

Chair Watson,

Thank you for a few minutes to testify on the bill today. The Energy Transformation Payment is a provision that will cause the Department to oppose the bill. The Energy Transformation Payment - approximating \$6 million per year - was added to published legislation yesterday. I understand the extraction of cash from prospective Vermont businesses through the Energy Transformation Payment is intended to achieve emissions reductions above and beyond the requirements of the Renewable Energy Standard but would fail to sufficiently and quickly achieve its intent of encouraging greenhouse gas reductions. It sends the wrong message to prospective businesses thinking about locating in Vermont (beyond just data centers), signaling that a new industry should look elsewhere. As I testified, data centers, with appropriate guardrails already in place and enhanced in other areas of the bill, could provide a significant benefit to Vermont. The remainder of the electricity portion of the bill provides enhancements to existing guardrails in Vermont that are already strong, but this provision is a bridge too far and not acceptable to the Department.

Less than 24 hours after the Energy Transformation Payment provision was published, I offered the alternative of an explicit Bring Your Own (BYO) 100% non-emitting Generation requirement, which would increase the amount of clean energy to offset data center demand, and it would do it faster and more effectively than the Payment approach. A BYO Generation requirement, which is being contemplated in many other states, targets resource adequacy – adding sufficient generation to meet demand - ensuring that ratepayers aren't harmed by the challenge associated with limited available new resources to serve demand in New England. The proposal maintains RES requirements for the load associated with the data center.

Another alternative is to simply remove the Energy Transformation Payment – as I testified I believe BYO generation is effectively required by other provisions of the bill.

I understood at the end of this morning's hearing that it would be too late to modify the legislation, even though the particular provision was just added yesterday. For the reasons above, inclusion of an Energy Transformation Payment will cause the Department to oppose the bill.

Please let me know if you have any questions.

TJ

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