

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Environment and Energy to which was referred House
3 Bill No. 289 entitled “An act relating to the Renewable Energy Standard”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 Sec. 1. 30 V.S.A. § 202b is amended to read:

8 § 202b. STATE COMPREHENSIVE ENERGY PLAN

9 * * *

(b) In developing or updating the Plan’s recommendations, the Department of Public Service shall seek public comment by holding public hearings in at least five different geographic regions of the State on at least three different dates, and by providing and maintaining notice on the Department’s website for at least 21 days before the day of each hearing and providing and maintaining reasonable notice consistent with best practices for public engagement, through publication once a week and at least seven days apart for two or more successive weeks in a newspaper or newspapers of general circulation in the regions where the hearings will be held, and by delivering notices to all licensed commercial radio and television stations with transmitting facilities within the State, plus Vermont Public Radio and Vermont Educational Television. The notice shall include an Internet address where more information regarding the hearings may be viewed.

* * *

(e) The Commissioner of Public Service (Commissioner) shall file an annual report on progress in meeting the goals of the Plan. The report shall address each of the following sectors of energy consumption in the State: electricity, nonelectric fuels for thermal purposes, and transportation. In preparing the report, the Commissioner shall consult with the Secretaries of Administration, of Agriculture, Food and Markets, of Natural Resources, and of Transportation and the Commissioner of Buildings and General Services.

(1) The Commissioner shall file the report on or before January 15 of each year, commencing in 2019. The provisions of 2 V.S.A. § 20(d) shall not apply to this report.

(2) The Commissioner shall file the report with the House Committees on Environment and Energy and Technology and on Natural Resources, Fish, and Wildlife and with the Senate Committees on Finance and on Natural Resources and Energy.

(3) For each sector, the report shall provide:

(A) In millions of British thermal units (MMBTUs) for the most recent calendar year for which data are available, the total amount of energy consumed, the amount of clean and renewable energy consumed, and the percentage of clean and renewable energy consumed. For the electricity sector, the report shall also state the amounts in megawatt hours (MWH) of retail sales and total sales for Vermont as well as for each retail electricity provider and the Vermont and New England summer and winter peak electric demand, including the hour and day of peak demand.

(B) Projections of the energy reductions and shift to clean and renewable energy expected to occur under existing policies, technologies, and markets. The most recent available data shall be used to inform these projections and shall be provided as a supplement to the data described in subdivision (A) of this subdivision (3).

(C) Recommendations of policies to further the clean and renewable energy requirements and goals set forth in statute and the Plan, along with an evaluation of the relative cost-effectiveness and equity-related impacts of different policy approaches.

(4) The report shall include an supplemental analysis setting forth how progress toward the goals of the Plan is supported by complementary work in avoiding or reducing energy consumption through efficiency and demand reduction. In this subdivision (4), “demand reduction” includes dispatchable measures, such as controlling appliances that consume energy, and nondispatchable measures, such as weatherization.

(5) The report shall include recommendations on methods to enhance the process for planning, tracking, and reporting progress toward meeting statutory energy requirements goals and the goals of the Plan. Such recommendations may include the consolidation of one or more periodic reports filed by the Department or other State agencies relating to renewable energy, with proposals for amending the statutes relevant to those reports.

(6) The report shall include a summary of the following information for each sector:

(A) major changes in relevant markets, technologies, and costs;

(B) average Vermont prices compared to the other New England states, based on the most recent available data; and

(C) significant Vermont and federal incentive programs that are relevant to one or more of the sectors.

(7) The report shall include the following information on progress toward meeting the Clean Energy Standard:

(A) An assessment of the costs and benefits of the CES based on the most current available data, including rate and economic impacts, customer savings, technology deployment, greenhouse gas emission reductions achieved both relative to 10 V.S.A. § 578 requirements and societally, fuel price stability, effect on transmission and distribution upgrade costs, and any recommended changes based on this assessment.

- (i) For the most recent calendar year for which data is available, each retail electricity provider's retail sales and total purchases (in MWh), required amounts of clean and renewable energy for each category of the CES as set forth in section 8005 of this title, and amounts of clean and renewable energy and tradeable clean and renewable energy credits eligible to satisfy the requirements of sections 8004 and 8005 of this title actually owned by the Vermont retail electricity providers, expressed as a percentage of retail sales and total MWh purchases.
- (ii) The report shall summarize the energy transformation projects undertaken pursuant to section 8005 of this title, their costs and benefits, their claimed avoided fossil fuel consumption and greenhouse gas emissions, and, if applicable, claimed energy savings.
- (iii) The report shall summarize statewide progress toward achieving each of the categories set forth in section 8005 of this title.
- (iv) The report shall assess how costs and benefits of the CES are being distributed across State, to the extent possible given available data, by retail electricity service territory, municipality, and environmental justice focus populations, as defined by 3 V.S.A. § 6002. Such an assessment should consider metrics to monitor affordability of electric rates.

(B) Projections, looking at least 10 years ahead, of the impacts of the CES.

(i) The Department shall consider at least three scenarios based on high, mid-range, and low energy price forecasts.

(ii) The Department shall provide an opportunity for public comment on the model during its development and make the model and associated documents available on the Department's website.

(iii) The Department shall project, for the State, the impact of the CES in each of the following areas: electric utility rates; total energy consumption; electric energy consumption; fossil fuel consumption; and greenhouse gas emissions. The report shall compare the amount or level in each of these areas with and without the program.

(C) An assessment of whether the requirements of the CES have been met to date, and any recommended changes needed to achieve those requirements.

(D) A summary of the activities of distributed renewable generation programs that support the achievement of the CES, including:

(i) Renewable Energy for Communities Program under section 8005b of this title, including the number of plants participating in the Program, their location, the prices paid for each plant, and the plant capacity and average annual energy generation of the participating plants. The report shall assess how costs and benefits of the program are being distributed across municipalities in the State and environmental justice focus populations, as defined by 3 V.S.A. § 6002. The report shall identify the number of proposals received in the most recent solicitation year, the number of participating plants under contract, the number of participating plants actually in service and the land use impact of those plants. The report shall make recommendations, as relevant, for any program modifications that may be required to ensure equitable access to the program by municipalities, environmental justice focus populations, or any other segment of the State that may be underserved by the program.

(ii) Standard Offer Program under section 8005a of this title, including the number of plants participating in the Program, the prices paid by the Program, and the plant capacity and average annual energy generation of the participating plants. The report shall present this information as totals for all participating plants and by category of renewable energy technology. The report also shall identify the number of applications received, the number of participating plants under contract, and the number of participating plants actually in service.

(iii) the net metering program, including: the current pace of net metering deployment, both statewide and within the service territory of each retail electricity provider; the ownership and transfer of the environmental attributes of energy generated by net metering systems and of any associated tradeable renewable energy credits; and any other information relevant to the costs and benefits of net metering.

(8) The report shall include any recommendations for statutory change related to sections 8004, 8005, 8005a, 8005b, 8010, and 8011 of this title.

(d) During the preparation of reports under this section, the Department shall provide an opportunity for the public to submit relevant information and recommendations.

any activity that occurs under the Vermont Small Hydropower Assistance Program, the Vermont Village Green Program, and the Fuel Efficiency Fund;

10 Sec. 2 30 V.S.A. § 218d is amended to read:

11 § 218d. ALTERNATIVE REGULATION OF ELECTRIC AND NATURAL
12 GAS COMPANIES

10 * * *

11 (n)(1) Notwithstanding subsection (a) of this section and sections 218, 225,
12 226, 227, and 229 of this title, a municipal company formed under local charter
13 or under chapter 79 of this title and an electric cooperative formed under
14 chapter 81 of this title shall be authorized to change its rates for service to its
15 customers if the rate change is:

16 (A) applied to all customers equally;

17 (B) not more than ~~two~~ three percent during any twelve-month period;

18 (C) cumulatively not more than 10 percent from the rates last
19 approved by the Commission; and

20 (D) not going to take effect more than 10 years from the last approval
21 for a rate change from the Commission.

energy plants that are diverse in plant capacity and type of renewable energy technology.

