S. 57 Standard Offer Program

Senate Natural Resources and Energy Committee

February 20, 2025

Testimony of:
Genevieve Byrne
Professor of Law
Interim Director, Energy Clinic
Vermont Law and Graduate School

Energy Clinic

VERMONT LAW & GRADUATE SCHOOL

The Energy Clinic provides hands-on transactional law and policy training for the next generation of energy professionals while serving local communities.

- First project: 500 kW group net metered solar array in Royalton offsets about half of VLGS consumption and hosts local sheep grazing.
- Focus on community-owned solar, including a 150 kW array in Royalton and a 150 kW array in Strafford
- ~30 student clinicians complete ~3,000 hours of applied training through local and national pro bono energy work annually
- “Full service” representation for towns, resident-owned communities, and non-profits includes community education, state/local permitting, RFPs, contracts, interconnection, grants, and project shepherding.

Much of our work occurs in NH due to favorable policy landscape.

The new RES Tier II is good for Vermont.

- Increased in-state new renewable energy requirement from 10% to 20% (Projects up to 5 MW)

- **BUT, Act 179 was bad for community solar.**
  - eliminated virtual/group net-metering for all participants except affordable housing, without establishing a replacement program.

This left out LMI Vermonters NOT living in affordable housing, as well as towns, schools and farms that may have multiple meters in close proximity, but not on the same or adjacent parcel.

LOCAL NEWS

Tunbridge town offices are going solar in 2025

by: Jordan Barbour
Posted: Feb 19, 2025 / 10:30 AM EST
Updated: Feb 19, 2025 / 10:30 AM EST

SHA

TU GE, Vt. (X44) – Tunbridge is turning to solar power to run its town hall and offices. y the grant funded project will triple the town's current solar output and will come at no cost to locals.

This project can't be replicated under current VT law.

