

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 17-5257-INV

In re: review of the standard-offer program)

**COMMENTS OF VERMONTERS FOR A CLEAN ENVIRONMENT
IN RESPONSE TO THE PUBLIC UTILITY COMMISSION'S
DECEMBER 29,2017 ORDER RE: NOTICE OF PROCEEDING**

On December 29, 2017, the Public Utility Commission (PUC) opened a proceeding to review the effectiveness of the standard-offer program with the goal of developing 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.

Vermonters for a Clean Environment (VCE) appreciates the opportunity to provide our insights into the issues the PUC raised by the PUC in its 12/29/17 Order, and identify other issues that the Commission should consider in its review of the standard-offer program.

Page 3 of the Order identifies six issues. Here are VCE's comments on those issues:

1. Yes, the Commission should be using additional criteria besides price in its selection process. In addition to adjusting bid prices to reflect the costs or benefits associated with the point of interconnection, VCE recommends that siting criteria should be considered. See below for more detail on the siting criteria issue below.
2. The distribution utilities should not only provide data to ensure that standard-offer

projects are proposed in areas that do not result in additional costs to the system or provide the greatest benefit, but should also assure that new projects are not being developed in already-overloaded circuits. VCE has been perplexed by GMP's (in particular) approach in particular, where numerous solar projects proposed for areas of Addison County that fail the Fast Track Analysis are nevertheless supported by GMP. This applies to not only standard-offer projects but also net-metered projects.

GMP should provide load data for each of its distribution circuits on its Solar Map. This minimum load data is needed to calculate the ratio of total generation to the peak load on each such circuit. This ratio is used for Criterion #3 as part of the Fast Track Analysis. Criterion #3 is an important, simple test of whether or not there will be problems (e.g. overloads) caused by adding more generation capacity (e.g. Standard Offer projects) to a particular circuit. The calculation of the ratios for each circuit is simple and provides a basic screening tool for developers looking for appropriate locations of their projects. GMP is experienced with collecting detailed load data (15 minute intervals) for all its customers. Thus, doing this for the limited number of distribution circuits would be easy. The GMP Solar map is an easy tool to use and providing load data is an easy improvement, and should be made available for all projects, not just standard-offer.

3. VCE supports the Commission's use of the Benefit Cost Analysis Framework adopted by the New York Public Service Commission, or some version of it modified to be appropriate to Vermont. As part of the cost benefit analysis it would be helpful to evaluate the impact that the standard-offer program has had on rates. It would also

benefit ratepayers if the PUC requires developers to submit their costs for each project so that the final price reflects a reasonable return on investment, but not an excessive one.

Lacking transparency, many Vermonters have expressed to VCE their impression that renewable energy developers are making huge profits, and there appears to be nothing in place to prove or disprove that impression.

4. At this time VCE would need more information about the costs and benefits of the storage capacity addition to the standard-offer program. We agree with DPS's comments submitted 1/31/18 that point out the installation itself does not mean that the utilization will be beneficial.
5. Whenever possible, the Commission should adopt program requirements to reduce the cost of transmission service associated with standard-offer projects. As with net-metered projects, the goal of building close to load is not necessarily being met by the sites that developers have chosen for standard-offer projects.
6. After watching the standard-offer program's implementation over the last few years, VCE finds that the program has fulfilled its purpose and is no longer needed. The program could be viewed as one that now locks in prices that are higher than necessary over the term of the contract and does not have the flexibility to benefit ratepayers as costs come down. For instance standard-offer projects commissioned in 2014 were .24, nearly double the bids into the 2013 standard-offer program of about .13. The goal of the program was to create incentives for building renewable energy in Vermont, and drive

down the prices. The program lacks transparency regarding the sale of Renewable Energy Credits, so at this time it is not known which projects can legitimately be called “renewable energy for Vermont” and therefore count towards the state’s goals.

VCE recommends that the Commission recommend to the Legislature that the standard-offer program has served its purpose and should end. That distribution utilities are seeking exemptions from the program lends weight to the idea that the program is not creating a statewide benefit. Another way to approach this topic is to identify what benefits the standard-offer program is currently providing. The only benefit VCE can identify is that it provides developers with a market for power for which utilities may otherwise choose not to enter into contracts. However, with so many utilities seeking exemptions from the standard-offer program, it is hard to make a case for that benefit.

