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S.272

Introduced by Senators Bray, Clarkson, Hardy, Lyons and McCormack

Referred to Committee on

Date:

Subject: Public service; utilities; renewable energy

Statement of purpose of bill as introduced: This bill proposes to expand the list of entities that are bound to comply with the renewable energy programs.

An act relating to entities required to comply with Vermont's renewable energy programs

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

Sec. 1. 30 V.S.A. chapter 89 is amended to read:

CHAPTER 89. RENEWABLE ENERGY PROGRAMS

§ 8001. RENEWABLE ENERGY GOALS

(a) The General Assembly finds it in the interest of the people of the State to promote the State energy policy established in section 202a of this title by:

* * *

(3) Providing an incentive for the State's ~~retail electricity providers~~ electric utilities to enter into affordable, long-term, stably priced renewable energy contracts that mitigate market price fluctuation for Vermonters.

* * *

1 § 8002. DEFINITIONS

2 As used in this chapter:

3 * * *

4 (10) “Group net metering system” means a net metering system serving
5 more than one customer, or a single customer with multiple electric meters,
6 located within the service area of the same ~~retail electricity provider~~ electric
7 utilities. Various buildings owned by municipalities, including water and
8 wastewater districts, fire districts, villages, school districts, and towns, may
9 constitute a group net metering system. A union or district school facility may
10 be considered in the same group net metering system with buildings of its
11 member schools that are located within the service area of the same ~~retail~~
12 ~~electricity provider~~ electric utility.

13 * * *

14 (23) “~~Retail electricity provider~~” or “~~provider~~” “Electric utility” means a
15 company engaged in the distribution, transmission, or sale of electricity
16 ~~directly to the public~~.

17 * * *

18 (27) “Vermont composite electric utility system” means the combined
19 generation, transmission, and distribution resources along with the combined
20 retail load requirements of the Vermont ~~retail electricity providers~~ electric
21 utilities.

1 (28) "Energy transformation project" means an undertaking that
2 provides energy-related goods or services but does not include or consist of the
3 generation of electricity and that results in a net reduction in fossil fuel
4 consumption by the customers of ~~a retail electricity provider~~ electric utilities
5 and in the emission of greenhouse gases attributable to that consumption.
6 Examples of energy transformation projects may include home weatherization
7 or other thermal energy efficiency measures; air source or geothermal heat
8 pumps; high efficiency heating systems; increased use of biofuels; biomass
9 heating systems; support for transportation demand management strategies;
10 support for electric vehicles or related infrastructure; and infrastructure for the
11 storage of renewable energy on the electric grid.

12 * * *

13 § 8004. SALES OF ELECTRIC ENERGY; RENEWABLE ENERGY
14 STANDARD (RES)

15 (a) Establishment; requirements. The RES is established. Under this
16 program, ~~a retail electricity provider~~ an electric utility shall not sell or
17 otherwise provide or offer to sell or provide electricity in the State of Vermont
18 without ownership of sufficient energy produced by renewable energy plants
19 or sufficient tradeable renewable energy credits from plants whose energy is
20 capable of delivery in New England that reflect the required amounts of
21 renewable energy set forth in section 8005 of this title or without support of

1 energy transformation projects in accordance with that section. ~~A retail~~
2 ~~electricity provider~~ An electric utility may meet the required amounts of
3 renewable energy through eligible tradeable renewable energy credits that it
4 owns and retires, eligible renewable energy resources with environmental
5 attributes still attached, or a combination of those credits and resources.

6 * * *

7 (c) RECS; banking. The Commission shall allow a ~~provider~~ utility that has
8 met the required amount of renewable energy in a given year, commencing
9 with 2017, to retain tradeable renewable energy credits created or purchased in
10 excess of that amount for application to the ~~provider's~~ utility's required
11 amount of renewable energy in one of the following three years.

12 * * *

13 (f) Joint efforts. ~~Retail electricity providers~~ Electric utilities may engage in
14 joint efforts to meet one or more categories within the RES.

15 § 8005. RES CATEGORIES

16 (a) Categories. This section specifies three categories of required resources
17 to meet the requirements of the RES established in section 8004 of this title:
18 total renewable energy, distributed renewable generation, and energy
19 transformation.

1 (1) Total renewable energy.