(b) The Commission shall adopt the rules that are necessary to allow the Commission and the Department to implement and supervise programs pursuant to subchapter 1 of this chapter.

4 * * *

2 Sec. 4. 30 V.S.A. § 8002 is amended to read:

3 § 8002. DEFINITIONS

4 As used in this chapter:

(1) “Clean energy” means both Renewable Energy, as defined in this section, as well as electricity produced using a technology that does not emit greenhouse gases as a by-product of energy generation.

(2) “CES” means the Clean Energy Standard established under sections 8004 and 8005 of this title.

(3) “Commission” means the Public Utility Commission under section 3 of this title.

(4) “Commissioned” or “commissioning” means the first time a plant is put into operation following initial construction or modernization if the costs of modernization are at least 50 percent of the costs that would be required to build a new plant including all buildings and structures technically required for the new plant’s operation. However, these terms shall not include activities necessary to establish operational readiness of a plant.

(5) “Community energy system” means a distributed renewable generation system of which the electricity production, or the benefits of the electricity production, is allocated to offset the consumption of ten or more customers or a single municipal, public school, or multi-family affordable housing customer.

(6) “CPI” means the Consumer Price Index for all urban consumers, designated as “CPI-U,” in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

(7) “Customer” means a retail electric consumer.

(8) “Department” means the Department of Public Service under section 1 of this title, unless the context clearly indicates otherwise.

(9) “Distributed renewable generation” means a renewable energy plant with a

plant capacity of five MW or less that is directly connected to the distribution or subtransmission system of a Vermont retail electricity provider.

(10) “Energy conversion efficiency” means the effective use of energy and heat from a combustion process.

(11) “Environmental attributes” means the characteristics of a plant that enable the energy it produces to qualify as clean or renewable energy and include any and all benefits of the plant to the environment such as avoided emissions or other impacts to air, water, or soil that may occur through the plant’s displacement of a non-clean or nonrenewable energy source.

6 (12) “Existing renewable energy” means renewable energy produced by a
7 plant that came into service prior to or on ~~June 30, 2015~~ December 31, 2009.

8 * * *

9 (19) “Net metering” means measuring the difference between the
10 electricity supplied to a customer and the electricity fed back by the customer’s
11 net metering system during the customer’s billing period:

12 (A) ~~using~~ Using a single, non-demand meter or ~~such~~ other meter that
13 would otherwise be applicable to the customer’s usage but for the use of net
14 metering; ~~or.~~

15 (B) ~~if~~ If the system serves more than one customer, using multiple
16 meters. The calculation shall be made by converting all meters to a non-
17 demand, non-time-of-day meter, and equalizing them to the tariffed kWh rate.

18 (20) “Net metering system” means a plant for generation of electricity
19 that:

20 (A) is of ~~no~~ not more than 500 kW capacity;

1 (B) operates in parallel with facilities of the electric distribution
2 system;

3 (C) is intended primarily to offset the customer’s own electricity
4 requirements and does not primarily supply electricity to electric vehicle
5 supply equipment, as defined in section 201 of this title, for the resale of
6 electricity to the public by the kWh or for other retail sales to the public,
7 including those based in whole or in part on a flat fee per charging session or a
8 time-based fee for occupying a parking space while using electric vehicle
9 supply equipment; ~~and~~

10 (D)(i) employs a renewable energy source; or

11 (ii) is a qualified micro-combined heat and power system of 20 kW

12 or fewer that meets the definition of combined heat and power in subsection

13 ~~8015(b) of this title and uses any fuel source that meets air quality standards;~~

14 ~~and~~

15 ~~(E)(1) for a system that files a complete application for a certificate~~

16 ~~of public good after January 1, 2025, except for systems as provided for in~~

17 ~~subdivision (2), generates energy through a single meter that will be used on~~

18 ~~the same parcel as, or a parcel adjacent to, the parcel where the plant is located.~~

19 ~~(2) for a system that files a complete application for a certificate of~~

20 ~~public good after January 1, 2026, if the system that serves a multifamily~~

21 ~~building containing qualified rental units serving low income tenants, as~~

~~1 defined under 32 V.S.A. § 5404a(a)(6), generates energy through a single
2 meter that will be used on the same parcel as, or a parcel adjacent to, the parcel
3 where the plant is located.~~

~~4 (3) For purposes of this subsection (16), two parcels shall be adjacent
5 if they share a property boundary or are adjacent and separated only by a river,
6 stream, railroad line, private road, public highway, or similar intervening
7 landform.~~

8 (21) “New renewable energy” means renewable energy capable of
9 delivery in New England and produced by a specific and identifiable plant
10 coming into service on or after ~~June 30, 2015~~ January 1, 2010, but excluding
11 energy generated by a hydroelectric generation plant with a capacity of 200
12 MW or greater.

13 (A) Energy from within a system of generating plants that includes
14 renewable energy shall not constitute new renewable energy, regardless of
15 whether the system includes specific plants that came or come into service on
16 or after ~~June 30, 2015~~ January 1, 2010.

17 (B) Except as provided in 30 V.S.A. § 8005(c)(3), “New new
18 renewable energy” also may shall include the additional energy from an
19 existing renewable energy plant retrofitted with advanced technologies or
20 otherwise operated, modified, or expanded to increase the kWh output of the
21 plant in excess of an historical baseline established by calculating the average

1 output of that plant for the 10-year period that ended ~~June 30, 2015~~ January 1,
2 2010. If the production of new renewable energy through changes in
3 operations, modification, or expansion involves combustion of the resource,
4 the system also must result in an incrementally higher level of energy
5 conversion efficiency or significantly reduced emissions;

6 (22) “Plant” means an independent technical facility that generates electricity from
renewable energy. A group of facilities, such as wind turbines, shall be considered
one plant if the group is part of the same project and uses common equipment and
infrastructure such as roads, control facilities, and connections to the electric grid.
Common ownership, contiguity in time of construction, and proximity of facilities to
each other shall be relevant to determining whether a group of facilities is part of the
same project. A plant of 15 kW and below located on a residential property for sole
use by the respective residential property owner shall not be considered one plan in
conjunction with another facility.

* * *

(34) “Tradeable zero emissions credits” means all of the environmental attributes
associated with a single unit of energy generated by a clean energy source where:

(A) those attributes are transferred or recorded separately from that unit of
energy;

(B) the party claiming ownership of the tradeable zero emissions credits has
acquired the exclusive legal ownership of all, and not less than all, the environmental
attributes associated with that unit of energy; and

(C) exclusive legal ownership can be verified through an auditable contract path
or pursuant to the system established or authorized by the Commission or any program
for tracking and verification of the ownership of environmental attributes of energy
legally recognized in any state and approved by the Commission.

* * *

6
7 (25) “Customer with low-income” means a person purchasing energy

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8 from a retail electricity provider and with an income that is less than or equal
9 to 80 percent of area median income, adjusted for family size as published
10 annually by the U.S. Department of Housing and Urban Development.

