb excess renewable generation (match generation to load)
- **Assigning a statewide “value” to storage presents significant challenges**
 - Value is based on both *location* and *timing of discharge*
 - Program would need to address:
 - How to dispatch the battery?
 - How to capture the monetary value?
 - How to allocate value to utilities?
 - Who would control these decisions?

Recommendations

- **Let the Standard Offer Program expire as scheduled**
 - No compelling policy rationale for continuing the program exists.
 - Projects that deliver the greatest ratepayer value will be developed under Tier 2 of the RES.
- **If the Standard Offer Program is extended:**
 - Do not include storage.
 - A statewide value is difficult to derive
 - Add Net Metering projects above 15 kW
 - Mitigate existing cost pressure from larger net metering projects, which are typically situated away from load.

Contact Info

Melissa Bailey

Manager of Government
and Member Relations

Phone: (802) 882-8509

P.O. Box 126

5195 Waterbury-Stowe Road

Waterbury Center, VT 05677



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www.vppsa.com