2 (A) Purpose; establishment. To encourage the economic and
3 environmental benefits of renewable energy, this subdivision establishes, for
4 the RES, minimum total amounts of renewable energy within the supply
5 portfolio of each ~~retail electricity provider~~ electric utility. To satisfy this
6 requirement, a ~~provider~~ utility may use renewable energy with environmental
7 attributes attached or any class of tradeable renewable energy credits generated
8 by any renewable energy plant whose energy is capable of delivery in New
9 England.

10 (B) Required amounts. The amounts of total renewable energy
11 required by this subsection (a) shall be 55 percent of each ~~retail electricity~~
12 ~~provider's~~ electric utility's annual retail electric sales during the year
13 beginning on January 1, 2017, increasing by an additional four percent each
14 third January 1 thereafter, until reaching 75 percent on and after January 1,
15 2032.

16 * * *

17 (D) Municipal ~~providers~~ utilities; petition. On petition by a ~~provider~~
18 utility that is a municipal electric utility serving not more than 6,000
19 customers, the Commission may reduce the ~~provider's~~ utility's required
20 amount under this subdivision (1) for a period of up to three years. The

1 Commission may approve one such period only for a municipal ~~provider~~
2 utility. The Commission may reduce this required amount if it finds that:

3 (i) the terms or conditions of an environmental permit or
4 certification necessitate a reduction in the electrical energy generated by an in-
5 state hydroelectric facility that the ~~provider~~ utility owns and that this reduction
6 will require the ~~provider~~ utility to purchase other renewable energy with
7 environmental attributes attached or tradeable renewable energy credits in
8 order to meet this required amount; and

9 (ii) this purchase will:

10 (I) cause the ~~provider~~ utility to increase significantly its retail
11 rates; or

12 (II) materially impair the ~~provider's~~ utility's ability to meet the
13 public's need for energy services after safety concerns are addressed, in the
14 manner set forth in subdivision 218c(a)(1) (least-cost integrated planning) of
15 this title.

16 (2) Distributed renewable generation.

17 * * *

18 (B) Definition. As used in this section, "distributed renewable
19 generation" means one of the following:

20 (i) a renewable energy plant that is new renewable energy; and has
21 a plant capacity of five MW or less; and

1 (I) is directly connected to the subtransmission or distribution
2 system of a Vermont ~~retail electricity provider~~ electric utility; or

3 (II) is directly connected to the transmission system of an
4 electric company required to submit a Transmission System Plan under
5 subsection 218c(d) of this title, if the plant is part of a plan approved by the
6 Commission to avoid or defer a transmission system improvement needed to
7 address a transmission system reliability deficiency identified and analyzed in
8 that Plan; or

9 (ii) a net metering system approved under the former section 219a
10 or under section 8010 of this title if the system is new renewable energy and
11 the interconnecting ~~retail electricity provider~~ electric utility owns and retires
12 the system's environmental attributes.

13 (C) Required amounts. The required amounts of distributed
14 renewable generation shall be one percent of each ~~retail electricity provider's~~
15 electric utility's annual retail electric sales during the year beginning
16 January 1, 2017, increasing by an additional three-fifths of a percent each
17 subsequent January 1 until reaching 10 percent on and after January 1, 2032.

18 (D) Distributed generation greater than five MW. On petition of a
19 ~~retail electricity provider~~ an electric utility, the Commission may for a given
20 year allow the ~~provider~~ utility to employ energy with environmental attributes
21 attached or tradeable renewable energy credits from a renewable energy plant

1 with a plant capacity greater than five MW to satisfy the distributed renewable
2 generation requirement if the plant would qualify as distributed renewable
3 generation but for its plant capacity and the ~~provider~~ utility demonstrates that it
4 is unable during that year to meet the requirement solely with qualifying
5 renewable energy plants of five MW or less. To demonstrate this inability, the
6 ~~provider~~ utility shall issue one or more requests for proposals, and show that it
7 is unable to obtain sufficient ownership of environmental attributes to meet its
8 required amount under this subdivision (2) from:

9 * * *

10 (3) Energy transformation.

