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**VPIRG Testimony to House Energy & Digital Infrastructure on S.50**

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Good morning. For the record, my name is Ben Edgerly Walsh and I am the Climate & Energy Program Director for the Vermont Public Interest Research Group (VPIRG).

I'm here this morning primarily to speak to the value of amending the "single plant" law, as doing so has the potential to both reduce costs for ratepayers and enable better land use practices.

Before I get to that however, as I have not had the opportunity to testify in front of your committee before, I wanted to start by briefly introducing both myself and VPIRG.

VPIRG is the state's largest environmental and consumer protection advocacy organization. We have more than 15,000 members and supporters across Vermont, including members in every House and Senate district - and nearly every inhabited municipality - in the state. We've been around for over 50 years - since 1972 - and we strive to promote and protect the health of Vermont's people, environment and locally-based economy, both by directly working here in the State House, and by helping our members and Vermonters more broadly engage both here and in regulatory proceedings that, while important, can often be opaque or otherwise difficult for many to access.

Personally, I have been running VPIRG's climate and energy program since 2012, so I've been around for most of the provisions and programs relevant to S.50 and H.394, including the 2012 expansion of the Standard Offer and 2014 law governing net metering, as well as the 2015 and 2024 Renewable Energy Standards.

This morning I wanted to briefly touch on VPIRG's support for S.50 itself, also then spend a few minutes sharing our perspective on Sec. 3 of H.394, the proposed amendment to Title 30's "single plant" language, and why we see it as a valuable potential addition to S.50.

I'd like to start by quickly outlining the small number of paths that the vast majority of renewables which would qualify under Tier 2 of the Renewable Energy Standard in Vermont are built:

- Net metering
- Standard Offer
- PPAs and utility constructed plants

First, net metering. As you know, this is the program that allows Vermonters and Vermont businesses to build renewables to offset their own usage. It covers the smallest home systems up to 500 kW systems.

The Standard Offer. The Standard Offer program was created in 2009, before Vermont had a Renewable Energy Standard - and before a single solar plant of 1 MW in capacity was built in Vermont. With rates originally set in statute, the Standard Offer was created to get the ball rolling on larger solar arrays for the very first time. It has always had a size cap of 2.2 MW, and the vast majority of the capacity built under the Standard Offer has been 1 MW or larger.

When it was expanded by the legislature in 2012, 77.5 MW of additional capacity was added to the program - 5 MW/year from 2013-2015; 7.5 MW/year from 2016-2018; and 10 MW/year from 2019-2022. That's also when the program shifted to a reverse auction, reducing costs for ratepayers as the cost of building solar (which accounts for most of the capacity under the program) came down. Essentially, the Standard Offer reverse auction guaranteed a competitive process that resulted in the lowest price that solar could reasonably be built for in Vermont, and in fact prices have generally been at or slightly below the price of PPAs.

Finally, utility PPAs. Utilities can enter into Power Purchase Agreements (PPAs) with developers, soliciting bids and getting projects built to meet their needs for competitive prices that keep costs low for ratepayers. These tend to be large projects, up to 5 MW in size (the largest plant that is eligible under Tier 2 of the Renewable Energy Standard). And they can of course construct and own plants themselves as well.

So, how is all of this relevant to the single plant definition?

First, let me say that I agree with the characterization that the definition was added in 2009, in the same bill that included the original Standard Offer, to ensure that larger plants weren't artificially split up to gain advantage or excess profit under that program. As net metering grew and larger projects became feasible (again, in 2009 there had been literally

zero solar projects 1 MW or larger in size ever built in Vermont) it also served the same purpose under that program.

The final piece of the puzzle, from our perspective, is Vermont's Renewable Energy Standard - and how it changed last year.

In 2015, Vermont's first Renewable Energy Standard passed. I'll skip over most of the details - the relevant point for this conversation is that it required about 25 MW of new in-state renewables a year. Between the Standard Offer and net metering, from that law's passage through last year, the utilities generally had enough - or more than enough - new renewables coming online every year to satisfy the requirements of the RES. Utilities were getting some additional renewables built to be sure, but largely construction under net metering and the Standard Offer was sufficient to meet those requirements.

So, if the single plant definition was intended to guard against larger projects artificially being split up to qualify for Standard Offer or net metering - to get around those programs' respective size caps, and most of the renewable projects being built were part of one of those programs, there was no pressing need to revisit that definition.

That changed last year, for two reasons.

First, the Standard Offer's last round of additional capacity was in 2022. Given the lag between the bidding process and construction, as you heard from the PUC yesterday, some projects are still being built. So had nothing happened with the Renewable Energy Standard, we would likely be having this conversation now or within a few legislative sessions, as there would soon be a gap between what was needed under the RES (that approximately 25 MW/year - growing somewhat as load grows) and what was being built under net metering alone (which has been declining).

