

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 17-5257-INV

In re: review of the standard-offer program	
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Order entered: 12/29/2017

ORDER RE: NOTICE OF PROCEEDING

I. INTRODUCTION

In today's order, the Vermont Public Utility Commission (the "Commission") announces that it is opening a proceeding to review the effectiveness of the standard-offer program. As discussed in more detail below, the goal of this proceeding is to develop an improved, transparent, and methodologically sound framework for selecting standard-offer projects that will benefit the operation of the distribution system while fulfilling the Commission's statutory goal of the rapid deployment of standard-offer projects at the lowest feasible cost.

II. BACKGROUND

Pursuant to 30 V.S.A. § 8005a, there is a standard-offer program under which the Commission awards contracts to renewable energy providers for the sale of power to Vermont's electric distribution utilities. One of the goals of this program is to provide "support and incentives to locate renewable energy plants of small and moderate size in a manner that is distributed across the State's electric grid, including locating such plants in areas that will provide benefit to the operation and management of that grid through such means as reducing line losses and addressing transmission and distribution constraints."¹ The standard-offer program authorizes the Commission to appoint an entity, known as the Standard Offer Facilitator, to administer the program.²

The Commission is empowered to determine and set the price paid to resources participating in the standard-offer program, "with a goal of ensuring timely development at the lowest feasible cost."³ The Commission has implemented this statutory directive using a

¹ 30 V.S.A. § 8001(a)(7).

² See generally, 30 V.S.A. § 8005a. Certain utilities are exempt from participating in this program. More information about the standard-offer program can be found online at www.vermontstandardoffer.com.

³ 30 V.S.A. § 8005a(f).

market-based mechanism (an annual request for proposals or “RFP”) to solicit proposals for distributed energy projects. The Commission has adopted minimum requirements for proposals submitted in response to the RFP and the Commission awards contracts to the lowest-priced eligible proposals in several technology categories.

The Commission may also award additional contracts to “new standard offer plants that the Commission determines will have sufficient benefits to the operation and management of the electric grid or a provider’s portion thereof because of their design, characteristics, location, or any other discernible benefit.”⁴ In order to facilitate the development of this special category of standard-offer projects, the Commission adopted a process by which the Vermont System Planning Committee⁵ annually identifies areas of the grid, if any, where constraints could be addressed with distributed energy resources. However, to date, no grid constraints that could be addressed with additional distributed generation resources have been identified.

III. DISCUSSION

The Commission has conducted 5 RFPs in the years 2013 through 2017. The field of distributed generation in Vermont has evolved significantly since 2013, when the Commission first announced many of the requirements of the standard-offer RFP process. For example, there has been significant deployment of net-metered photovoltaic systems and other photovoltaic systems⁶ within Vermont. Some areas of the state have experienced such significant growth in photovoltaic systems that portions of the distribution grid cannot accommodate additional generation resources without investments in additional infrastructure. In one area of the Vermont grid, known as the Sheffield-Highgate Export Interface (“SHEI”), the addition of new generation resources has affected the bulk transmission system and resulted in the curtailment of existing renewable generators in that area of the grid.⁷

With this context in mind, the Commission thinks that it is an appropriate time to generally assess the effectiveness of the current RFP process and the criteria that the

⁴ 30 V.S.A. § 8005a(d)(2).

⁵ More information about the Vermont System Planning Committee can be found at <https://www.vermontspc.com/>.

⁶ These resources include projects developed under the standard-offer program, utility-developed projects, and merchant generation projects located in Vermont.

⁷ A summary of the SHEI can be found online at: <https://www.vermontspc.com/grid-planning/shei-info>.

Commission uses to award standard-offer contracts. In particular, the Commission is interested in the following issues:

1. Should the Commission be selecting projects in the RFP process using additional criteria besides price? For example, should the Commission develop a method for adjusting bid prices to reflect the costs or benefits associated with interconnecting a distributed energy resource at a particular location on the grid?

2. What data should the Vermont distribution utilities be making available to ensure that standard-offer projects are proposed in areas that do not result in additional costs to the system or that provide the greatest benefit to the system?

