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February 2, 2018

Ms. Judith Whitney, Clerk  
Vermont Public Utility Commission  
112 State Street  
Montpelier, VT 05702

Case No. 17-5257-INV  
In re: Review of the Standard-Offer Program

Dear Ms. Whitney:

The Vermont Electric Power Company Inc. and Vermont Transco LLC (VELCO) are pleased to provide comments to the Public Utility Commission (PUC or Commission) regarding the scope of this proceeding. As contemplated by the Commission's December 29, 2017, notice, we focus our comments on recommendations regarding the scope of the proceeding, rather than making policy recommendations. In particular, our comments respond to questions 1 and 2 enumerated in the notice.

*Question 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?*

At present, none of the programs designed to foster development of distributed renewables in Vermont includes criteria associated with relative grid benefit or impact, with the exception of the "sufficient benefit" provision of 30 V.S.A. 8005a(d)(2), which in practice has never been triggered. When these programs were implemented, it was assumed that the criteria governing Certificates of Public Good and the interconnection process would effectively address grid impacts.

In practice, existing interconnection and CPG processes have not proven sufficient to avoid negative grid and economic impacts, such as curtailment of some renewable resources due to export constraints. It is a statement of the obvious to say that Vermont's renewable energy goals are not well-served when an earlier deployed investment in renewable energy is subsequently diminished by another renewable resource, instead of fully utilizing them both.

The reasons for current challenges are complex and lie in multiple economic, market and policy factors, not by any means centered on the standard offer program. However, the standard offer plays an important role in the overall picture that is not addressed effectively by the current program structure. For these reasons, we think it is prudent to re-examine the standard offer program include consideration of a grid location-based evaluation and pricing mechanism.

In preparing the 2018 Vermont Long-Range Transmission Plan (the Plan), which will be filed with the Commission by July 1 of this year, VELCO has studied the potential grid impacts of significant growth in distributed renewables, consistent with Vermont's renewable energy goals. This long-term assessment reveals emerging grid stability and export capacity issues that will arise if generation continues to be sited without more careful consideration of proposed electrical location, as well as incorporation of new grid management tools, some amount of storage or other technologies, grid support from smart inverters, and perhaps grid reinforcements. The discussion of locational benefit pricing mechanisms should incorporate this long-term, planning-oriented view, as well as the technological advances that will be needed to manage a much more highly distributed grid in the future.

*Question 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?*

In the 2012 Vermont Long-Range Transmission Plan, VELCO provided a map with locational benefit information regarding the transmission system to assist developers in choosing sites for generation and other non-transmission alternatives<sup>1</sup>. Since that time, the Vermont distribution utilities have made mapping information about distribution circuit capacity available. However, relatively little discrete information has been developed relative to the subtransmission system.

In considering what data should be made available, the Commission should balance the need to provide actionable information with the complexity of required analysis to meet the objective in the least burdensome manner possible. For example, rather than specifying specific grid locations, the analysis may consider “electrical areas.” In this way, costs or benefits of interconnection could be determined periodically for pre-defined areas of the electrical system, as opposed to performing individual analysis for each project.

The availability of data is a necessary but not sufficient condition for making siting decisions in a manner most beneficial to the grid. We agree, however, that the topic is an essential component of this review and should include a better understanding from developers of what information they need that is not currently available. Further, VELCO suggests that a narrow view of distribution-level information will not address the grid benefit questions without also including the larger view of transmission system impacts, potentially including the regional level.

Thank you for the opportunity to comment on this matter. We look forward to the substantive consideration of these issues.

Sincerely,

*Deena L Frankel*

Deena L. Frankel  
Facilitator

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<sup>1</sup> [https://www.velco.com/uploads/documents/2012LRTP\\_final\\_to\\_PSB.pdf](https://www.velco.com/uploads/documents/2012LRTP_final_to_PSB.pdf) at page 39.