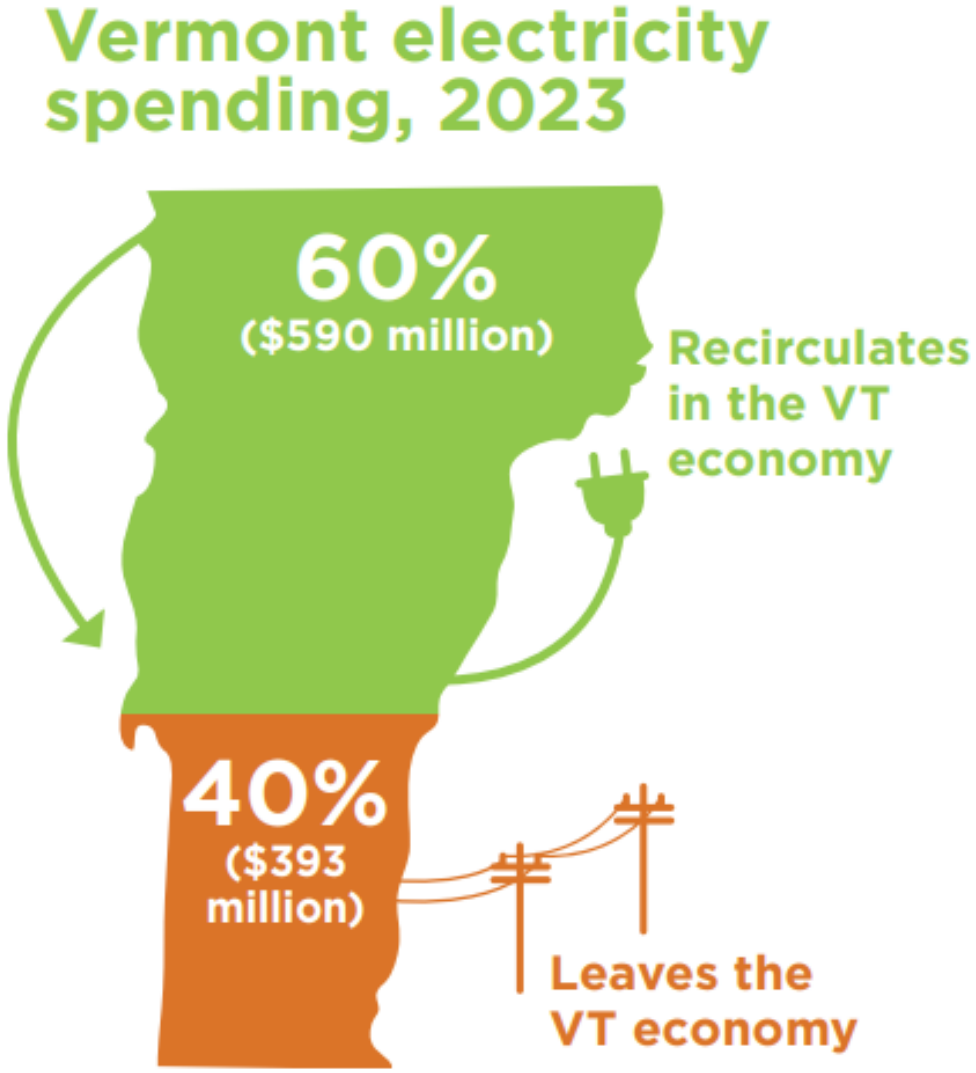
https://www.mychamplainvalley.com/

Community Solar is an important tool.

- Access to solar for low-income customers, renters, and residents without an adequate solar site
- Increased community engagement and energy literacy and decreased energy burdens
- Community solar doesn't have to be net-metered! S. 57 tests a new model for community solar in VT
- The Standard Offer framework provides an avenue for community solar while protecting ratepayers by containing costs.

S. 57 makes Tier II compliance better for Vermonters.

- **Competitive bidding results in low-cost local renewable generation**
- **Predictable procurement schedule is more accessible for smaller in-state developers and encourages competition**
- **Promotes energy security in VT and provides building blocks for community resilience.**



Sources: Electricity spending: Vermont electric utilities. Dollar recirculation share: Ken Jones, Senior Fellow for Economic Analysis, 2024. **Note:** Dollar recirculation share was updated in January 2025 to reflect out-of-state transmission costs.

EAN Progress Report, Jan. 2025

Standard Offer Prices Paid

2022 Award Group

Technology Diversity Developer Block

	Project Name	Technology	Price	MW
1.	Walnut Lane Wind	Small Wind	0.2540	0.022
2.	Alburgh Wind A	Small Wind	0.2540	0.050
3.	Alburgh Wind B	Small Wind	0.2540	0.050
4.	Alburgh Wind C	Small Wind	0.2540	0.050
5.	West Wind A	Small Wind	0.2540	0.075
6.	West Wind B	Small Wind	0.2540	0.075
7.	Stamford Main 4597	Large Wind	0.1150	2.200
8.	Bellows Falls Minimum Flow	New Hydro	0.1300	0.650

Price Competitive Developer Block

	Project Name	Technology	Price	MW
1.	Steinberg Road Solar	Solar	0.0818	2.20
2.	Midway Ave. Solar	Solar	0.0819	2.20

- Pre-2012 Procurement: fixed prices for technology categories – e.g., $0.30/kWh for early projects.
- Market-based mechanism for setting contract prices with technology-specific price caps introduced in 2012, this competitive solicitation substantially lowered prices.
- 2022 Award Group – the most recent solicitation - included prices as low as $0.0818/kWh.
- 22 proposals were submitted in the 2022 solicitation. Of those, 10 projects (left) were awarded contracts and 8 were placed in the Reserve Group.
- **The standard offer program solicitations are complete, no further solicitations are expected unless awarded projects are not built.**

Source: Investigation to review the 2022 implementation of the standard-offer program https://vermontstandardoffer.com/wp-content/uploads/2022/06/Case-No.-21-4085-INV-Investigation-to-review-the-2022-implementation-of-the-standard-offer-program.pdf