11 (A) Purpose; establishment. This subdivision establishes an energy
12 transformation category for the RES. This category encourages Vermont ~~retail~~
13 ~~electricity providers~~ electric utilities to support additional distributed
14 renewable generation or to support other projects to reduce fossil fuel
15 consumed by their customers and the emission of greenhouse gases attributable
16 to that consumption. ~~A retail electricity provider~~ An electric utility may satisfy
17 the energy transformation requirement through distributed renewable
18 generation in addition to the generation used to satisfy subdivision (2) of this
19 subsection (a) or energy transformation projects or a combination of such
20 generation and projects.

1 (B) Required amounts. For the energy transformation category, the
2 required amounts shall be two percent of each ~~retail electricity provider's~~
3 electric utility's annual retail electric sales during the year beginning January
4 1, 2017, increasing by an additional two-thirds of a percent each subsequent
5 January 1 until reaching 12 percent on and after January 1, 2032. However, in
6 the case of a ~~provider~~ utility that is a municipal electric utility serving not more
7 than 6,000 customers, the required amount shall be two percent of the
8 ~~provider's~~ utility's annual retail sales beginning on January 1, 2019, increasing
9 by an additional two-thirds of a percent each subsequent January 1 until
10 reaching 10 and two-thirds percent on and after January 1, 2032. Prior to
11 January 1, 2019, such a municipal electric utility voluntarily may engage in
12 one or more energy transformation projects in accordance with this subdivision
13 (3).

14 (C) Eligibility criteria. For an energy transformation project to be
15 eligible under this subdivision (a)(3), each of the following shall apply:

16 (i) Implementation of the project shall have commenced on or
17 after January 1, 2015.

18 (ii) Over its life, the project shall result in a net reduction in fossil
19 fuel consumed by the ~~provider's~~ utility's customers and in the emission of
20 greenhouse gases attributable to that consumption, whether or not the fuel is
21 supplied by the ~~provider~~ utility.

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(D) Conversion. For the purpose of determining eligibility and the application of the energy transformation project to a ~~provider's~~ utility's annual requirement, the ~~provider~~ utility shall convert the net reduction in fossil fuel consumption resulting from the energy transformation project to a MWH equivalent of electric energy, in accordance with rules adopted by the Commission. The conversion shall use the most recent year's approximate heat rate for electricity net generation from the total fossil fuels category as reported by the U.S. Energy Information Administration in its Monthly Energy Review. If an energy transformation project is funded by more than one regulated entity, the Commission shall prorate the reduction in fossil fuel consumption among the regulated entities. In this subdivision (D), "regulated entity" includes each ~~provider~~ utility and each efficiency entity appointed under subsection 209(d) of this title.

(E) Other sources.

(i) ~~A retail electricity provider~~ An electric utility or a ~~provider's~~ utility's partner may oversee an energy transformation project under this subdivision (3). However, the ~~provider~~ utility shall deliver the project's goods or services in partnership with persons other than the ~~provider~~ utility unless exclusive delivery through the ~~provider~~ utility is more cost-effective than

1 delivery by another person or there is no person other than the ~~provider~~ utility
2 with the expertise or capability to deliver the goods or services.

3 * * *

4 (iii) To meet the requirements of this subdivision (3), one or more
5 ~~retail electricity providers~~ electric utilities may jointly propose with an energy
6 efficiency entity appointed under subdivision 209(d)(2) of this title an energy
7 transformation project or group of such projects. The proposal shall include
8 standards of measuring performance and methods to allocate savings and
9 reductions in fossil fuel consumption and greenhouse gas emissions among
10 each participating ~~provider~~ utility and efficiency entity.

11 (F) Implementation. To carry out this subdivision (3), the
12 Commission shall adopt rules:

13 * * *

14 (iv) To allow a ~~provider who~~ utility that has met its required
15 amount under this subdivision (3) in a given year to apply excess net reduction
16 in fossil fuel consumption, expressed as a MWH equivalent, from its energy
17 transformation project or projects during that year toward the ~~provider's~~
18 utility's required amount in a future year.

19 * * *

1 (vi) To ensure that all ratepayers have an equitable opportunity to
2 participate in, and benefit from, energy transformation projects regardless of
3 rate class, income level, or ~~provider~~ utility service territory.

4 * * *

5 (ix) To provide a process under which a ~~provider~~ utility may
6 withdraw from or terminate, in an orderly manner, an ongoing energy
7 transformation project that no longer meets the eligibility criteria because of
8 one or more factors beyond the control of the project and the ~~provider~~ utility.

