



October 20, 2017

Ms. Judith C. Whitney  
Vermont Public Utility Commission  
112 State Street  
Montpelier, VT 05620

Re: Case No. 17-3935-INV  
2018 Standard Offer Program RFP

Dear Ms. Whitney:

Please accept VEPP Inc.'s comments in response to the Public Utility Commission's (Commission) request for comments for the 2018 Vermont Standard Offer Program Request for Proposals (Vermont RFP). These comments were created with the VEPP Inc. Board of Directors.<sup>1</sup>

#### **I. New England RFP Study**

Since the first Vermont RFP was issued in 2013, twenty-seven projects have been awarded Standard Offer Contracts. Of the twenty-seven projects awarded contracts, three are commissioned and ten have withdrawn. More than half of the remaining projects have requested commissioning milestone extensions (eleven out of remaining seventeen). This rate of development, attrition, and difficulty commissioning in accordance with statutory deadlines, prompted the VEPP Inc. Board of Directors to question the viability of proposals being submitted to the Vermont RFP. 30 V.S.A. §8005a(h) states that the "Board shall administer the process of applying for and obtaining a standard offer contract in a manner that ensures that the resources and capacity of the Standard Offer Program are used for plants that are reasonably likely to achieve commissioning." In light of these facts, VEPP Inc. conducted a review of New England renewable energy RFP requirements in order to determine if we could maximize the efficiency of the Vermont RFP process while maintaining the balance between price competitiveness and timely commissioning of projects. A table, reflecting our New England RFP study findings, is attached.

Generally, as the size of the project being solicited increases, so do the requirements under the New England renewable energy RFPs. The Rhode Island RFP was most comparable to the Vermont RFP, both in terms of requirements and project size. As a result, the comments that follow refer primarily to the Rhode Island RFP.

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<sup>1</sup> The VEPP Inc. Board of Directors is comprised of four distribution utility representatives, four independent power producer representatives, and three public representatives appointed by the Vermont Department of Public Service.



1. Security Deposit Requirement – The Rhode Island RFP security deposit for a 2.2 MW solar project is approximately \$69,000 versus the Vermont RFP security deposit of \$55,000 for the same size project.<sup>2</sup> Importantly, the Rhode Island RFP security deposit is forfeited, if the project is withdrawn before it is commissioned. The Vermont RFP \$15/kW refundable deposit is refunded 100% if the project withdraws in the first year and 50% if the project withdraws in the second year<sup>3</sup>. All of the withdrawn Standard Offer Projects have been refunded 100% of their \$15/kW refundable deposit.

Based on our review of prevailing practices in the attached New England RFP study, we recommend that the \$15/kW refundable deposit be fully forfeited when a project is withdrawn prior to commissioning, except if the certificate of public good petition is denied. This would eliminate the ability of projects to be easily withdrawn, thereby increasing the likelihood of pre-proposal project viability vetting, as proponents seek to minimize the risk of economic loss. To the extent that accepted projects have undergone a rigorous vetting process, the number as well as pace of projects achieving commissioning may increase.

2. Interconnection Requirement – The Rhode Island RFP requires submission of either an interconnection application and impact study or a fully executed interconnection service agreement. Although the Vermont RFP does not contain interconnection requirements, a complete interconnection application must be filed upon acceptance<sup>4</sup>.

Several Standard Offer Projects have cited interconnection problems as the basis for requesting commissioning milestone extensions. In order to help project proponents identify interconnection issues *before* proposals are submitted to the Vermont RFP, we recommend requiring that proposals include a letter from their interconnecting utility identifying any initial concerns the utility may have. The utilities could be encouraged to adopt a standard form, in order to facilitate the request. This initial utility input could reveal potential issues early on in the process, such as whether the proposed project is inside or outside of the Sheldon-Highgate Export Interface limit or the need to install a Direct Transfer Trip, which could adversely impact project viability. Because of the critical nature of this requirement, the Commission may wish to add it to section 3.2 Mandatory Requirements of the Vermont RFP, such that failure to satisfy it would cause the proposal to be rejected.

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<sup>2</sup> The Rhode Island RFP security deposit is \$25 per Renewable Energy Credit generated by the project in one year. Using a capacity factor of 14.5%, the number of RECs generated for a 2.2 MW facility is 2,794. The Vermont RFP security deposit is \$10/kW of proposal security plus an additional \$15/kW of refundable deposit, if the proposal is accepted.

<sup>3</sup> This refund schedule applies to solar and small wind. The refund schedule for the remaining technologies is listed in the Vermont Standard Offer Purchase Power Agreement, Paragraph 9 Administrative Fee and Deposit, Page 5.