11 * * *

12 (31) “Load” means the total amount of electricity utilized by a retail
13 electricity provider over a 12-month calendar year period, including its retail
14 electric sales, any use by the provider itself not included in retail sales, and
15 transmission and distribution line losses associated with and allocated to the
16 retail electricity provider; provided, however, that prior to January 1, 2025,

17 load means a provider’s annual retail electric sales. Load does not include net-metered
generation either from systems for which the renewable energy credits have been assigned to
the provider by a customer or from systems for which completed certificate of public good
applications were filed with the Commission before January 1, 2017.

18 (32) “Load growth” means the increase above a baseline year in a retail
19 electricity provider’s load.

20 Sec. 3. 30 V.S.A. § 8004 is amended to read:

21 § 8004. SALES OF ELECTRIC ENERGY; **RENEWABLE CLEAN** ENERGY

1 STANDARD (RES)

2 ***

(a) ~~Establishment~~Expansion; requirements. The RES is ~~established~~expanded and becomes a CES. Under this program, a retail electricity provider shall not sell or otherwise provide or offer to sell or provide electricity in the State of Vermont without ownership of sufficient energy produced by clean and renewable energy plants or sufficient tradeable renewable energy and zero emissions credits from plants whose energy is capable of delivery in New England that reflect the required amounts of clean and renewable energy set forth in section 8005 of this title or without support of energy transformation projects in accordance with that section. A retail electricity provider may meet the required amounts of clean and renewable energy through eligible tradeable renewable energy and zero emissions credits that it owns and retires, eligible renewable energy resources with environmental attributes still attached, or a combination of those credits and resources.

(b) Rules. The Commission shall ~~adopt~~update the rules that are necessary to allow the Commission and the Department to implement and supervise further the implementation and maintenance of the RCES.

(c) RECS and ZECs; banking. The Commission shall allow a provider that has met the required amount of renewable energy in a given year, commencing with 2017, to retain tradeable renewable energy or zero emissions credits created or purchased in excess of that amount for application to the provider's required amount of renewable or clean energy in one of the following three years.

3 (d) Alternative compliance payment. In lieu of purchasing renewable
4 energy or tradeable renewable energy or zero emissions credits or supporting energy
5 transformation projects to satisfy the requirements of this section and section
6 8005 of this title, a retail electricity provider in this State may pay to the
7 Vermont Clean Energy Development Fund established under section 8015 of
8 this title an alternative compliance payment at the applicable rate set forth in
9 section 8005. The Vermont Clean Energy Development Fund shall use the
10 payment from a retail electricity provider electing to make an alternative
11 compliance payment to satisfy its obligations under 8005(a)(1), 8005(a)(2).

12 8005(a)(4), and 8005(a)(5) of this title for the development of renewable
13 energy plants within the provider’s service territory that are intended to serve
14 and benefit customers with low-income. The Vermont Clean Energy Development
Fund may accumulate alternative compliance payments from each retail electricity
provider until the balance available is sufficient to incentivize development of
renewable energy plants.

15 * * *

16 Sec. 4. 30 V.S.A. § 8005 is amended to read:

17 § 8005. RCES CATEGORIES

18 (a) Categories. This section specifies three five three categories of required
19 resources to meet the requirements of the RCES established in section 8004 of
20 this title: total renewable clean energy, distributed new renewable generation, and
and energy
21 transformation, new renewable energy, and load growth renewable energy.

1 ~~The requirements contained in this section set forth the minimum statutory~~
2 ~~requirements under the RES. In order to support progress toward Vermont's~~
3 ~~climate goals and requirements, a provider may, but shall not be required to,~~
4 ~~exceed the statutorily required amounts under this section.~~

5 (1) Total clean and renewable energy.

6 ~~***~~

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

8 (B) Required amounts. The amounts of total renewable clean energy
9 required by this subsection shall be ~~55~~ 63 percent of each retail electricity
10 provider's annual ~~retail electric sales~~ load during the year beginning on
10 January 1, ~~2017~~ 2025, increasing by at least an additional ~~four~~ 6.17 percent each
11 ~~third~~ January 1 thereafter, until reaching ~~75~~ 100 percent.

12 ~~(i)~~ (i) on and after January 1, ~~2032~~ 2035 for a retail electricity
13 provider who serves a single customer that takes service at 115 kilovolts and
14 each municipal retail electricity provider formed under local charter or chapter
15 79 of this title; and

16 ~~(ii)~~ (ii) on and after January 1, ~~2030~~, for all other retail electricity

~~providers. The amount of total renewable energy required by this subsection shall be 55 percent of each retail electricity provider's annual electricity purchases during the year beginning on January 1, 2017, increasing by an additional 4% each third January 1 thereafter, until reaching 75% on and after January 1, 2032.~~

- 17 (C) Relationship to other categories. ~~Distributed New~~ renewable
18 generation used to meet the requirements of subdivision (2) of this subsection
19 (a). ~~new renewable energy under subdivision (4) of this subsection, and load~~
20 ~~growth renewable generation under subdivision (5) of this subsection~~ shall also

1 count toward the requirements of this subdivision. However, an energy
2 transformation project under subdivision (3) of this subsection shall not count
3 toward the requirements of this subdivision.

4 (D) Municipal providers; petition. On petition by a provider that is a
5 municipal electric utility serving not more than ~~6,000~~ 7,000 customers, the
6 Commission may reduce the provider's required amount under this subdivision
7 (1) for a period of up to three years. The Commission may approve one such
8 period only for a municipal provider. The Commission may reduce this
9 required amount if it finds that:

10 * * *

11 (2) ~~Distributed New~~ renewable generation.

11 * * *

12 (A) Purpose; establishment. This subdivision establishes a ~~distributed new~~
renewable generation category for the RCES. This category encourages the
use of ~~distributed new renewable generation to support the reliability of the~~
~~State's electric system; reduce line losses; contribute to avoiding or~~
~~deferring improvements to that system necessitated by transmission or~~
~~distribution constraints; and diversify the size and type of resources~~
~~connected to that system. This category requires the use of renewable~~
~~energy for these purposes to reduce environmental and health impacts from~~
~~air emissions that would result from using other forms of generation.~~

(B) Eligible resources. New renewable energy and distributed renewable
generation, as defined in 30 V.S.A. § 8002, shall be eligible to meet this category. In
addition:

(i) For a retail provider that is a municipal or cooperative electric utility, a
hydroelectric or landfill gas renewable energy plant that is owned and operated
by the municipal or cooperative electric utility as of January 1, 2024, including
any future modifications, shall eligible to meet the distributed renewable
generation carveout.

(ii) For a self-managed electric utility, a plant of any size that is located on the property of the self-managed electric utility shall be eligible to meet the distributed renewable generation carveout.

