



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 small-scale, in-state renewable projects.**
 - Utilities pay Standard Offer program and contract costs
 - Receive energy, capacity benefits, and renewable Energy Credits (RECs)
 - Renewable Energy Credits may be sold out of state.

VPPSA Participation in Standard Offer

- **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 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 Date
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

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**
 - Requires all utilities to procure electricity from small, in-state renewable generators ("Tier 2")
 - Must retire RECs to comply with RES
 - New Standard Offer is a subset of Tier 2 under the RES.
 - Current SO prices generally consistent with costs of other Tier 2 resources.
 - VPPSA is negotiating projects for under \$.09/kWh through a local developer.
 - Excess renewable energy credits are sold out of state.
 - Extending the Standard Offer Program will not increase renewable energy consumption in Vermont.
- **Siting has become increasingly important.**
 - Grid constraints are raising costs to customers.

Challenges Under Standard Offer

- **Complex program results in costs to ratepayers.**
 - Administrative complexity now imposes unnecessary costs on customers.
 - VEPPi bills utilities for their “share” of the program
 - VELCO calculates benefits for each utility
- **Equity concerns have arisen in recent years.**
 - 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 other utilities for transmission.
 - Creates mandatory “transfer payments” among utilities’ customers.
- **Siting and Grid Conditions**
 - Lowest priced bids are awarded contracts regardless of where projects are located.
 - Has resulted in uneven deployment of projects
 - Exacerbates grid constraints

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 dispatched.
 - 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**
 - Allow PUC discretion in setting requirements for distribution utilities
 - Existing capabilities vary among utilities.
 - Acknowledge costs to customers of imposing requirements on utilities
 - Quarterly updates may not provide value commensurate with cost.
- **Allow Standard Offer Program to expire as scheduled**
 - No policy rationale for continuing the program has been articulated.
 - Renewable projects that deliver the greatest ratepayer value will be developed 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.

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



Putting the Public in Power.

www.vppsa.com