<sup>4</sup> 30 V.S.A. §8005a(i).



3. Permitting Requirement – All of the New England renewable energy RFPs reviewed require proponents to address necessary permits. However, the Vermont RFP does not list permitting requirements nor does it contain the certificate of public good milestone requirement to submit a complete certificate of public good petition within one year of the effective date of the Standard Offer Contract.<sup>5</sup>

In light of the certificate of public good milestone requirement as well as the Commission's concerns regarding the completeness of certificate of public good petitions, the Vermont RFP should provide notice to project proponents, many of whom are out of state developers unfamiliar with the Vermont permitting landscape, that they will be required to submit a complete certificate of public good petition within one year of the effective date of the contract, if their proposal is accepted. A link to the Standard Offer Program website containing information regarding what constitutes a complete certificate of public good petition could be included. The goal of this recommendation is to minimize the occurrence of certificate of public good milestone extension requests and incomplete filings.

4. Project Map Requirement – Detailed project maps are required in every New England renewable energy RFP reviewed. The Vermont RFP project map requirement states "Proposals shall include a project map that indicates the location of the project site and specifies the parcels for which the proponent has site control" (RFP at 7).

We recommend adding the following language to the Vermont RFP project map requirement as well as requesting a site layout plan:

"Proposals shall include a site plan including a map(s) that clearly identify the property for which the proponent has site control including property line boundaries, the location of the project site on the property, any required rights-of-way, the total acreage of the project site, the anticipated interconnection point, the location of any existing projects or other proposed projects within a one mile radius, and the relationship of the site to other local infrastructure, including power lines, roadways, and water sources. In addition to the project map, provide a site layout plan that illustrates the location of all major equipment and facilities such as panel arrays, inverters, transformers, and any required structures on the project site. The site layout plan should be provided on a 24" X 36" plan at a sufficient scale (i.e. 1 inch = 50 feet) such that the location of all project facilities are easily discerned."

The intent behind requiring a more detailed project map and a site layout plan is to increase preliminary project development, identify parcel constraints, and assist proposal review.

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<sup>5</sup> The certificate of public good milestone is located in the Standard Offer Contract. See Vermont Standard Offer Purchase Power Agreement, Paragraph 7(a) Milestones, Page 5.



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In addition to the above recommendations prompted by the New England RFP study, we also offer the following suggestions with the purpose of promoting project viability in the Vermont RFP.

## **II. Vermont RFP Issuance Timing**

Previous Vermont RFP schedules contemplate a release of the RFP in the last week of April, with bid opening scheduled for the last week in May. The Commission announces the award group in the first week of June with Standard Offer Contracts executed in July. This schedule, in conjunction with program milestones, results in a certificate of public good milestone of July of year one and a commissioning milestone of July of year two.

However, in many instances, project development does not commence until after a Standard Offer Contract is executed, near the beginning of August. Initial development may entail detailed survey work, soils exploration, and engineering design. Once a formal design is completed, the developer is able to undertake environmental studies (i.e. wetlands, endangered species, etc.) required for the certificate of public good petition. The difficulty is that the resource agencies and consultants have a queue for studies, and many of the studies cannot be conducted in winter conditions. This often delays the timing of required studies until the spring of the following year with the completed studies available in early summer. As a result, complete certificate of public good petitions are not filed for review by the Commission until mid-summer, one full year after contract execution. More importantly, this time line causes the commissioning milestone to occur in the middle of the year two summer construction season. Therefore, developers are unable to take advantage of the full summer construction season, and typically must request extensions of their commissioning milestone.

A possible solution is to alter the Vermont RFP schedule. For example, if Standard Offer Contracts were executed later in the fall, the developers might have the entire year two summer construction season to build their projects, thereby minimizing the need for commissioning milestone extension requests. We suggest the Commission obtain comments on whether this change to the schedule presents a workable solution or if stakeholders can offer insight regarding a more advantageous schedule. If necessary, the Commission could hold a workshop where developers, consultants, regulators and resource agencies can be engaged to determine the best RFP schedule so as provide for a feasible timeline for environmental studies and for full utilization of the year two summer construction season while also honoring programmatic milestones.

## **III. Vermont RFP Independent Technical Facility Requirement**

Section 3.2.3 Independent Technical Facility of the Vermont RFP presently states:

“If a proposed project is located at, adjacent to, or near an existing or proposed renewable energy generation facility, the project proponent must demonstrate that the proposed project is an independent technical facility and does not use common equipment or infrastructure such as roads, control facilities, or connections to the electric grid” (RFP at 8).