13 Definition. As used in this section, “distributed renewable

14 generation” means one of the following:

15 (i) a renewable energy plant that is new renewable energy; has a

16 plant capacity of five MW or less; and

17 (ii) is one of the following:

18 (I) new renewable energy;

19 (II) a hydroelectric renewable energy plant that is, on or before

20 January 1, 2024, owned and operated by a municipal electric utility formed

21 under local charter or chapter 79 of this title, as of January 1, 2020, including

1 ~~future plant modifications that do not cause the capacity of such a plant to~~
2 ~~exceed five MW; or~~
3 ~~(III) a hydroelectric renewable energy plant that is, on or before~~
4 ~~January 1, 2024, owned and operated by a retail electricity provider that is not~~
5 ~~a municipal electric utility, provided such plant is and continues to be certified~~
6 ~~by the Low Impact Hydropower Institute. Plants owned by such utilities on or~~
7 ~~before January 1, 2024, which are later certified by the Low Impact~~
8 ~~Hydropower Institute, and continue to be certified shall be eligible under this~~
9 ~~subdivision from the date of certification. Any future modifications that do not~~
10 ~~cause the capacity of such a plant to exceed five MW shall also be eligible~~
11 ~~under this subdivision; and~~
12 ~~(iii) is one of the following:~~
13 ~~(I) is directly connected to the subtransmission or distribution~~
14 ~~system of a Vermont retail electricity provider; or~~
15 ~~(II) is directly connected to the transmission system of an~~
16 ~~electric company required to submit a Transmission System Plan under~~
17 ~~subsection 218c(d) of this title, if the plant is part of a plan approved by the~~
18 ~~Commission to avoid or defer a transmission system improvement needed to~~
19 ~~address a transmission system reliability deficiency identified and analyzed in~~
20 ~~that Plan; or~~

1 ~~_____ (ii)(III) is a net metering system approved under the former~~
2 ~~_____ section 219a or under section 8010 of this title if the system is new renewable~~
3 ~~_____ energy and the interconnecting retail electricity provider owns and retires the~~
4 ~~_____ system's environmental attributes.~~

5 (C) Required amounts. The required amounts of ~~distributed new~~
6 renewable generation shall be ~~one 5.2~~ percent of each retail electricity provider's
7 annual ~~retail electric sales load~~ during the year beginning January 1, ~~2017~~~~24~~,
8 ~~_____~~ increasing by ~~at least~~ an additional ~~three-fifths of a 2.25~~ percent ~~until January 1,~~
9 ~~_____ 2025, then:~~

10 ~~_____ (i) increasing by at least an additional one and a half percent~~ each
11 ~~_____ subsequent January 1 until reaching ~~10 20 30~~ percent on and after January 1, 2035.~~
12 ~~_____ for a retail electricity provider who serves a single customer that takes service~~
13 ~~_____ at 115 kilovolts and each municipal electric utility formed under local charter~~
14 ~~_____ or chapter 79 of this title; and~~

15 ~~_____ (ii) increasing by at least an additional two percent each~~
16 ~~_____ subsequent January 1 until reaching 20 percent on and after January 1, 2032~~

~~_____ for all other retail electricity providers. The provisions of this subdivision shall~~
~~not apply to a retail electricity provider that meets the requirements of subdivision (b)(1)~~
~~of this section.~~

~~_____ (i) Distributed renewable generation carveout. No less than half of~~
~~the required amounts of new renewable generation shall come from~~
~~distributed renewable energy plants.~~

17 ~~_____~~

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

1 ~~greater than five MW to satisfy the distributed renewable generation~~
2 ~~requirement if the plant would qualify as distributed renewable generation but~~
3 ~~for its plant capacity and when the provider demonstrates either that:~~
4 ~~(i) it is unable during that a given year to meet the requirement~~
5 ~~solely with qualifying renewable energy plants of five MW or less. To~~
6 ~~demonstrate this inability, the provider shall issue one or more requests for~~
7 ~~proposals, and show that it is unable to obtain sufficient ownership of~~
8 ~~environmental attributes to meet its required amount under this subdivision (2)~~
9 ~~for that year from:~~
10 ~~(i)(I) the construction and interconnection to its system of~~
11 ~~distributed renewable generation that is consistent with its approved least cost~~
12 ~~integrated resource plan under section 218c of this title at a cost less than or~~
13 ~~equal to the sum of the applicable alternative compliance payment rate and the~~
14 ~~applicable rates published by the Department under the Commission's rules~~
15 ~~implementing subdivision 209(a)(8) of this title; and~~
16 ~~(ii)(II) purchase of tradeable renewable energy credits for~~
17 ~~distributed renewable generation at a cost that is less than the applicable~~
18 ~~alternative compliance rate; or~~
19 ~~(ii) it has only one retail electricity customer who takes service at~~
20 ~~115 kilovolts on property owned or controlled by the customer as of January 1,~~

~~1 2024. Such a provider may seek leave under subdivision (D) for a period
2 greater than a given year.~~

3 (3) Energy transformation.

4 A) Purpose; establishment. This subdivision establishes an energy transformation
category for the RCES. This category encourages Vermont retail electricity providers
to support additional distributed renewable generation or to support other projects to
reduce fossil fuel consumed by their customers and the emission of greenhouse gases
attributable to that consumption. A retail electricity provider may satisfy the energy
transformation requirement through distributed renewable generation in addition to
the generation used to satisfy subdivision (2) of this subsection (a) or energy
transformation projects or a combination of such generation and projects.

4 * * *

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

19 ~~required amounts, up to and including procuring all available energy~~

20 ~~transformation category projects and measures. The Commission shall not~~

21 ~~hold imprudent any retail electricity provider expenditure to support energy~~

1 ~~transformation projects or measures, based on the expenditure being above and~~
2 ~~beyond what is statutorily required, provided the projects and measures~~
3 ~~otherwise comply with statute and Commission rules.~~

4 * * *

5 ~~(4) New renewable energy.~~

6 ~~(A) Purpose; establishment. This subdivision (4) establishes a new~~
7 ~~regional renewable energy category for the RES. This category encourages the~~
8 ~~use of new renewable generation to support the reliability of the regional ISO-~~
9 ~~NE electric system. To satisfy this requirement, a provider shall use new~~
10 ~~renewable energy with environmental attributes attached or any class of~~
11 ~~tradeable renewable energy credits generated by any renewable energy plant~~
12 ~~coming into service after January 1, 2010 whose energy is capable of delivery~~
13 ~~in New England.~~

14 ~~(B) Required amounts and exemption. A retail electricity provider~~
15 ~~that is 100 percent renewable under subdivision (b)(1) of this section shall be~~
16 ~~exempt from any requirement for new renewable energy under this~~
17 ~~subdivision (4). For all other providers, the amount of new renewable energy~~
18 ~~required by this subsection (a) shall be:~~

19 ~~(i) For a retail electricity provider with 75,000 or more customers,~~
20 ~~the following percentages of each provider's annual load:~~

21 ~~(I) four percent beginning on January 1, 2027.~~

1 ~~(II) 10 percent beginning on January 1, 2030.~~
2 ~~(III) 15 percent on and after January 1, 2032.~~
3 ~~(IV) 20 percent on and after January 1, 2035. If the~~
4 ~~Commission determines in the report required under subdivision 8005b(b)(4)~~
5 ~~of this title that it is reasonable to expect that there will be sufficient new~~
6 ~~regional renewable resources available for a provider to meet its requirement~~
7 ~~under this subdivision (4) at or below the alternative compliance payment rate~~
8 ~~laid out in subdivision 8005(5)(iii) of this title during a year beginning prior to~~
9 ~~January 1, 2035, the Commission shall require that provider to meet its~~
10 ~~requirement under this subdivision (4) in the earliest year the Commission~~
11 ~~determines it can, provided that the provider shall not be required to meet that~~
12 ~~requirement prior to the year starting January 1, 2032.~~
13 ~~(ii) For a retail electricity provider with less than 75,000~~
14 ~~customers, the following percentages of each provider's annual load:~~
15 ~~(I) five percent beginning on January 1, 2030; and~~
16 ~~(II) 10 Percent on and after January 1, 2035.~~
17 ~~(C) Relationship to other categories. Distributed renewable~~
18 ~~generation used to meet the requirements of subdivision (2) of this subsection~~
19 ~~(a) shall not also count toward the requirements of this subdivision (4). An~~
20 ~~energy transformation project under subdivision (3) of this subsection (a) shall~~
21 ~~not count toward the requirements of this subdivision (4).~~

