

Renewable Energy Standard - House Committee on Environment and Energy testimony

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Thank you. For the record, my name is Ben Edgerly Walsh, and I am the Climate & Energy Program Director at the Vermont Public Interest Research Group, or VPIRG. I also wanted to note that I have spoken with the other environmental organizations represented on the Renewable Energy Standard Reform Working Group – the Vermont Natural Resources Council, Conservation Law Foundation, and the Vermont Chapter of the Sierra Club, all of which joined with VPIRG and nearly every utility in signing on in support of the framework outlined in Appendix 3 of the working group report – and received their permission to broadly represent their positions this morning. That said, they have not reviewed the text of my testimony, so the specifics of it are my own.

I wanted to start by thanking this committee for setting in motion the Working Group on Renewable Energy Standard Reform that met this past fall. Without that process, and the leadership of Chair Sheldon and Vice Chair Sibilila in it, we simply would not be here today discussing a real, clear path towards a stronger, better Renewable Energy Standard.

Renewable energy, and the idea of a Renewable Energy Standard specifically, is something that I have been working on since my first legislative session as an advocate for VPIRG a dozen years ago, and something of course that VPIRG has been working on for longer than that. Throughout that time we have consistently attempted to work to advance policies that would reduce carbon pollution by getting renewable energy built in a cost-effective, affordable way that was not just compatible with, but in fact advanced, a reliable electric system. Those are principles we brought to our work on this fall's working group, and are central to our support for the framework you have heard about this morning.

In my testimony this morning, I am going to focus on three key questions:

Why Renewable Energy Standard reform? - Why now? - Why this framework?

Why Renewable Energy Standard reform?

As we transition to a 21st century energy system, we have to decide as a state whether to shape that future, to plan for it and design what it should look like for us, or to let it happen *to* us. Certainly there are and will continue to be plenty of factors outside our control, but from the perspective of the organization I represent, it makes far more

sense for Vermont to set in motion a plan that drives towards our goals and statutory requirements than to sit back and see what happens. Renewables, and a Renewable Energy Standard, are just one piece of that puzzle – but they're a big one, especially as we electrify more and more of our energy use in the heating and transportation sectors.

We also, obviously, need to do more than we have to date to reduce carbon pollution. Getting new renewable energy built is essential to cutting Vermont's, the region's, and frankly total global emissions. Merely moving around who's using generation that exists today, that would continue to exist regardless of anything we do, does not reduce emissions. That was one point that came out of the analysis done by the Department of Public Service loud and clear – new renewables reduce the total amount of carbon pollution, which is something contracts for old renewables simply do not do.

To be clear, existing renewables absolutely play an important role in our grid, and are an important part of the mix as we work to cut carbon pollution. What we need is a mix, a balance. Contracts for existing renewables provide assurance that they'll be there in the future, and generally do so at a lower cost than building new renewables. It's also worth noting that Vermont utilities have long term contracts for these resources already. Existing renewables have value. They're part of the picture, and we're not looking to change that.

That said, currently in law Vermont utilities are required to get 10% of the power they supply from new, relatively small renewables connected to the Vermont grid by 2032. From our perspective, as we're looking for that mix, that balance across older and new renewables, having 10% of our power come from new renewables that are reducing carbon pollution and the balance coming from resources that are not simply is not sufficient.

Why now?

We are in a moment where electrification of our heating and transportation sectors is accelerating. From that perspective, it's far better to start now than to wait until the pace of that electrification ramps up even further. As an example, a few years ago Vermont was seeing 1,000 or fewer new EVs on our roads each year. Last year, roughly 3,000 new EVs were purchased in Vermont. By the mid-2030s we're probably looking at something like 30-40,000 new EVs being purchased every year.

Modeling done for the climate council indicates if we do sufficient electrification in the transportation and thermal sectors to successfully achieve our carbon pollution

reduction requirements, electric demand will increase by about a third by 2030, and will likely more than double by 2050.

I also want to underscore the incredible opportunity the extension & expansion of tax credits for renewable energy projects under the Inflation Reduction Act brings in this space. Every new renewable system has a 30% federal tax credit available to it, with some able to leverage even more federal funding. Based on the amount of new renewables that would be required under this framework, that represents a funding stream of \$500 million - \$1 billion for the deployment of new renewables, or even more if some larger renewable systems are built in Vermont as well.

Leveraging that funding will reduce the functional cost to deploy these resources. And the clock is ticking on that opportunity. Those tax credits are fully available through 2032, and then phase down in 2033 and 2034 before phasing out entirely in 2035. Put another way, if we start building out more renewables now, we'll be doing a lot of it on the federal government's dime. If we wait, we miss that opportunity.

Why this framework?

- It's going to get new renewables built. A lot of them. Recognizing the specifics are different for different utilities, this path forward will roughly quadruple the new renewables Vermont will be responsible for bringing online over the next ten years.
- It provides flexibility in how and where those renewables are brought online. We absolutely see small and medium scale renewables in Vermont like the ones Tier 2 of the Renewable Energy Standard drives the build out of as a critical piece of the puzzle – and we also see a real value in larger renewables, here in Vermont and from throughout the region, as an important part of the mix. This framework provides an avenue for both of these categories, and by providing the utilities with more flexibility in how they meet the requirements for new renewables than the current Renewable Energy Standard it should allow them to achieve these new requirements at lower relative cost.
- We can get it done now. Every year we wait we're one year further into the climate crisis, and we've lost one more year of federal funding.

I wanted to end by saying that eight months after Act 33 passed, I'm so glad to have had the opportunity to be part of the working group which made this framework possible, and I'm grateful to again be sitting in this committee, which set the wheels in motion to get us this far. I hope our work and the framework you've heard about this morning meets your expectations, and I urge you to support it.