9 (G) Petitions. On petition of a ~~retail electricity provider~~ electric
10 utility in any given year, the Commission may:

11 (i) reduce the ~~provider's~~ utility's required amount under this
12 subdivision (3) for that year, without penalty or alternative compliance
13 payment, if the Commission finds that compliance with the required amount
14 for that year will:

15 (I) cause the ~~provider~~ utility to increase significantly its retail
16 rates; or

17 (II) materially impair the ~~provider's~~ utility's ability to meet the
18 public's need for energy services after safety concerns are addressed, in the
19 manner set forth in subdivision 218c(a)(1) (least-cost integrated planning) of
20 this title; or

1 (ii) allow a ~~provider who~~ utility that failed to achieve the required
2 amount under this subdivision (3) during the preceding year to avoid paying
3 the alternative compliance payment if the Commission:

4 (I) finds that the ~~provider~~ utility made a good faith effort to
5 achieve the required amount and its failure to achieve that amount resulted
6 from market factors beyond its control; and

7 (II) directs that the ~~provider~~ utility add the difference between
8 the required amount and the ~~provider's~~ utility's actually achieved amount for
9 that year to its required amount for one or more future years.

10 * * *

11 (b) Reduced amounts; ~~providers~~ utilities; 100 percent renewable.

12 (1) The provisions of this subsection shall apply to a ~~retail electricity~~
13 ~~provider~~ an electric utility that:

14 (A) as of January 1, 2015, was entitled, through contract, ownership
15 of energy produced by its own generation plants, or both, to an amount of
16 renewable energy equal to or more than 100 percent of its anticipated total
17 retail electric sales in 2017, regardless of whether the ~~provider~~ utility owned
18 the environmental attributes of that renewable energy; and

19 (B) annually each July 1 commencing in 2018, owns and has retired
20 tradeable renewable energy credits monitored and traded on the New England
21 Generation Information System or otherwise approved by the Commission

1 equivalent to 100 percent of the ~~provider's~~ utility's total retail sales of
2 electricity for the previous calendar year.

3 (2) A ~~provider~~ utility meeting the requirements of subdivision (1) of this
4 subsection may:

5 (A) satisfy the distributed renewable generation requirement of this
6 section by accepting net metering systems within its service territory pursuant
7 to the provisions of this title that govern net metering; and

8 (B) if the Commission has appointed the ~~provider~~ utility as an energy
9 efficiency entity under subsection 209(d) of this title, propose to the
10 Commission to reduce the energy transformation requirement that would
11 otherwise apply to the ~~provider~~ utility under this section.

12 (i) The ~~provider~~ utility may make and the Commission may
13 review such a proposal in connection with a periodic submission made by the
14 ~~provider~~ utility pursuant to its appointment under subsection 209(d) of this
15 title.

16 (ii) The Commission may approve a proposal under this
17 subdivision (B) if it finds that:

18 (I) the energy transformation requirement that would otherwise
19 apply under this section exceeds the achievable potential for cost-effective
20 energy transformation projects in the ~~provider's~~ utility's service territory that
21 meet the eligibility criteria for these projects under this section; and

1 (II) the reduced energy transformation requirement proposed
2 by the ~~provider~~ utility is not less than the amount sufficient to ensure the
3 ~~provider's~~ utility's deployment or support of energy transformation projects
4 that will acquire that achievable potential.

5 (iii) The measure of cost-effectiveness under this subdivision (B)
6 shall be the alternative compliance payment rate established in this section for
7 the energy transformation requirement.

8 (c) Biomass.

9 (1) Distributed renewable generation that employs biomass to produce
10 electricity shall be eligible to count toward a ~~provider's~~ utility's distributed
11 renewable generation or energy transformation requirement only if the plant
12 produces both electricity and thermal energy from the same biomass fuel and
13 the majority of the energy recovered from the plant is thermal energy.

14 * * *

15 § 8005a. STANDARD OFFER PROGRAM

16 * * *

17 (B) Blocks. Each year, a portion of the annual increase shall be
18 reserved for new standard offer plants proposed by Vermont ~~retail electricity~~
19 ~~providers (the provider block)~~ electric utilities (the utility block), and the
20 remainder shall be reserved for new standard offer plants proposed by persons
21 who are not ~~providers~~ utilities (the independent developer block).