1 ~~(D) Single customer provider. If a retail electricity provider with one~~
2 ~~customer taking service at 115 kilovolts has not satisfied the distributed~~
3 ~~renewable generation requirements of subdivision (2) of this subsection (a) on~~
4 ~~property owned or controlled by the customer as of January 1, 2024, and the~~
5 ~~cost of additional distributed renewable generation would be at or above the~~
6 ~~alternative compliance payment rate for the distributed renewable generation~~
7 ~~category or meeting that requirement with new renewable energy on its~~
8 ~~property would be economically infeasible, that provider may satisfy the~~
9 ~~requirements of subdivision (2) of this subsection (a) with an equivalent~~
10 ~~amount of increased new renewable energy as defined in this subdivision (4)~~
11 ~~provided that the cost of additional distributed renewable generation would be~~
12 ~~at or below the alternative compliance payment rate for the distributed~~
13 ~~renewable generation category or economically infeasible.~~
14 ~~(5) Load growth; retail electricity providers; 100 percent renewable.~~
15 ~~(A) For any retail electricity provider that is 100 percent renewable~~
16 ~~under subdivision (b)(1) of this section that provider shall meet its load growth~~
17 ~~above its 2024 calendar year load, with at least the following percentages of~~
18 ~~new renewable energy or any renewable energy eligible under subdivision~~
19 ~~(a)(2) of this subsection:~~
20 ~~(i) 50 percent beginning on January 1, 2025;~~
21 ~~(ii) 75 percent on and after January 1, 2026;~~

1 ~~(iii) 90 percent on and after January 1, 2027;~~

2 ~~(iv) 100 percent on and after January 1, 2028 until the provider's~~

3 ~~annual load exceeds 135 percent of the provider's 2022 annual load, at which~~

4 ~~point the provider shall meet its additional load growth with at least 50 percent~~

5 ~~new renewable energy until 2035; and~~

6 ~~(v) 75 percent on and after January 1, 2035.~~

7 ~~(B) For a retail electricity provider with 75,000 or more customers,~~

8 ~~and for each provider, excluding any provider that is 100 percent renewable~~

9 ~~under subdivision (b)(1), that is a member of the Vermont Public Power~~

10 ~~Supply Authority or its successor, that provider shall meet its load growth~~

11 ~~above its 2035 calendar year load with 100 percent new renewable energy,~~

12 ~~which shall include the required amounts of distributed renewable generation~~

13 ~~as applicable to the provider under subdivision (2) of this subsection (a).~~

14 ~~(C) On petition of a retail electricity provider subject to the load~~

15 ~~growth requirements in subdivision (5)(A) of this subsection (a), the~~

16 ~~Commission may for a given year allow the provider to employ existing~~

17 ~~renewable energy with environmental attributes attached or tradeable~~

18 ~~renewable energy credits from an existing renewable energy plant to satisfy~~

19 ~~part or all of the load growth requirement if the provider demonstrates that,~~

20 ~~after making every reasonable effort, it is unable during that year to meet the~~

1 requirement with energy with environmental attributes attached or tradeable

2 renewable energy credits from qualifying new renewable energy plants.

3 (i) To demonstrate this inability, the provider shall at a minimum

4 timely issue one or more subsequent requests for proposals or transactions and

5 any additional solicitations as necessary to show that it is unable to obtain

6 sufficient ownership of environmental attributes from new renewable energy to

7 meet its required amount under this subdivision at a cost that is less than or

8 equal to the applicable alternative compliance rate for the load growth

9 category.

10 (ii) In the event the provider is able to meet a portion, but not all,

11 of its load growth requirement in a calendar year with attributes from new

12 renewable energy at a cost that is less than or equal to the applicable

13 alternative compliance rate for the load growth category, the Commission shall

14 allow the provider to use existing renewables only for that portion of its

15 requirement that it is unable to meet with new renewable energy.

16 (iii) In the event that the provider is unable to meet its load growth

17 requirement with a combination of attributes from new renewable energy and

18 existing renewable energy at a cost that is less than or equal to the alternative

19 compliance rate laid out in subdivision (6) in this subsection (a), the

20 Commission shall require the provider to meet the remainder of its requirement

1 ~~under this subdivision by paying the alternative compliance rate for the load~~
2 ~~growth category.~~

3 ~~(D) Notwithstanding any provision of law to the contrary, any~~

4 ~~additional energy available to a retail electricity provider that is 100 percent~~

5 ~~renewable under section 8005(b)(1) of this title under agreements approved or~~

6 ~~authorized by the Public Utility Commission in its April 15, 2011 Order issued~~

7 ~~in Docket No. 7670, Petition of twenty Vermont utilities and Vermont Public~~

8 ~~Power Supply Authority requesting authorization for the purchase of 218 MW~~

9 ~~to 225 MW of electricity shall also be eligible to meet the requirements laid~~

10 ~~out in 8005(a)(5)(A), provided that such additional energy does not exceed~~

11 ~~2MW, and further provided that a retail electricity provider exercises its right~~

12 ~~to such energy on or before January 1, 2028 and for no longer than through~~

13 ~~December 31, 2038.~~

14 (6) Alternative compliance rates.

15 (A) The alternative compliance payment rates for the categories

16 established by ~~subdivisions (1)–(3) of~~ this subsection (a) shall be:

17 (i) total ~~clean and~~ renewable energy requirement — \$0.01 per kWh; and

18 (ii) ~~distributed new~~ renewable generation and energy transformation

19 requirements — \$0.06 per kWh.

20 ~~(B) The Commission shall adjust these rates for inflation annually~~

21 ~~commencing January 1, 2018, using the CPI.~~

~~1 (B) For the new renewable energy and load growth requirements, it
2 shall be \$0.04 per kWh annually commencing on January 1, 2025, with
3 calculations for inflation beginning on January 1, 2023.~~

~~4 (C) The Commission shall have the authority to adjust the alternative
5 compliance payment rate for the new renewable energy and load growth
6 requirements differently than the rate of inflation in order to minimize
7 discrepancies between this rate and alternative compliance payments for
8 similar classes in other New England states and to increase the likelihood that
9 Vermont retail electricity providers cost effectively achieve these
10 requirements, if it determines doing so is consistent with State energy policy
11 under section 202a of this title.~~

12 (b) Reduced amounts; providers; 100 percent renewable.

13 (1) The provisions of this subsection shall apply to a retail electricity
14 provider that:

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

20 (B) annually each July 1 commencing in 2018, owns and has retired
21 tradeable renewable energy credits monitored and traded on the New England

1 Generation Information System or otherwise approved by the Commission
2 equivalent to 100 percent of the provider's total **retail sales** of electricity for the
3 previous calendar year.

4 ~~(2) For a provider meeting the requirements of subdivision (1) of this subsection, the~~
~~new renewable generation requirement only applies to the volume of electricity~~
~~purchased in excess of a baseline set in Calendar Year 2024. In addition, aA provider~~
~~meeting the requirements of subdivision (1) of this subsection may:~~

5 (A) satisfy the distributed renewable generation ~~requirement~~ carveout of this section
by accepting net metering systems within its service territory pursuant to the
provisions of this title that govern net metering and pursuant to the provisions of this
title that govern the Renewable Energy for Communities Program; and

6

4 * * *

5 (c) Biomass.

6 (1) ~~Distributed New~~ renewable generation that employs biomass to produce
7 electricity shall be eligible to count toward a provider's ~~distributed new~~ renewable
8 generation or energy transformation requirement only if the plant satisfies the
9 requirements of subdivision (3) of this subsection and produces both electricity
10 and thermal energy from the same biomass fuel and the majority of the energy
11 recovered from the plant is thermal energy.

