

Testimony to the Senate Finance Committee RE: S.1
Dylan Zwicky, Leonine Public Affairs, LLP
On behalf of Stored Solar, LLC
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My firm 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.

S.1 has the same text as S.190 from the 2020 legislative session, which was approved by the Finance Committee in March 2020 just before the COVID-19 emergency closed the statehouse. S.190 passed the full Senate in May 2020 but due to the COVID-19 emergency was not considered by the House before the end of the 2020 legislative session.

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 levelized 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 would extend the "must-take" obligation for another ten years, until November 1, 2032, at a new rate to be set by the PUC. In issuing a new rate order the PUC would have to take into account a number of factors that are already enumerated in section 8009. In addition to those existing factors, S.1 would add several new ones, including:

- 1) Whether the plant should be operated at times of the year when wholesale electricity prices and the value of renewable energy credits are low.
- 2) Whether the biomass fuel for the plant is obtained from ecologically sound and sustainable sources that support a diverse and sustainable forest economy.
- 3) The plant's relationship to the forward capacity market, which involves payments to the owners of generating plants separate and apart from the amount they receive for sale of electrical power.

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. 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 such as the Bells Gate mill in Jeffersonville and the Villeneuve mill in Underhill. 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.

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. S.1 would allow the Fish and Wildlife Department to bill the owners of the Ryegate plant for this oversight activity.

S.1 requires the Agency of Commerce and Community Development (ACCD) to conduct a study concerning the feasibility of utilizing the excess heat generated by the plant, which would increase its thermal efficiency. After the COVID-19 emergency hit, ACCD indicated that it would prefer not to be in charge of such a study as it is focused on responding to the pandemic. If need be, Stored Solar is willing to facilitate such a study. However, the company recently entered into an MOU with a company regarding the possibility of developing a shrimp farm at the plant that would utilize the excess heat from the plant. Stored Solar's parent company, Capergy, has experience with combined heat and power plants in Europe and is interested in developing a project that would utilize the heat from Ryegate.

Ryegate is considered a Tier 1 resource under Vermont's Renewable Energy Standard (RES) and Section 8009 requires that the Renewable Energy Credits (RECs) associated with the plant be transferred to the distribution utilities. S.1 maintains that requirement.

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.

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