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This language is drawn from 30 V.S.A. § 8002(18) definition of a “Plant.” However, legislative changes have added the following sentence to 30 V.S.A. § 8002(18): “Common ownership, contiguity in time of construction, and proximity of facilities to each other shall be relevant to determining whether a group of facilities is part of the same project.” We suggest adding this sentence to Section 3.2.3 Independent Technical Facility of the Vermont RFP to mirror the statutory definition of a “Plant” contained in 30 V.S.A. §8002(18). This addition will provide necessary information to proponents and eliminate the need to request it after the proposals are submitted.

#### **IV. Vermont RFP Review Period**

We request that the RFP Schedule in Section 2.1 of the Vermont RFP be adjusted to allow the Standard Offer Facilitator up to three weeks to review proposals and provide recommendations to the Commission.

Thank you,

VEPP Inc.

*Carolyn Alderman*

Carolyn M.X. Alderman  
Executive Director

Enclosure

cc: VEPP Inc. Board of Directors

**New England RFP Requirement Comparison**

REQUIREMENTS	BY STATE COMPARISON					
	Vermont	Rhode Island	Connecticut - 2013	Connecticut - 2016	CT, MA, RI	Massachusetts
<b>Program Name</b>	Standard Offer Program	RE Growth Program	PA 13-303 Section 6 Procurement	PA 15-107 Section 1(b) Procurement	Clean Energy RFP	SMART Program
<b>Products Solicited</b>	Energy, Capacity, RECs	Energy, Capacity, RECs	Energy and/or RECs Capacity Optional	Energy and/or RECs	Energy, RECs, and Transmission	Energy
<b>Renewable Resource</b>	yes	yes	yes	yes	yes	yes/solar
<b>In-State Requirement</b>	yes	yes	no	no	no	yes
<b>Project Description, Location, Capacity</b>	yes	yes	yes	yes	yes	yes
<b>Size</b>	≤ 2.2 MW	25 kW - 5 MW	≥ 20 MW	2 MW - 20 MW	≥ 20 MW	≤ 5 MW
<b>Non-Refundable Bid Fee</b>	no	no	no	no	\$7,500 for 20 MW increasing by \$375 for each additional MW	no
<b>Proposal Security</b>	\$10/kW	\$25/REC for 1 year	no	no	no	\$25/kW maximum
<b>Development Security</b>	\$15/kW	no	\$20,000 per MWh of contract maximum amount; paid 50% upon contract execution and 50% upon regulatory approval	\$20,000 per MWh of contract maximum amount; paid 50% upon contract execution and 50% upon regulatory approval	\$20,000 per MWh of contract maximum amount; paid 50% upon contract execution and 50% upon regulatory approval	TBD*
<b>Operating Security</b>	no	no	\$20,000 per MWh of contract maximum amount	\$20,000 per MWh of contract maximum amount	\$20,000 per MWh of contract maximum amount	TBD*
<b>Security Refund</b>	Upon commissioning, forfeit percentage of \$15/kW refundable deposit depending on when project withdrawn	In year 1 after commissioning, forfeit entire amount if project withdrawn	Upon commissioning, upon buyer default, or if PURA does not approve PPA	Upon commissioning, upon buyer default, or if PURA does not approve PPA	Refunded if regulatory agency does not approve PPA	Refunded if project is built within 12 months of SMART Program Effective Date
<b>Site Control</b>	yes	yes	yes	yes	yes	yes
<b>Interconnection</b>	no	Interconnection Application and Impact Study or Interconnection Service Agreement	no	no	no	Interconnection Service Agreement
<b>Interconnection Location</b>	no	Must interconnect with distribution system of National Grid and be located in National Grid ISO-NE Load Zone	Must identify delivery point that is an ISO-NE PTF node	Must identify delivery point that is an ISO-NE PTF node	Must identify delivery point that is an ISO-NE PTF node	Must be interconnected with electric grid in Massachusetts
<b>Project Independence</b>	yes	yes	no	no	no	yes
<b>Equipment Description</b>	no	no	Yes and ability to acquire the required equipment	Yes and ability to acquire the required equipment	Yes and ability to acquire the required equipment	TBD*
<b>Commissioning Deadline</b>	no	Solar - 24 months Digester - 36 months Hydro - 48 months	Applicant determines commissioning date	Applicant determines commissioning date	Applicant determines commissioning date	TBD*
<b>Technical Viability</b>	no	no	Must demonstrate technology is technically viable	Must demonstrate technology is technically viable	Must demonstrate technology is technically viable	no