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§ 8006. TRADEABLE CREDITS; ENVIRONMENTAL ATTRIBUTES;
RECOGNITION, MONITORING, AND DISCLOSURE

(a) The Commission shall establish or adopt a system of tradeable renewable energy credits for renewable resources that may be earned by electric generation qualifying for the RES. The system shall recognize tradeable renewable energy credits monitored and traded on the New England Generation Information System (GIS); shall provide a process for the recognition, approval, and monitoring of environmental attributes attached to renewable energy that are eligible to satisfy the requirements of sections 8004 and 8005 of this title but are not monitored and traded on the GIS; and shall otherwise be consistent with regional practices.

(b) The Commission shall ensure that all ~~electricity provider~~ electric utility and ~~provider-affiliate~~ utility-affiliate disclosures and representations made with regard to a ~~provider's~~ utility's portfolio are accurate and reasonably supported by objective data. Further, the Commission shall ensure that ~~providers~~ utilities disclose the types of generation used and shall clearly distinguish between energy or tradeable energy credits provided from renewable and nonrenewable energy sources and existing and new renewable energy.

1 § 8006a. GREENHOUSE GAS REDUCTION CREDITS

2 (a) Standard offer adjustment. In accordance with this section, greenhouse
3 gas reduction credits generated by an eligible ratepayer shall result in an
4 adjustment of the standard offer under subdivision 8005a(c)(1) of this title
5 (cumulative capacity; pace). For the purpose of adjusting the standard offer
6 under subdivision 8005a(c)(1) of this title, the amount of a year's greenhouse
7 gas reduction credits shall be the lesser of the following:

8 (1) ~~The~~ the amount of greenhouse gas reduction credits created by the
9 eligible ratepayers served by all ~~providers~~; utilities; or

10 (2) ~~The providers'~~ the utility's annual retail electric sales during that
11 year to those eligible ratepayers creating greenhouse gas reduction credits.

12 (b) Definitions. In this section:

13 (1) "Eligible ratepayer" means a customer of a Vermont ~~retail electricity~~
14 ~~provider~~ electric utility who takes service at 115 kilovolts and has
15 demonstrated to the Commission that it has a comprehensive energy and
16 environmental management program. Provision of the customer's certification
17 issued under standard 14001 (environmental management systems) of the
18 International Organization for Standardization (ISO) shall constitute such a
19 demonstration.

20 * * *

1 (e) Savings. A ~~provider~~ utility shall pass on savings that it realizes through
2 greenhouse gas reduction credits proportionally to the eligible ratepayers
3 generating the credits.

4 § 8007. SMALL RENEWABLE ENERGY PLANTS; SIMPLIFIED
5 PROCEDURES

6 (a) The same application form, rules, and procedures that the Commission
7 applies to net metering systems of 150 kilowatts (kW) or less under sections
8 248 and 8010 of this title shall apply to the review under section 248 of this
9 title of any renewable energy plant with a plant capacity of 150 kW or less and
10 to the interconnection of such a plant with the system of a Vermont ~~retail~~
11 ~~electricity provider~~ electric utility. This requirement includes any waivers of
12 criteria under section 248 of this title made pursuant to section 8010 of this
13 title.

14 (b) With respect to renewable energy plants that have a plant capacity that
15 is greater than 150 kW and is 2.2 MW or less, the Commission shall establish
16 by rule or order standards and procedures governing application for, and
17 issuance or revocation of, a certificate of public good for such a plant under the
18 provisions of section 248 of this title; and the interconnection of such a plant
19 with the system of a Vermont ~~retail electricity provider~~ electric utility.

20 (1) In developing such rules or orders, the Commission:

1 (A) Shall waive the requirements of section 248 of this title that are
2 not applicable to such a plant, including, for a plant that is not owned by a
3 Vermont ~~retail electricity provider~~ electric utility, criteria that are generally
4 applicable to such a ~~provider~~ utility.

5 * * *

6 § 8008. AGREEMENTS; ATTRIBUTE REVENUES; DISPOSITION BY
7 COMMISSION

8 (a) As used in this section, “the revenues” means revenues that are from the
9 sale, through tradeable renewable energy certificates or other means, of
10 environmental attributes associated with the generation of renewable energy
11 from a system of generation resources with a total plant capacity greater than
12 200 MW and that are received by a Vermont ~~retail electricity provider~~ electric
13 utility on or after May 1, 2012, pursuant to an agreement, contract,
14 memorandum of understanding, or other transaction in which a person or entity
15 agrees to transfer such revenues or rights associated with such attributes to the
16 ~~provider~~ utility.