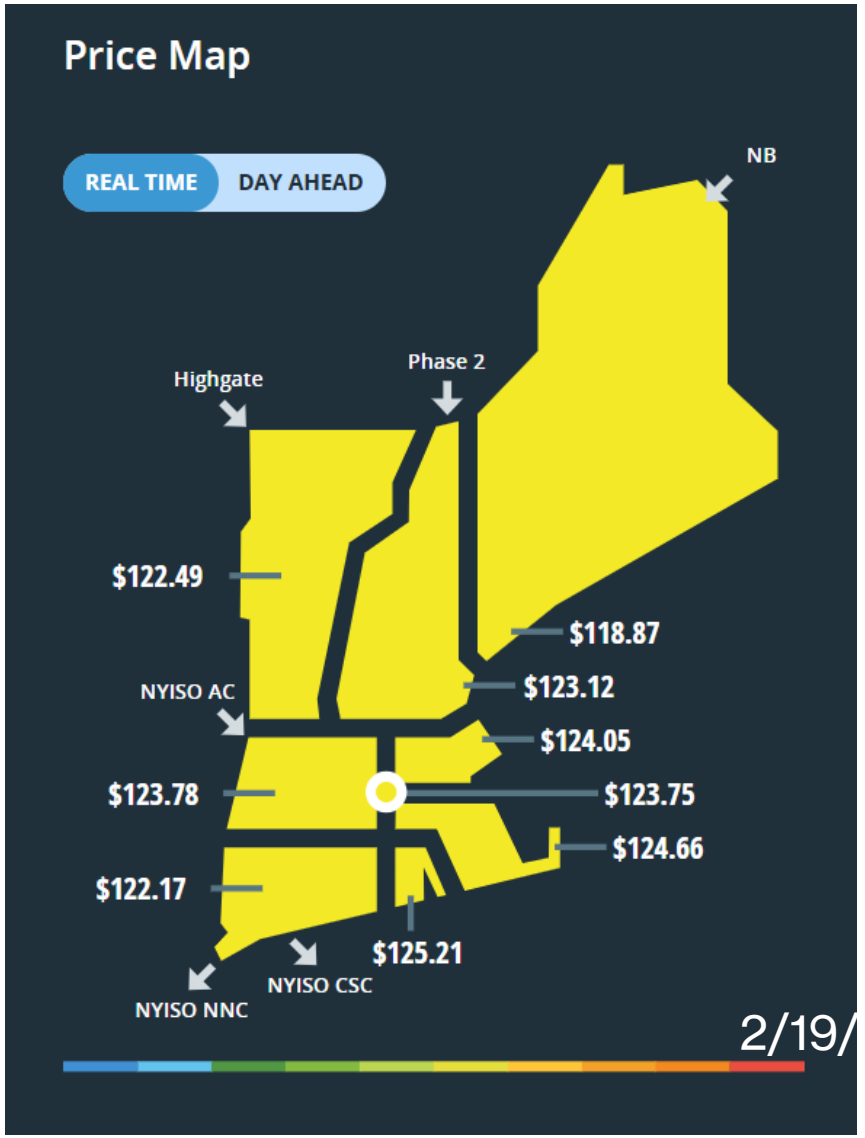
https://legislature.vermont.gov/assets/Legislative-Reports/2025-Annual-Energy-Report-1.15.pdf

Reverse auctions are working in New England.

- Competitively bid renewable energy usually results in lower prices than negotiated PPAs
- Standardized annual procurement cycles provide a dependable market for developers
- RFP windows can be very short– advance notice allows for real competition.
- Historic Standard Offer prices are some of the lowest in New England for in-state renewable distributed generation….

And can even beat the wholesale market price!

(around $0.12/kWh last night)



CT Non-Residential Renewable Energy Solutions Program (NRES)

Conn. Gen. Stat. § 16-244z(a); PURA Docket No. XX-08-03; Program Manual

Procurement of energy and RECs from zero and low-emission projects up to 5 MW.

Successor program for virtual net metering for non-residential customers.