	Vermont	Rhode Island	Connecticut - 2013	Connecticut - 2016	CT, MA, RI	Massachusetts
<b>Financial Feasibility</b>	no	yes	Ability to finance proposed project, financial plan, plan for funding of development costs, plan for funding transmission upgrades	Must demonstrate financial viability of project, including funding of development costs and required development period security	Must demonstrate financial viability of project, including funding of development costs and required development period security	TBD*
<b>Project Experience</b>	no	no	Must demonstrate experience to successfully develop and operate the project	Must demonstrate sufficient development, financing, and construction experience	Must demonstrate sufficient development, financing, and construction experience	TBD*
<b>Permitting</b>	no	Must address permitting, ability to build, and timing for construction	Must provide list of all permits, licenses, and environmental assessments required	Must demonstrate viable plan to acquire permits, licenses, and environmental impact assessments	Must provide list of all permits, licenses, and environmental assessments required	Must provide all necessary governmental permitting and approvals to construct
<b>Public Support</b>	no	no	Must provide documentation identifying level of public support for project and plan for community outreach activities	Must provide documentation identifying level of public support for project and plan for community outreach activities, copies of agreements with communities	Must provide documentation identifying level of public support for project and plan for community outreach activities, copies of agreements with communities	TBD*
<b>Operation and Maintenance Plan</b>	no	no	yes	yes	yes	TBD*
<b>Project Schedule</b>	yes	no	yes	yes	yes	TBD*
<b>Commercial Access to Equipment</b>	no	no	yes	yes	yes	TBD*
<b>Contribution to Economic Development</b>	no	no	yes	yes	yes	TBD*
<b>QF Status</b>	no	no	no	no	no	yes
<b>RPS Qualification</b>	no	yes	yes	yes	yes	yes
<b>Application Submission</b>	bid form	yes	yes	yes	yes	yes
<b>Bid Evaluation</b>	quantitative	quantitative	Stage 2 Scoring: 80% quantitative, 20% qualitative designed to assess likelihood of project being built	Stage 2 Scoring: 75% quantitative, 25% qualitative	Stage 2 Scoring: 75% quantitative, 25% qualitative	quantitative

\* RFPs issued no later than October 24, 2017. Additional requirements to be determined (TBD).

Sources:

- Vermont RFP: Vermont Standard Offer - 2017 RFP Information, State of Vermont Request for Proposals for the Standard-Offer Program, Issuance date April 24, 2017, [www.vermontstandardoffer.com/2017-rfp-information/](http://www.vermontstandardoffer.com/2017-rfp-information/).
- Rhode Island RFP: National Grid Rhode Island Renewable Energy Growth Program, Rhode Island Renewable Energy Growth Program Solicitation and Enrollment Process Rules for Solar (Greater than 25 kW), Wind, Hydro and Anaerobic Digester Projects, Issuance date April 1, 2017, [https://www9.nationalgridus.com/naragansett/non\\_html/2017%20RE%20Growth%20SolarWindHydroAD%20Rules%20as%20of%202-21-17%20-%20Clean.pdf](https://www9.nationalgridus.com/naragansett/non_html/2017%20RE%20Growth%20SolarWindHydroAD%20Rules%20as%20of%202-21-17%20-%20Clean.pdf).
- Connecticut - 2013 RFP: Connecticut Department of Energy and Environmental Protection: Notice Of Request For Proposals from Private Developers Implementation of an Act Concerning Connecticut's Clean Energy Goals: Issuance date July 8, 2013, [www.ct.gov/deep/lib/deep/energy/renewableenergy/rfp-classi.pdf](http://www.ct.gov/deep/lib/deep/energy/renewableenergy/rfp-classi.pdf).
- Connecticut - 2016 RFP: Connecticut Department of Energy and Environmental Protection: Notice Of Request for Proposals from Private Developers for Clean Energy. Issuance date March 9, 2016. Copy on file with author.
- Connecticut, Massachusetts and Rhode Island RFP: Clean Energy RFP. Specified State Agencies and Electric Distribution Companies in Connecticut, Massachusetts and Rhode Island: Notice of Request for Proposals from Private Developers for Clean Energy and Transmission Implementation of Certain Procurement Statute. Issuance date November 12, 2015, [www.cleanenergyrfpdotcom.files.wordpress.com/2015/11/clean-energy-rfp-final-111215.pdf](http://www.cleanenergyrfpdotcom.files.wordpress.com/2015/11/clean-energy-rfp-final-111215.pdf).
- Massachusetts RFP: Massachusetts Department of Energy Resources. Solar Massachusetts Renewable Target (SMART) Program (MA Reg #1346). Issuance date August 25, 2017, [www.mass.gov/courts/docs/lawlib/220-229cmr/225cmr20.pdf](http://www.mass.gov/courts/docs/lawlib/220-229cmr/225cmr20.pdf).