17 (b) After notice and opportunity for hearing, the Commission shall
18 determine the disposition, allocation, and use of the revenues in a manner that
19 promotes State energy policy as stated in section 202a of this title and the goals
20 of this chapter and supports achievement of the greenhouse gas reduction and
21 building efficiency goals contained in 10 V.S.A. §§ 578(a) and 581.

1 (1) The Commission shall provide notice of the proceeding to each
2 Vermont ~~retail electricity provider~~ electric utility, the Department, the Clean
3 Energy Development Board under 10 V.S.A. § 6523, each fuel efficiency
4 service ~~provider~~ utility appointed under subsection 203a(b) of this title, each
5 energy efficiency entity appointed under subdivision 209(d)(2) of this title, the
6 Institute for Energy and the Environment at the Vermont Law School, the
7 Transportation Research Center at the University of Vermont, and any other
8 persons or entities that have requested notice. The Commission may provide
9 notice to additional persons or entities.

10 (2) In determining the disposition, allocation, and use of the revenues,
11 the Commission shall consider each of the following potential uses of the
12 revenues:

13 * * *

14 (E) Application, for the benefit of ratepayers, to the revenue
15 requirement of one or more Vermont ~~retail electricity providers~~ electric
16 utilities.

17 * * *

18 (c) A Vermont ~~retail electricity provider~~ electric utility shall notify the
19 Commission within 30 days of the first receipt of the revenues pursuant to an
20 agreement, contract, memorandum of understanding, or other transaction under
21 which it will receive the revenues. The Commission will open a proceeding

1 under this section promptly on receipt of such notice and shall issue a final
2 order in the proceeding within 12 months of such receipt.

3 (d) Any of the revenues that are received prior to completion of the 12-
4 month period described in subsection (c) of this section shall be credited, for
5 the benefit of ratepayers, against the revenue requirement of the Vermont ~~retail~~
6 ~~electricity provider~~ electric utility that receives the revenues.

7 § 8009. BASELOAD RENEWABLE POWER PORTFOLIO
8 REQUIREMENT

9 (a) As used in this section:

10 * * *

11 (b) Notwithstanding subsection 8004(a) and subdivision 8005(c)(1) of this
12 title, commencing November 1, 2012, each Vermont ~~retail electricity provider~~
13 electric utility shall purchase the ~~provider's~~ utility's pro rata share of the
14 baseload renewable power portfolio requirement, which shall be based on the
15 total Vermont retail kWh sales of all such ~~providers~~ utilities for the previous
16 calendar year. The obligation created by this subsection shall cease on
17 November 1, 2024.

18 * * *

19 (d) The Commission shall determine the price to be paid to a plant used to
20 satisfy the baseload renewable power portfolio requirement. The Commission
21 shall not be required to make this determination as a contested case under

1 3 V.S.A. chapter 25. The price shall be the avoided cost of the Vermont
2 composite electric utility system. In this subsection, the term “avoided cost”
3 means the incremental cost to ~~retail electricity providers~~ electric utilities of
4 electric energy or capacity, or both, which, but for the purchase from the plant
5 proposed to satisfy the baseload renewable power portfolio requirement, such
6 ~~providers~~ utilities would obtain from a source using the same generation
7 technology as the proposed plant. In this subsection, the term “avoided cost”
8 also includes the Commission’s consideration of each of the following:

9 * * *

10 (f) With respect to a plant used to satisfy the baseload renewable power
11 portfolio requirement:

12 (1) The Standard Offer Facilitator shall purchase the baseload renewable
13 power, and shall allocate the electricity purchased and any associated costs to
14 the Vermont ~~retail electricity providers~~ electric utilities based on their pro rata
15 share of total Vermont retail kWh sales for the previous calendar year, and the
16 Vermont ~~retail electricity providers~~ electric utilities shall accept and pay those
17 costs.

18 (2) Any tradeable renewable energy credits attributable to the electricity
19 purchased shall be transferred to the Vermont ~~retail electricity providers~~
20 electric utilities in accordance with their pro rata share of the costs for such
21 electricity as determined under subdivision (1) of this subsection.