12 (2) ~~Distributed New~~ renewable generation and energy transformation projects
13 that employ forest biomass to produce energy shall comply with renewability
14 standards adopted by the Commissioner of Forests, Parks and Recreation under

15 10 V.S.A. § 2751. ~~Energy transformation projects that use wood feedstock,~~

16 ~~except for noncommercial applications, that are eligible at the time of project~~

17 — ~~commissioning to meet the renewability standards adopted by the~~

18 — ~~Commissioner of Forests, Parks and Recreation do not lose eligibility due to a~~

19 — ~~subsequent change in the renewability standards after the project~~

20 — ~~commissioning date.~~

1 (3) No new wood biomass electricity generation facility or wood
2 biomass combined heat and power facility coming into service after January 1,
3 2023, shall be eligible to satisfy any requirements of this section and section
4 8004 of this title unless that facility achieves 60 percent overall efficiency and
5 at least a 50 percent net lifecycle greenhouse gas emissions reduction relative
6 to the lifecycle emissions from the combined operation of a new combined-
7 cycle natural gas plant using the most efficient commercially available
8 technology. Any energy generation using wood feedstock from an existing
9 wood biomass electric generation facility placed in service prior to January 1,
10 2023, remains eligible to satisfy any requirements of this section and section
11 8004 of this title. Changes to wood biomass electric facilities that were placed
12 in service prior to January 1, 2023, including converting to a combined heat
13 and power facility, adding or modifying a district energy system, replacing
14 electric generation equipment, or repowering the facility with updated or
15 different electric generation technologies, do not change the in service date for
16 the facility, or affect its eligibility to satisfy the requirements of this section
17 and section 8004 of this title, or qualify it as new renewable energy.

18 (d) Hydropower. A hydroelectric renewable energy plant, **that is not**
19 **owned by a retail electricity provider,** shall be eligible to satisfy the distributed
20 renewable generation or energy transformation requirement only if, in addition
21 to meeting the definition of distributed renewable generation, the plant:

1 (1) is and continues to be certified by the Low-impact Hydropower
2 Institute; or

3 (2) after January 1, 1987, received a water quality certification pursuant
4 to 33 U.S.C. § 1341 from the Agency of Natural Resources.

5 Sec. 5. 30 V.S.A. § 8005b is amended to read:

6 § 8005b. ~~RENEWABLE ENERGY PROGRAMS; REPORTS~~ **RENEWABLE ENERGY FOR COMMUNITIES PROGRAM**

(A) Establishment. A Renewable Energy for Communities Program is established. To achieve the goals of section § 8005(a)(2) of this title, retail electricity providers shall issue periodic solicitations for new distributed renewable energy plants that meet the eligibility requirements of § 8005(a)(2), pursuant to rules developed by the Commission.

(B) Eligible resources. Distributed renewable generation and community energy systems, as defined in 30 V.S.A. § 8002, shall be eligible to participate in this program.

(C) Required solicitation amounts. On a schedule to be developed by the Commission, each retail electricity provider with an obligation under § 8005(a)(2) shall issue a solicitation for community energy systems and other distributed generation to benefit communities. The procurement shall be for up to a provider's pro rata share of 80 MW beginning in calendar year 2025 and continuing through 2032. A retail electric provider may issue procurements for more than its annual pro rata share and apply procured energy to future solicitations. Coordinated and jointly issued solicitations shall be encouraged. Each retail electric provider shall review projects in their service territory according to a set of consistent core criteria as approved by the Commission and consistent with the objectives set forth in this subdivision.

(i) 100% renewable energy providers share of the solicitation may be limited by the Commission to an amount equal to the provider's requirement to meet distributed generation with load growth above the baseline year of 2024.

(D) Objectives. It shall be the objective of the Renewable Energy for Communities Program to develop distributed generation at least-cost to ratepayers that is directed by, developed in consultation with, and directly benefits communities by:

(i) Delivering benefits from renewable energy systems to customers who have historically been marginalized or faced inequitable access to the benefits of renewable energy, including environmental justice focus populations as defined

(ii) Supporting community participation in the development and governance of distributed renewable generation; and/or

(iii) Supporting the delivery of benefits to tenants of buildings that are designated as affordable housing; and/or

(iv) Supporting the delivery of benefits to school and municipal owned buildings; and

(v) Advancing other priority issues as identified during program development as detailed under section 8005b(F) of this title.

(E) Program Development. By August 1, 2024 the Department of Public Service shall initiate a process to develop a proposed Renewable Energy for Communities Program structure.

(i) Such a process shall:

(a) Recommend principles to guide the development of community energy systems and other distributed generation to benefit communities and consider whether additional objectives for the program as defined under 8005b(F) are necessary.

(b) Recommend the appropriate method for compensating community energy systems and other distributed generation to benefit communities and methods to minimize cost-shifting to other utility customers. This shall include identification of, and consideration of additional incentives for, specific customers who have previously experienced inequitable access to the benefits of renewable energy, and determine any minimum requirement for those projects procured under this program for serving those specific customers.

(c) Recommend a set of consistent review criteria to be used by all retail electricity providers in solicitations for community energy systems and other distributed generation to benefit communities considering issues such as (but not limited to) community support and/or engagement while developing the proposal, potential for local workforce development and other community benefits to be delivered to the host community, location of the project including whether it is identified as a preferred location in a regional or municipal enhanced energy plan pursuant to 24 V.S.A. 4352, and anticipated generation profile.

(d) Identify reporting requirements and necessary metrics to monitor how benefits and burdens from the program are distributed across ratepayers.

(e) Consider other issues as identified throughout the process.

(ii) In developing the Renewable Energy for Communities Program, the Department of Public Service shall:

(A) Consult with individuals representing a diverse array of perspectives, including representation from industry, retail electric providers, environmental advocates, state agencies, regional and local governments, and historically underrepresented customer populations.

(B) At minimum, engage with communities identified as environmental justice focus populations under 3 V.S.A. § 6002, municipalities experiencing high energy burden as identified by Efficiency Vermont's 2023 Energy Burden Report, renters, and multifamily affordable housing representatives.

(iii) By no later than April 1, 2025 the Department of Public Service shall publish recommendations for the program structure and petition the Public Utility Commission to open a proceeding to implement the Renewable Energy for Communities Program.

(iv) The Department of Public Service may use its authority under 30 V.S.A §20 and 21 as may be necessary to support engagement and technical analysis necessary to develop the Renewable Energy for Communities Program structure. Funding may be used to support per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for members of the Advisory Group who are not otherwise compensated by their employer.

(3) The Commission shall adopt by rule or Order program design that supports the Renewable Energy for Communities Program substantially informed by the proposal submitted by the Public Service Department.

7

8 (a) The Department shall file reports with the General Assembly in

9 accordance with this section.

10 (1) The House Committees on Commerce and Economic Development

11 and on Energy and Technology Environment and Energy and the Senate

12 Committees on Economic Development, Housing and General Affairs, on

13 Finance, and on Natural Resources and Energy each shall receive a copy of

14 these reports.

14 ~~***~~

15 ~~(b) The annual report under this section shall include at least each of the~~
16 ~~following:~~

17 ~~(1) An assessment of the costs and benefits of the RES based on the~~
18 ~~most current available data, including rate and economic impacts, customer~~
19 ~~savings, technology deployment, greenhouse gas emission reductions actually~~
20 ~~achieved, fuel price stability, effect on transmission and distribution upgrade~~
21 ~~costs, and any recommended changes based on this assessment.~~

1 (2) Projections, looking at least 10 years ahead, of the impacts of the
2 RES.

3 (A) The Department shall employ an economic model to make these
4 projections, to be known as the Consolidated RES Model, and shall consider at
5 least three scenarios based on high, mid-range, and low energy price forecasts.