- Zero emission projects ≤ 200 kW (small) receive a price set by PURA.
- Medium (200 kW to 1 MW) and Large (1-5 MW) projects selected through reverse auction.
- "Bid adjustors" applied to preferred projects for selection purposes only (30% for solar canopy, 20% for landfill/brownfield, 20% distressed munis)

Program capacity cap:
110 MW/Year, through 2027
Contract term: 20 years

Year 3=2024
Year 4=2025

*Price cap tied to highest prior year accepted bids.

Table 2: EDC-Proposed Price Caps

Size Category	Year 3 Buy-All Price Cap ($/MWh)	Year 4 Proposed Buy-All Price Cap ($/MWh)	Proposed Change Amount ($/MWh)
Small	$199.82	$199.82	$0.00
Medium	$188.90	$188.90	$0.00
Large	$145.97	$158.49	$12.52
Low	$159.00	$159.00	$0.00

Learning from Maine's mistakes:

2019 "Act To Promote Solar Energy Projects and Distributed Generation Resources in Maine"

- Tasked the state PUC with competitively procuring 375 MW/yr of distributed generation
- The solicitation process used a "uniform clearing price" structure where all selected projects were awarded the highest accepted bid price instead of actual bid prices.
- The initial solicitation resulted in a $0.19/kWh clearing price.
- The Maine PUC deemed the bids non-competitive and rejected all of them.

The Maine PUC issued policy recommendations similar to the VT Standard Offer Program:

- Advise a "sealed bid, pay as bid" structure
- Remove price links between procurement rounds (e.g. modify CT price cap structure)