1 (3) All capacity rights attributable to the plant capacity associated with
2 the electricity purchased shall be transferred to the Vermont ~~retail electricity~~
3 ~~providers~~ electric utilities in accordance with their pro rata share of the costs
4 for such electricity as determined under subdivision (1) of this subsection.

5 (4) All reasonable costs of a Vermont ~~retail electricity provider~~ electric
6 utility incurred under this section shall be included in the ~~provider's~~ utility's
7 revenue requirement for purposes of ratemaking under sections 218, 218d, 225,
8 and 227 of this title. In including such costs, the Commission shall
9 appropriately account for any credits received under subdivision (2) of this
10 subsection. Costs included in a ~~retail electricity provider's~~ an electric utility's
11 revenue requirement under this subdivision shall be allocated to the ~~provider's~~
12 utility's ratepayers as directed by the Commission.

13 (g) ~~A retail electricity provider~~ An electric utility shall be exempt from the
14 requirements of this section if, and for so long as, one-third of the electricity
15 supplied by the provider to its customers is from a plant that produces
16 electricity from woody biomass.

17 (h) The Commission may issue rules or orders to carry out this section.

18 (i) The State and its instrumentalities shall not be liable to a plant owner or
19 ~~retail electricity provider~~ an electric utility with respect to any matter related to
20 the baseload renewable power portfolio requirement or a plant used to satisfy
21 such requirement, including costs associated with a contract related to such a

1 plant or any damages arising from the breach of such a contract, the flow of
2 power between a plant and the electric grid, or the interconnection of a plant to
3 that grid. For the purpose of this section, the Commission and the Standard
4 Offer Facilitator constitute instrumentalities of the State.

5 § 8010. SELF-GENERATION AND NET METERING

6 * * *

7 (b) A net metering customer shall pay the same rates, fees, or other
8 payments and be subject to the same conditions and requirements as all other
9 purchasers from the interconnecting ~~retail electricity provider~~ electric utility in
10 the same rate-class, except as this section or the rules adopted under this
11 section may provide, and except for appropriate and necessary conditions
12 approved by the Commission for the safety and reliability of the electric
13 distribution system.

14 (c) In accordance with this section, the Commission shall adopt and
15 implement rules that govern the installation and operation of net metering
16 systems.

17 (1) The rules shall establish and maintain a net metering program that:

18 * * *

19 (C) to the extent feasible, ensures that net metering does not shift
20 costs included in each ~~retail electricity provider's~~ electric utility's revenue
21 requirement between net metering customers and other customers;

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(H) allows a customer to retain ownership of the environmental attributes of energy generated by the customer's net metering system and of any associated tradeable renewable energy credits or to transfer those attributes and credits to the interconnecting ~~retail provider~~ electric utility, and:

(i) if the customer retains the attributes, reduces the value of the credit provided under this section for electricity generated by the customer's net metering system by an appropriate amount; and

(ii) if the customer transfers the attributes to the interconnecting ~~provider~~ utility, requires the ~~provider~~ utility to retain them for application toward compliance with sections 8004 and 8005 of this title.

(2) The rules shall include provisions that govern:

* * *

(C) the respective duties of ~~retail electricity providers~~ electric utilities and net metering customers;

(D) the electrical safety, power quality, interconnection, and metering of net metering systems;

(E) the formation of group net metering systems, the resolution of disputes between group net metering customers and the interconnecting ~~provider~~ utility, and the billing, crediting, and disconnection of group net metering customers by the interconnecting ~~provider~~ utility; and

1 (F) the amount of the credit to be assigned to each kWh of electricity
 2 generated by a net metering customer in excess of the electricity supplied by
 3 the interconnecting ~~provider~~ utility to the customer, the manner in which the
 4 customer’s credit will be applied on the customer’s bill, and the period during
 5 which a net metering customer must use the credit, after which the credit shall
 6 revert to the interconnecting ~~provider~~ utility.

7 * * *

8 (4) This section does not require the Commission to adopt identical
 9 requirements for the service territory of each ~~retail electricity provider~~ electric
 10 utility.

11 (5) Each ~~retail electricity provider~~ electric utility shall implement net
 12 metering in its service territory through a rate schedule that is consistent with
 13 this section and the rules adopted under this section and is approved by the
 14 Commission.