3. Should the Commission alter its process for identifying projects that would offer “sufficient benefits” pursuant to Section 8005a(d)(2)? For example, should the Commission develop a method for determining the value of a proposed distributed energy resource and offer contracts where the estimated value of benefits offered by a project exceeds the cost of the project? The Benefit Cost Analysis Framework adopted by the New York Public Service Commission is one example of a method to value the costs and benefits of distributed energy resources.⁸

4. Should the Commission develop criteria to allow distributed generation projects with storage capacity to participate in the standard-offer program?

5. In certain circumstances, the program incurs transmission service costs (also referred to as “wheeling”) because the output of standard-offer projects must be allocated to several of the Vermont electric distribution utilities. Should the Commission adopt program requirements to reduce the cost of transmission service associated with standard-offer projects?

6. Are there any statutory changes that the Commission should recommend to the Legislature to improve the standard-offer program? For example, what recommendations should the Commission make regarding the ability of distribution utilities to seek exemptions from the program pursuant to 30 V.S.A. § 8005a(k)(2)(B)?⁹

⁸ A copy of the Cost Benefit Framework can be accessed by cutting and pasting the following link into your web browser: <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7bF8C835E1-EDB5-47FF-BD78-73EB5B3B177A%7d>.

⁹ The Commission has previously expressed concern about this issue. See *Petition of the City of Burlington Electric Department for exemption for Standard Offer purchases pursuant to 30 V.S.A. § 8005a(k)(2)(B)*, Docket

To better define the scope and goals of this programmatic review, the Commission requests comments from interested persons recommending refinements to the issues described above or identifying other issues that the Commission should consider in its review of the standard-offer program. The Commission will be receiving technical assistance in this proceeding from the Lawrence Berkeley National Laboratory (“LBNL”). LBNL staff will assist the Commission in reviewing these comments and developing a plan for future workshops or other educational and informational opportunities for stakeholder engagement. The timing and scope of these future public engagement opportunities will be announced at a later date, after the Commission has had an opportunity to review the comments about the scope of issues to be considered in this proceeding.

This proceeding will be conducted as a non-contested case. Interested persons are encouraged to contact the Commission’s staff if they have any questions about it. This proceeding is intended to be separate from Commission case number 17-3935-INV, which concerns the 2018 standard-offer RFP. The Commission envisions that any improvements to the standard-offer program developed in this proceeding would not take effect until the 2019 RFP, or later.

Notice of this proceeding is being provided to the Vermont Department of Public Service, the Vermont electric distribution utilities, and persons who have previously requested to receive notice of matters concerning the standard-offer program. Comments in response to today’s order should be filed by February 2, 2018. Comments should be submitted using ePUC, the Commission’s online document management system. Interested persons should contact the Clerk of the Commission at puc.clerk@vermont.gov to request to be added as a participant in this case. More information about ePUC is available at: <https://epuc.vermont.gov/>.

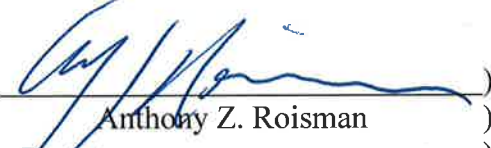
IV. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission (“Commission”) that:

8863, Order of 1/13/2017. Pursuant to Section 25 of Act 53 of 2017, the Commission must submit a report to the Vermont General Assembly concerning the exemption provided by Section 8005a(k)(2)(B).

1. A proceeding to review the effectiveness of the standard-offer program is hereby opened.
2. Pursuant to 3 V.S.A § 8(c), we appoint Jake Marren, Esq. as hearing officer for this proceeding.

Dated at Montpelier, Vermont this 29th day of December, 2017.

 _____ Anthony Z. Roisman	)	PUBLIC UTILITY
	)	
 _____ Margaret Cheney	)	COMMISSION
	)	
 _____ Sarah Hofmann	)	OF VERMONT

OFFICE OF THE CLERK

Filed: December 29, 2017

Attest: 

Deputy Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)

PSB Case No. 17-5257-INV - SERVICE LIST

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Vermont electric distribution utilities