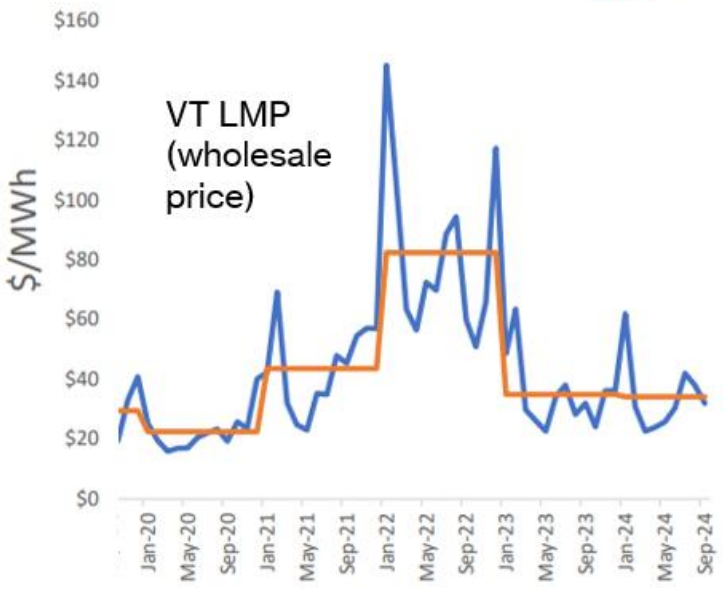
Consider future resilience

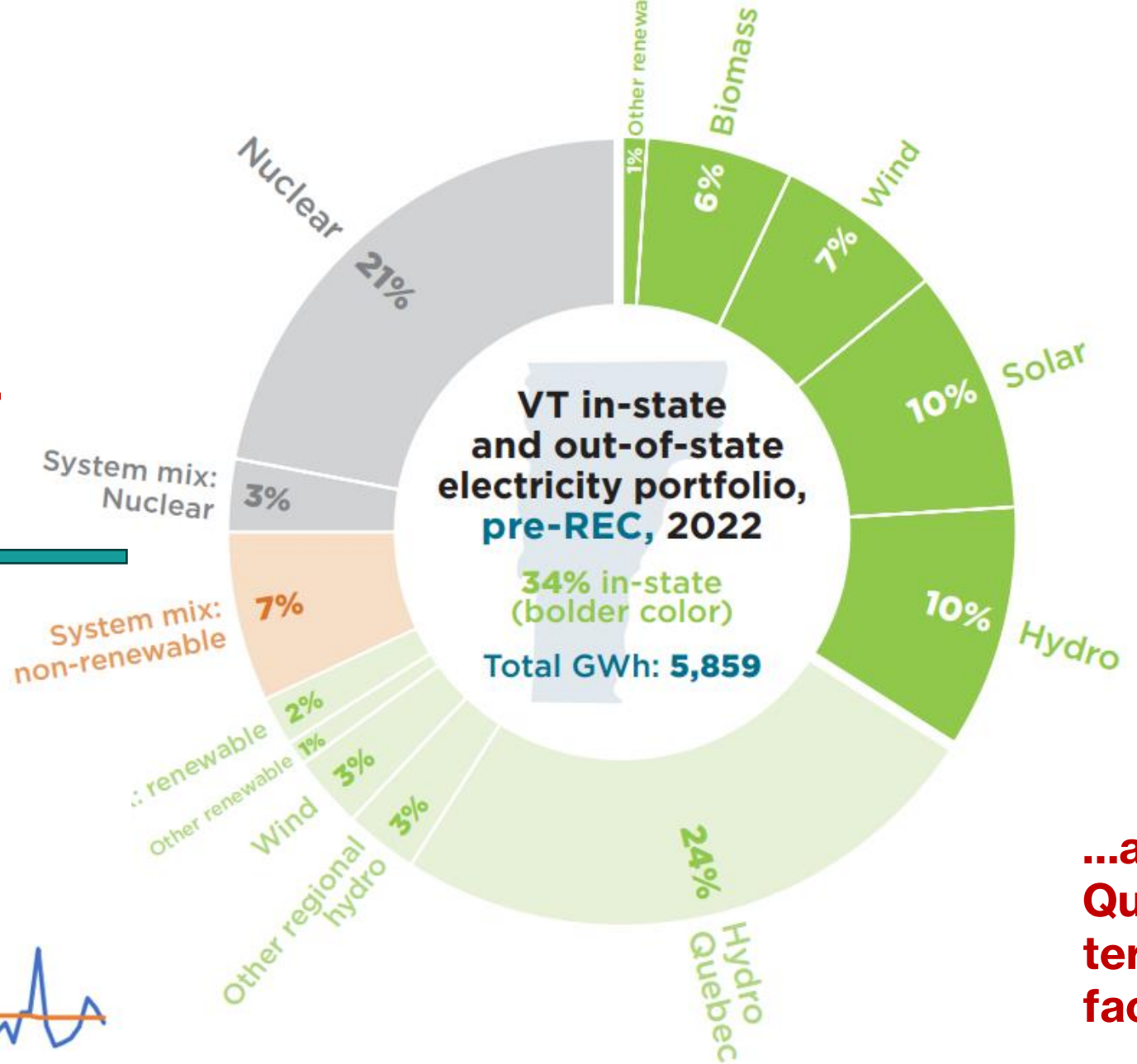
- Distributed generation best supports the grid well-matched with and sited close to load, even when projects are “in front of the meter.”
    - Consider capacity allocation carve-outs and/or separate price caps for smaller projects more likely to be sited near towns/communities ~150-500 kW range

- Generation sited close to load is also more compatible with future storage/microgrids.

- Investing in robust in-state distribution grid resources supports energy independence and energy resilience for the future. These projects can be building blocks of state resilience.

The lowest cost is not always the most stable cost. Vermont is not immune to volatile wholesale markets…





Sources: Vermont Department of Public Service, 2022 Electric Utility Resource Survey; ISO-NE, "Net Energy and Peak Load by Source Report," 2023. **Notes:** Non-renewable is primarily energy from fossil fuels. Totals do not add up to 100% due to independent rounding.

"About 42 percent of VEC's 2024 power supply was procured from Hydro-Quebec (HQ). If the cost of this power supply were to increase by 10 percent it would cost VEC members in the range of $2 million this year… over a 2% increase over current rates." -2/11/2025

…and relies on Hydro-Quebec, where long-term contracts may face increased tariffs.

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Thank you!

Genevieve Byrne
Professor of Law
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gbyrne@vermontlaw.edu

→ Learn more about the VLGS Energy Clinic.