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S.119

Introduced by Senators Bray, Hooker, MacDonald, McCormack and Ram

Referred to Committee on

Date:

Subject: Energy; public service; renewable electric generation; net metering;
community energy plants

Statement of purpose of bill as introduced: This bill proposes to create a
community energy program to encourage renewable electric generation.

An act relating to establishing a community energy program

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 30 V.S.A. § 8002 is amended to read:

§ 8002. DEFINITIONS

As used in this chapter:

* * *

(30) “Community energy plant” means a renewable energy plant that would qualify as a group net metering system but for its plant capacity, that has a plant capacity greater than 500 kW and less than 5 MW, and that is commissioned on or after July 1, 2022.

1 Sec. 2. 30 V.S.A. § 8011 is added to read:

2 § 8011. COMMUNITY ENERGY PROGRAM

3 (a) Establishment. The Community Energy Program is established. Under
4 the Program, a community energy plant shall receive net metering treatment if
5 it is approved by the Commission and complies with the requirements of this
6 section.

7 (b) Purpose. The purposes of the Program are to encourage the use of
8 renewable energy through the provision of bill credits for the production of
9 such energy to all interested customers, to stabilize the value of those credits
10 over time in relation to the renewable energy plant generating the energy
11 represented by the credits, and to use economies of scale and a different bill
12 credit structure to produce renewable energy at a cost that is lower than the net
13 metering program authorized under section 8010 of this title.

14 (c) Bill credits. Each customer associated with a community energy plant
15 shall receive credit on the bill for each kWh generated by the plant. This credit
16 shall revert to the interconnecting retail electricity provider unless used within
17 a period to be prescribed by the Commission. The amount of the credit shall
18 consist of a base rate per kWh and adjustments as set forth in this section.

19 (1) Base rate. The base rate shall be the avoided costs of the
20 interconnecting retail electricity provider as of the date on which a community
21 energy plant applies to the Commission for approval under this section.

1 (2) Adjustments. To arrive at a bill credit under this subsection, the base
2 rate shall be increased or decreased to account for each of the following, with
3 the specific amount of each adjustment to be determined by the Commission:

4 (A) Preferred sites. There shall be a positive adjustment to the base
5 rate for constructing a community energy plant at a preferred site. The
6 Commission shall establish the preferred sites for the Program based on
7 consideration of the preferred locations identified in section 8005a of this title
8 and the preferred sites set forth in the rules adopted pursuant to section 8010 of
9 this title as of the effective date of this act.

10 (B) Grid condition. There shall be a negative adjustment to the base
11 rate if a community energy plant will be sited in a constrained area of the
12 transmission or distribution system and a positive adjustment to the base rate
13 for siting such a plant in an area that possesses adequate transmission and
14 distribution capacity.

15 (C) Grid services. There shall be a positive adjustment to the base
16 rate if a community energy plant will provide services to the transmission or
17 distribution system, such as helping to maintain the proper flow and direction
18 of electricity, to address imbalances between supply and demand, or to enable
19 the system to recover after an event that negatively affects system function.

20 (D) Community customers. There shall be a positive adjustment to
21 the base rate if the community energy plant will supply a majority of its bill

1 credits to one or more customers of the following types, and the served
2 premises for the accounts of these customers are in the municipality within
3 which the plant will be sited: residential, municipal, educational, or nonprofit
4 organization.

5 (E) Commercial or industrial customer. There shall be a positive
6 adjustment to the base rate if the community energy plant will supply bill
7 credits to a commercial or industrial customer, the served premises of the
8 account to receive the credits is in close proximity to the plant, and the other
9 customers of the interconnecting utility will not bear any costs to interconnect
10 the served premises or the Commission determines that the benefits of the
11 plant to those customers outweigh any such costs.

12 (F) Tradeable renewable energy credits. There shall be a positive
13 adjustment to the base rate if the tradeable renewable energy credits for the
14 energy generated by the community energy plant will be transferred to the
15 interconnecting retail electricity provider and used to meet the provider's
16 obligations under the RES.

17 (G) Other adjustments. The Commission may establish other
18 adjustments to the base rate that are consistent with the purpose of this section.

19 (3) Stability. The bill credit amount for a community energy plant
20 approved under this section shall be determined at the time the plant applies for

1 approval and shall remain the same for that plant for 20 years following the
2 date of commissioning.

3 (d) Associated customers. The application for a community energy plant
4 shall identify the customers who will receive bill credits for the energy to be
5 produced by the plant and such other information concerning these customers
6 as the Commission may require.

7 (e) Cumulative capacity ceiling; phases. In accordance with this
8 subsection, the Commission shall allow community energy plants into the
9 Program until the Program reaches a cumulative plant capacity amount of
10 250 MW. This capacity ceiling shall consist of two phases. Phase 1 shall be in
11 the amount of 50 MW plant capacity and Phase 2 shall be in the amount of
12 200 MW plant capacity. The Commission shall not accept applications for
13 Phase 2 until certificates of public good under section 248 of this title have
14 been issued for all of the capacity allocated to Phase 1.

15 (f) Annual report; Department. On or before January 15 of each year,
16 starting in 2023, the Department shall file an annual report on the Program that
17 includes, for the prior calendar year, the amount of capacity approved under
18 the Program, the range from lowest to highest of bill credit amounts authorized
19 under the Program, a summary of the types and sizes of community energy
20 plants approved under the Program, and such other information as the
21 Commissioner of Public Service may consider relevant to a report on the

1 Program. The Department shall submit the report to the House Committee on
2 Energy and Technology and the Senate Committees on Finance and on Natural
3 Resources and Energy.

4 (g) Sale of power from community energy plants. A community energy
5 plant may sell a portion of the power it generates through a power purchase
6 agreement or other wholesale transaction.

7 (h) Rules. The Commission shall implement the Program by rule, except
8 that it may establish and revise the adjustments described in subsection (c) of
9 this section through periodic issuance of an order after notice and an
10 opportunity for public comment. Rules issued to implement the Program shall
11 include provisions that address:

12 (1) the process for applying for and obtaining Commission approval
13 under this section;

14 (2) the transfer of certificates of public good issued for community
15 energy plants and the abandonment of such plants;

16 (3) the respective duties of retail electricity providers, the holders of
17 certificates of public good for community energy plants, and customers
18 receiving bill credits from plants;

19 (4) the electrical safety, power quality, interconnection, and metering of
20 community energy plants;

1 (5) the resolution of disputes between customers receiving bill credits
2 from community energy plants and the interconnecting provider and the
3 billing, crediting, and disconnection of such customers by the interconnecting
4 provider;

5 (6) the resolution of disputes between customers receiving bill credits
6 from community energy plants and holders of certificates of public good for
7 such plants;

8 (7) the manner in which bill credits for community energy plants will be
9 applied on a customer's bill, including those charges on the bill to which the
10 credit may not be applied; and

11 (8) the period during which a net metering customer must use the credit,
12 after which the credit shall revert to the interconnecting provider.

13 Sec. 3. EFFECTIVE DATE; IMPLEMENTATION

14 (a) This act shall take effect on July 1, 2021.

15 (b) On or before January 1, 2022, the Commission shall file with the
16 Secretary of State proposed rules to implement Sec. 2.