6 (B) The Department shall make the model and associated documents
7 available on the Department's website.

8 (C) In preparing these projections, the Department shall:

9 (i) characterize each of the model's assumptions according to level
10 of certainty, with the levels being high, medium, and low; and

11 (ii) provide an opportunity for public comment.

12 (D) The Department shall project, for the State, the impact of the
13 RES in each of the following areas: electric utility rates; total energy
14 consumption; electric energy consumption; fossil fuel consumption; and
15 greenhouse gas emissions. The report shall compare the amount or level in
16 each of these areas with and without the program.

17 (3) An assessment of whether the requirements of the RES have been
18 met to date, and any recommended changes needed to achieve those
19 requirements.

20 (4) The annual report due in 2029 under this subsection (b) shall be
21 prepared in consultation with and issued jointly with the Commission as part of

1 a proceeding before the Commission with opportunities for participation by the
2 retail electricity providers, Vermont Public Power Supply Authority,
3 Renewable Energy Vermont, and other members of the public. In addition to
4 the information considered in subdivisions (1) through (3) of this subsection,
5 this component of the annual report shall also consider whether it is reasonable
6 to expect that there will be sufficient new regional renewable resources
7 available for a retail electricity provider with 75,000 or more customers to
8 meet its requirement under subdivision 8005(4)(B)(i)(III) of this title at or
9 below the alternative compliance payment rate for the new renewable
10 generation category of section 8005 of this title during the year beginning on
11 January 1, 2032, or during the years beginning on January 1, 2033 or January
12 1, 2034. The Commission shall not be required to issue this report in a
13 contested case under 3 V.S.A. chapter 25. Notwithstanding the timeline
14 specified in 30 V.S.A. 202b (e)(1), the Commission shall file this annual report
15 on or before December 15, 2028.

16 ***

17 Sec. X. 30 V.S.A. § 8006 is amended to read:

18 § 8006. TRADEABLE CREDITS; ENVIRONMENTAL ATTRIBUTES;
19 RECOGNITION, MONITORING, AND DISCLOSURE

(a) The Commission shall establish or adopt amend and expand its a system of
tradeable renewable energy credits for renewable resources that may be earned by
electric generation qualifying for the prior RES to include clean energy generation.
The system shall recognize tradeable clean and 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 clean and 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.

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

21

17 Sec. 6. 30 V.S.A. § 8006a is amended to read:

18 § 8006a. GREENHOUSE GAS REDUCTION CREDITS

19 (a) Standard offer adjustment. In accordance with this section, greenhouse

20 gas reduction credits generated by an eligible ratepayer shall result in an

21 adjustment of the standard offer under subdivision 8005a(c)(1) of this title

1 (cumulative capacity; pace) or may be utilized by a retail electricity provider
2 that serves a single customer that takes service at 115 kilovolts to meet the
3 energy transformation requirements under subdivision 8005(a)(3)(D) of this
4 title. For the purpose of adjusting the standard offer under subdivision
5 8005a(c)(1) of this title or energy transformation requirements under
6 subdivision 8005(a)(3)(D) of this title, the amount of a year’s greenhouse gas
7 reduction credits shall be the lesser of the following:

8 (1) The amount of greenhouse gas reduction credits created by ~~the~~ an
9 eligible ratepayer ~~ratepayer~~ served by ~~all providers~~ an eligible provider.

10 (2) The ~~providers’~~ eligible provider’s annual ~~retail electric sales load~~
11 during that year to those eligible ratepayers creating greenhouse gas reduction
12 credits.

13 (b) Definitions. ~~In~~ As used in this section:

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

20 (2) “Eligible provider” means a Vermont retail electricity provider who
21 serves a single customer that takes service at 115 kilovolts.

1 (3) “Eligible reduction” means a reduction in non-energy-related
2 greenhouse gas emissions from manufacturing processes at an in-state facility
3 of an eligible ratepayer, provided that each of the following applies:

4 (A) The reduction results from a specific project undertaken by the
5 eligible ratepayer at the in-state facility after January 1, ~~2012~~ 2023.

6 (B) The specific project reduces or avoids greenhouse gas emissions
7 above and beyond any reductions of such emissions required by federal and
8 State statutes and rules.

9 (C) The reductions are quantifiable and verified by an independent
10 third party as approved by the Agency of Natural Resources and the
11 Commission. Such independent third parties shall be certified by a body
12 accredited by the American National Standards Institute (ANSI) as having a
13 certification program that meets the ISO standards applicable to verification
14 and validation of greenhouse gas assertions. The independent third party shall
15 use methodologies specified under 40 C.F.R. part 98 and U.S. Environmental
16 Protection Agency greenhouse gas emissions factors and global warming
17 potential figures to quantify and verify reductions in all cases where those
18 factors and figures are available.

19 ~~(3)~~(4) “Greenhouse gas” ~~shall be as defined under~~ has the same meaning
20 as in 10 V.S.A. § 552.

1 ~~(4)~~(5) “Greenhouse gas reduction credit” means a credit for eligible
2 reductions, calculated in accordance with subsection (c) of this section and
3 expressed as a ~~kWh~~ credit eligible under subdivision 8005a(c)(1) of this title,
4 or as a credit eligible under subdivision 8005(a)(3)(D) of this title.

5 (c) Calculation. Greenhouse gas reduction credits shall be calculated as
6 follows:

7 (1) Eligible reductions shall be quantified in metric tons of CO₂
8 equivalent, in accordance with the methodologies specified under 40 C.F.R.
9 part 98, and using U.S. Environmental Protection Agency greenhouse gas
10 emissions factors and global warming potential figures, and may shall be
11 counted annually for the life of the specific project that resulted in the
12 reduction. A project that converts a gas with a high global warming potential
13 into a gas with relatively lower global warming potential shall be eligible if the
14 conversion produces a CO₂ equivalent reduction on an annual basis.

15 (2) Metric tons of CO₂ equivalent quantified under subdivision (1) of
16 this subsection shall be converted into units of energy through calculation of
17 the equivalent number of kWh of generation by renewable energy plants, other
18 than biomass, that would be required to achieve the same level of greenhouse
19 gas emission reduction through the displacement of market power purchases.
20 For the purpose of this subdivision, the value of the avoided greenhouse gas
21 emissions shall be based on the aggregate greenhouse gas emission

1 characteristics of system power in the regional transmission area overseen by
2 the Independent System Operator of New England (ISO-NE).

3 (d) Reporting. An eligible ~~ratepayer~~ provider shall report to the
4 Commission annually on each specific project undertaken by an eligible
5 ratepayer to create eligible reductions. The Commission shall specify the
6 required contents of such reports, which shall be publicly available.

7 ~~(e) Savings. A provider shall pass on savings that it realizes through~~
8 ~~greenhouse gas reduction credits proportionally to the eligible ratepayers~~
9 ~~generating the credits.~~

10 Sec. X. 30 V.S.A. § 8008 is amended to read:

11 § 8008. AGREEMENTS; ATTRIBUTE REVENUES; DISPOSITION BY
COMMISSION

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

12 Sec. 7. 30 V.S.A. § 8010 is amended to read:

13 § 8010. SELF-GENERATION AND NET METERING

12 * * *

13 (c) In accordance with this section, the Commission shall adopt and

14 implement rules that govern the installation and operation of net metering
15 systems.