15 (d) Commencing in 2021 and biennially thereafter, the Department shall
 16 submit to the Commission its evaluation of the current state of net metering in
 17 Vermont, which shall be included within the Department’s Annual Energy
 18 Report required under subsection 202b(e) of this title and shall also be
 19 submitted to the Committees listed under subdivision 202b(e)(2) of this title.

20 The evaluation shall:

1 (1) analyze the current pace of net metering deployment, both statewide
2 and within the service territory of each ~~retail electricity provider~~ electric utility;

3 (2) after considering the goals and policies of this chapter, of 10 V.S.A.
4 § 578 (greenhouse gas reduction), of section 202a (State energy policy) of this
5 title, and of the Electrical Energy and Comprehensive Energy Plans under
6 sections 202 and 202b of this title, recommend the future pace of net metering
7 deployment statewide and within the service territory of each ~~provider~~ utility;

8 (3) analyze the existence and degree of cross-subsidy between net
9 metering customers and other customers on a statewide and on an individual
10 ~~provider~~ utility basis;

11 (4) evaluate the effect of net metering on ~~retail electricity provider~~
12 electric utility infrastructure and revenue;

13 (5) evaluate the benefits to net metering customers of connecting to the
14 ~~provider's~~ utility's distribution system;

15 (6) analyze the economic and environmental benefits of net metering,
16 and the short- and long-term impacts on rates, both statewide and for each
17 ~~provider~~ utility;

18 * * *

19 § 8011. ENERGY STORAGE FACILITIES

20 * * *

1 (c) The rules may include provisions that govern:

2 (1) the respective duties of ~~retail electricity providers~~ electric utilities
3 and energy storage facility owners or operators;

4 (2) the electrical and fire safety, power quality, interconnection,
5 metering, and decommissioning of energy storage facilities;

6 (3) the resolution of disputes between energy storage facility owners,
7 operators, and the interconnecting ~~provider~~ utility;

8 * * *

9 § 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

10 (a) Creation of Fund.

11 * * *

12 (3) Notwithstanding any contrary provision of this section, the Clean
13 Energy Development Fund shall use all of the monies from alternative
14 compliance payments under sections 8004 and 8005 of this title for projects
15 that meet the definition of “energy transformation project” under section 8002
16 of this title and the eligibility criteria for those projects under section 8005 of
17 this title. The Fund shall implement projects in the service territory of the
18 ~~retail electricity provider~~ electric utility or ~~providers~~ utilities making the
19 alternative compliance payments used to support the projects and, in the case
20 of a project delivered in more than one territory, shall prorate service delivery
21 according to each ~~provider’s~~ utility’s contribution. A ~~provider~~ utility shall not

1 count, toward its required amount under the energy transformation category of
2 section 8005 of this title, support provided by the Fund for an energy
3 transformation project.

4 * * *

5 Sec. 2. 30 V.S.A. § 202a is amended to read:

6 § 202a. STATE ENERGY POLICY

7 It is the general policy of the State of Vermont:

8 (1) ~~To~~ to ensure to the greatest extent practicable that Vermont can meet
9 its energy service needs in a manner that is adequate, reliable, secure, and
10 sustainable; that ensures affordability and encourages the State's economic
11 vitality, the efficient use of energy resources, and cost-effective demand-side
12 management; and that is environmentally sound;

13 (2) ~~To~~ to identify and evaluate, on an ongoing basis, resources that will
14 meet Vermont's energy service needs in accordance with the principles of
15 reducing greenhouse gas emissions and least-cost integrated planning,
16 including efficiency, conservation, and load management alternatives; wise use
17 of renewable resources; and environmentally sound energy supply;

18 (3) ~~To~~ to meet Vermont's energy service needs in a manner that will
19 achieve the greenhouse gas emissions reductions requirements pursuant to
20 10 V.S.A § 578 and is consistent with the Vermont Climate Action Plan
21 adopted and updated pursuant to 10 V.S.A. § 592; and

1 (4) to meet Vermont's energy service needs by maintaining a regulated
2 utility market, focused on renewable energy, that does not provide retail choice
3 to individual customers.

4 Sec. 3. EFFECTIVE DATE

5 This act shall take effect on passage.