OTHER ISSUES

In addition to projects being located far from load, in grid-constrained areas, not being constructed within the two-year requirement, long-term inflexible high contract prices, and with bids that are too low to be constructed at that price, VCE has observed that a big problem with standard-offer projects is that the site is locked in by the contract. There is no room for developers to maneuver, to consider alternative sites that mitigate potential impacts, and address neighbor and community concerns.

Siting

As one developer stated in a public hearing, the way the process works (at least for this one developer), an RFP is issued and then there is a very short period of time to secure site control.

The developer described it as a hunt for parcels for sale or lease that meet basic criteria such as access to 3-phase power. If the parcel that the developer has secured is chosen for a standard-offer project, all other issues such as wetlands, rare, threatened and endangered species, cutting forests, and aesthetics become secondary to the high value placed on the standard-offer contract. Like a dog with a bone, some recipients of standard-offer projects have been especially disinterested in working with neighbors and the community to address their concerns once the contract is in place.

In VCE's experience, some of the solar projects about which we hear the most complaints from Vermonters are poorly-sited standard-offer projects. Some, such as Barton Solar (.27) and Sudbury Solar (.14), are located too close to roads and VCE believes that those projects should have been denied as "shocking and offensive to the average person" under the Quechee Analysis based on the unsolicited feedback that has come to VCE from people who live in those areas. Those projects also have impacts such as wetlands, wildlife and botanical species that VCE believes make them poor sites. Some standard-offer projects such as Charlotte Solar (.24) and Cross Pollination Solar (.30) have not installed the required screening, or if installed, it has died. Some standard-offer projects such as Sudbury Solar (.14), Clarendon Solar (.24), and Charlotte Solar (.24) are producing glare such that neighbors cannot sit on their porch in the afternoon, drivers are exposed to blinding glare as they drive by, and a neighbor has to close his blinds from 1 – 4 pm on sunny days and use lights in the house due to the glare from the solar project. In most of the above-referenced standard-offer projects, the developers are from out of state and have shown no particular sensitivity to the unique issues presented by Vermont's landscape, environment and need for community involvement.

Does the Standard-Offer Program Build or Discourage Public Support for Renewable Energy?

The need to rapidly choose sites seems to have resulted in developers choosing poor sites, in some instances. Those choices are one reason that some Vermonters are losing their enthusiasm for supporting renewable energy development. The lack of willingness to collaborate with communities on sites, the high prices paid for some standard-offer projects, the failure to comply with screening requirements when they exist at all, the environmental and aesthetic impacts, combined with the assumption that almost all standard-offer projects are selling their RECs out of state so the projects do not count towards the state's goals all combine to cause some Vermonters to question the wisdom of Vermont's energy policies.

VCE has video recorded numerous PUC public hearings, site visits, technical hearings for all kinds of energy projects. We have observed that at hearings for standard-offer projects, Vermonters often ask "why this site?" "We want solar, we want to be a part of it, we want to have a say in what goes on in our town." "What are the benefits to our community?" With the contract already secured, the developers we have observed generally seem to think they can pay lip service to the local concerns. They cannot change the site location. They want to maximize their profits. The town will get some property taxes, but it will be less than any other equivalent development of the same value. The state education fund will get some money which the tax department holds confidential by statute. The renewable energy credits will be turned over to the utilities and most likely sold out of state to help Massachusetts or Connecticut meet their Renewable Portfolio Standards, with no apparent method of transparent accountability for the status of standard-offer project RECs. Vermonters are left scratching their heads wondering "what's in it for us?"


Creating Incentives for Collaboration

Given the short time frames between the issuance of the RFP for standard-offer projects and the deadline for responding, it is understandable that developers do not have time to consult with municipalities to understand potential issues for the sites they have chosen. In every comment that VCE files regarding energy projects, we are seeking to insert a new process between developers, utilities and communities to encourage collaboration rather than litigation in the first instance. The standard-offer program promotes an extreme that leads to litigation and does not provide opportunities for collaboration.

Conclusion

VCE is concerned that the standard-offer program is contributing to unnecessarily expensive long-term power contracts, poor siting, in grid constrained areas, projects that are not being counted towards the state's goals, and a lack of transparency and community involvement that is hurting Vermont's efforts to build support for meeting our state's renewable energy goals. We believe the program has served its purpose and recommend that the PUC ask the legislature to end the standard-offer program.

Dated at Danby, Vermont on this 2nd day of February, 2018

By: 
Annette Smith
Executive Director
789 Baker Brook Road
Danby, Vermont 05739
(802) 446-2094
vce@vce.org