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

(A) advances the goals and total clean energy and new renewables generation targets-requirements of this chapter and the goals-requirements of 10 V.S.A. § 578 (greenhouse gas reduction) and is consistent with the criteria of subsection 248(b) of this title;

(D) accounts for all costs and benefits of net metering, including the potential for net metering to contribute toward relieving exacerbate or relieve supply constraints in the transmission and distribution systems and to reduce consumption of fossil fuels for heating and, transportation, and resilience;

(E) ensures that all customers who want to participate in net metering have the opportunity to do so;

17 ***

18 (H) allows a customer to retain ownership of the environmental

19 attributes of energy generated by the customer's net metering system and of

20 any associated tradeable renewable energy credits or to transfer those attributes

21 and credits to the interconnecting retail provider, and:

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

4 _____ (ii) if the customer transfers the attributes to the interconnecting
5 _____ provider, requires the provider to retain them for application toward
6 _____ compliance with sections 8004 and 8005 of this title unless the provider has
7 _____ fewer than 75,000 customers, in which case the attributes do not need to be
8 _____ applied toward compliance obligations under sections 8004 and 8005 of this
9 _____ title, and

10 _____ (iii) if a retail electricity provider that is 100 percent renewable
11 _____ under section 8005(b)(1) of this title does not retire the transferred attributes
12 _____ under sections 8004 and 8005 of this title, requires that the provider apply an
13 _____ equivalent amount of attributes from distributed renewable generation that
14 _____ qualifies under section 8005(a)(2) of this title toward its compliance
15 _____ obligations under section 8004 and 8005 of this title.

16 (2) The rules shall include provisions that govern:

17 * * *

18 (F) the amount of the credit to be assigned to each kWh of electricity
19 generated by a net metering customer in excess of the electricity supplied by
20 the interconnecting provider to the customer, which shall be based on the avoided
21 cost of purchasing other distributed renewable generation in Vermont and the netting
interval, the manner in which the

customer's credit will be applied on the customer's bill, and the period during

1 which a net metering customer must use the credit, after which the credit shall
2 revert to the interconnecting provider.

3 (i) ~~When assigning an amount of credit under this subdivision (F),~~
4 ~~the Commission shall consider making multiple lengths of time available over~~
5 ~~which a customer may take a credit and differentiating the amount according to~~
6 ~~the length of time chosen. For example, a monthly credit amount may be~~
7 ~~higher if taken over 10 years and lower if taken over 20 years. Factors relevant~~
8 ~~to this consideration shall include the customer’s ability to finance the net~~
9 ~~metering system, the cost of that financing, and the net present value to all~~

10 ~~ratepayers of the net metering program. [Repealed.]~~ In this subdivision (i), “existing
11 ~~net metering system” means a net metering system for which a complete application~~
12 ~~was filed before XXXX. (I) Commencing 10 years from the date on which an~~
13 ~~existing net metering system was installed, the Commission may apply to the system~~
14 ~~the same rules governing bill credits and the use of those credits on the customer’s bill~~
15 ~~that it applies to net metering systems for which applications were filed on or after~~
16 ~~XXXX, XXX.~~

11 (ii) ~~In~~ As used in this subdivision (ii), “~~pre-~~existing net metering
12 system” means a net metering system for which a complete application was
13 filed before January 1, 2017.

14 (I) Commencing 10 years from the date on which ~~an pre-~~existing
15 net metering system was installed, the Commission may apply to the system
16 the same rules governing bill credits and the use of those credits on the
17 customer’s bill that it applies to net metering systems for which applications
18 were filed on or after January 1, 2017, other than any adjustments related to
19 siting and tradeable renewable energy credits.

(II) ~~A provider with fewer than 75,000 customers including one~~

~~20 ——— that is 100% renewable under section 8005(b)(1) of this title may apply the~~

1 environmental attributes of energy generated by existing net metering systems,
2 that are less than 150 kW, to the provider's statutory requirements under
3 section 8005 if the retail provider has not been informed that the environmental
4 attributes have been sold or otherwise retired. A provider with fewer than
5 75,000 customers including one that is 100% renewable under section
6 8005(b)(1) of this title may apply the environmental attributes of energy
7 generated by existing net metering systems that are 150 kW or greater to the
8 provider's statutory requirements under section 8005 if the provider
9 demonstrates to the Commission the environmental attributes have not been
10 sold or otherwise retired.

11 (III) This subdivision (ii) shall apply to pre-existing net metering
12 systems notwithstanding any contrary provision of 1 V.S.A. § 214 and 2014
13 Acts and Resolves No. 99, Sec. 10.

14 (3) The rules shall establish standards and procedures governing application for and
issuance or revocation of a certificate of public good for net metering systems under
the provisions of section 248 of this title. In establishing these standards and
procedures:

15
16 (A) The rules may waive the requirements of section 248 of this title that are not
applicable to net metering systems, including criteria that are generally applicable to
public service companies as defined in this title.

17
18 (B) The rules may modify notice and hearing requirements of this title as the
Commission considers appropriate.

19
20 (C) The rules shall seek to simplify the application and review process as
appropriate, including simplifying the application and review process to encourage
group net metering systems when the system is at least 50 percent owned by the
customers who receive the bill credits for the electricity generated by the system.

14

* * *

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

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

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

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

(4) evaluate the effect of net metering on retail electricity provider infrastructure and revenue;

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

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

(7) analyze the reliability and supply diversification costs and benefits of net metering;

(8) evaluate the ownership and transfer of the environmental attributes of energy generated by net metering systems and of any associated tradeable renewable energy credits; and

(9) examine and evaluate best practices for net metering identified from other states.

* * *

15 Sec. 8. REPORT STUDIES

16 On or before January 15, 2025, the Public Service Department shall submit a report on the issue of costs to integrate an additional 300 MW, 600 MW, and 900 MW of distributed solar on Vermont's distribution and transmission systems, and ways to mitigate those costs, including with load and generation flexibility, battery storage, or other mechanisms.

17 On or before January 15, 2026, the the Public Service Department shall submit a report on the issue of revising the Clean Energy Standard to account for renewable energy on a more granular basis than annual.

18 In fiscal year 2025, the amount of \$350,000 is appropriated to the Department of Public Service for these reports.

19

20 On or before January 15, 2025, the Department of Public Service, after

21 consultation with the Public Utility Commission, the Vermont Housing

22 Finance Agency, Vermont Housing and Conservation Board, Evernorth, Green

23 Mountain Power, Vermont Electric Cooperative, the Vermont Public Power

24 Supply Authority, and any other electric utilities that wish to participate shall

1 submit a report to the House Committee on Environment and Energy and the
2 Senate Committee on Natural Resources and Energy. This report will:
3 (1) Discuss current programs electric utilities have in place to serve
4 income eligible customers;
5 (2) Discuss progress affordable housing funders and developers have
6 made to date in connecting projects with solar resources, as well as any
7 barriers to this;
8 (3) List funding sources available for solar and other energy related
9 projects benefiting affordable housing and households with low income,
10 including if it is federal or time limited; and
11 (4) propose comparable successor programs to group net metering for
12 connecting affordable housing developments and income eligible residents of
13 manufactured home communities with solar projects in order to reduce
14 operating costs, reduce resident energy burdens, and encourage electrification
15 and decarbonization of buildings. Programs that will meet the intent of this
16 section shall include the following:
17 (A) a process to bring additional solar or other renewable energy
18 projects online that could be owned by affordable housing developers; and
19 (B) a process to enroll eligible customers, including property owners
20 of qualified rental units. If connecting directly to customers, a bill credit
21 process to allocate a customer's kWh solar share on a monthly basis.

1 Sec. 9. EFFECTIVE DATE

2 This act shall take effect on July 1, 2024.

3

4 (Committee vote: _____)

5

6

Representative _____

7

FOR THE COMMITTEE