That gap would be filled by projects to which the concerns around "gaming" those two programs do not apply.

Second, the Renewable Energy Standard *did* change. By roughly doubling Tier 2 - the requirement for new renewables 5 MW and under in Vermont - last year's Renewable Energy Standard ensured that gap between what these two programs are getting built and what's needed happened sooner, and that it will get much larger.

Instead of these two programs accounting for nearly all the renewables 5 MW and under being built in Vermont, by the last few years of this decade under the RES something like 50 or 60 MW of new renewables will be needed every year - with something like 15-25 MW a year being built through the net metering program.

To reiterate, the value of the current single plant definition is avoiding Standard Offer or net metering facilities being grouped and avoiding those programs' size thresholds and caps. But the Standard Offer is going away. And net metering is shrinking. All while the requirements for new renewables of this size are growing.

Put simply, the need for renewable energy plants to which the rationale for the current single plant definition does not apply is growing.

As I said at the beginning of my testimony, in our view there are two reasons to amend the single plant definition.

First, doing so will eliminate unnecessary costs for some plants - leading to modest but real reductions in costs to ratepayers.

Second, such a change also opens up the possibility of co-locating facilities where it makes sense from a grid or land use standpoint. That won't be the case in all or even most places, but there clearly *are* some places where having solar facilities be able to take advantage of existing infrastructure, screening, grid capacity, etc. simply makes sense.

Yesterday you heard from Mr. Marren from the PUC that "We would rather see larger facilities built, provided they meet the standards of Section 248, because those will have more attractive prices for ratepayers; they'll be more economical."

While Mr. Marren was raising concerns about modifying this definition, that sentiment is precisely why you should. Economies of scale are real, cost savings from shared infrastructure are real, and in an environment in which utilities are soliciting the best, lowest bids for ratepayers leaving those savings on the table simply adds unnecessary costs to the price utilities will ultimately pay for renewable power.

I also wanted to address one other thing Mr. Marren spoke about yesterday – the question of whether or not the single plant definition prevents projects from being built. First, whether projects are prohibited – or even whether they're being rejected – does not tell you whether some projects are being *stopped*. It would be entirely reasonable for a developer or landowner to walk away from a project (or never begin it in the first place), understanding the additional time and complexity introduced by this situation.

Mr. Marren spoke to a "two-pronged" analysis, stating "First you have to be part of the same project, and second you have to share infrastructure and equipment." The reality is that however you group the parts of that analysis, there are far more than two factors at play in the case-by-case judgement call the PUC makes when determining whether something is a single plant or not. Just look at the definition itself – it raises "common equipment and

infrastructure” (citing three examples); “common ownership”; “contiguity in time of construction”; and “proximity of facilities to each other.”

That speaks to the problem this amendment would address – not just that some projects might be knocked out of consideration, either voluntarily or by the PUC, but that added time, complexity, and cost are real downsides even when projects do move forward – especially when those add cost for ratepayers.

Lastly, before I (much more briefly) address the underlying bill, I wanted to offer a suggestion. If you are concerned about the issues Mr. Marren raised – that changing the definition could allow bad actors to find loopholes in the ongoing net metering program, or that the relatively small amount of Standard Offer capacity that has yet to be built could similarly wind up being built in such a way that it takes advantage of that change – then simply don’t have it apply to projects built under those two programs. That’s a simple change to statute – simply keep the current definition for net metering and any remaining Standard Offer projects, and create a new definition as proposed that would apply prospectively to projects outside of those two programs.

Finally: S.50 itself. We’re very supportive of this common sense streamlining for backyard solar arrays. As you’ve heard from others, solar panel technology has improved dramatically over the years, while the amount of electricity some households reasonably need has gone up significantly as EVs and heat pumps become more and more common. Given that a 25 kW array can now fit into essentially the same footprint a 15 kW array could when the registration process was expanded to include arrays of up to 15 kW, this change makes sense. I’ll also note that we share the concerns you’ve heard from the PUC and others about the complexity of implementing town-by-town setbacks for what is supposed to be a simple, streamlined process.

Let me end by saying I appreciate you taking the time to hear from me, and I appreciate your committee taking both of these policies up. I also wanted to highlight the support you have heard from other environmental organizations, including the Conservation Law Foundation, Vermont Conservation Voters, the Vermont Chapter of the Nature Conservancy, and the Vermont Natural Resources Council, for both of those pieces, highlighting the land use value of what you are considering.

Again, we believe you should move both forward. The single plant definition change in particular presents the opportunity to save both time and ratepayer money.

Thank you for your consideration.