

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 17-5257-INV

In re: review of the standard-offer program	
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**REPLY COMMENTS OF VERMONT ELECTRIC COOPERATIVE, INC.**

Vermont Electric Cooperative, Inc., (VEC) reaffirms our earlier submittals in this matter including February 2, 2018, in response to the Order Re Notice of Proceeding issued on December 29, 2017, and the more recent submission on September 21, 2018. We continue to believe that the Renewable Energy Standard (RES) will ensure renewable energy development in Vermont and eliminates the need for the Standard Offer Program. To reiterate, VEC's two most immediate concerns are as follows:

- **Standard-offer projects in the Sheffield Highgate Export Interface (SHEI) transmission-constrained area.** In the short term, we urge the Commission to place a pause on new standard-offer projects within the SHEI in order to mitigate the financial harm caused to ratepayers by transmission constraints and curtailments of existing renewable resources. Please see our September 21, 2018 comments for more details on this issue.
- **Exemptions for utilities from participation in the Standard Offer Program.** The exemption offered in §8005a(k)(2)(B) could render the Standard Offer Program unsustainable as more utilities claim exemptions. Many of the resources that exempt utilities use to demonstrate their 100 percent renewable power supply are out-of-state resources, whereas the Standard Offer Program specifically supports the development of in-state renewable power. Because this is a statewide policy and program, all ratepayers should be equally responsible. Therefore, VEC believes that the Commission should recommend that the exemption offered in §8005a(k)(2)(B) be removed.

We appreciate the proposal offered by the Department in their September 21, 2018 comments. It acknowledges the essential role that the utilities play in determining the appropriate location, size, and price of new renewable generation projects. However, we disagree about the need for a prescribed RFP process or regulatory guidance regarding "contractual lengths, minimum frequency of solicitations,

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and ability to solicit excess generation in advance of future years' obligations, eligible technologies, technology allocations" etc.

The RES established a comprehensive framework to guide Vermont utilities in increasing the amount of renewable energy in their power supply and in developing in-state renewable resources. To ensure that these requirements are met in the most cost-effective way possible, utilities should have full flexibility in determining the details of power purchase agreements, including the development partner, price, location, contract length, technology, and timing. Utilities are in the best position to forecast their own needs. Indeed, this forecasting is part of their everyday work. Similarly, renewable developers will not enter into contracts that fail to meet their needs. This basic tension results in competitive negotiations and projects that not only come to fruition but also best serve the needs of ratepayers.

We understand that there are elements of the Standard Offer Program that the current RES may not adequately cover, such as emerging technologies and innovation. The Standard Offer Program could be replaced with a new program that focuses on emerging technologies that, unlike solar and wind, do not yet have a strong foothold in the market. For example, farm methane struggles for commercial viability but offers benefits beyond renewable energy such as improved water quality and rural economic development and therefore may be an appropriate target for such a program.

Thank you for the opportunity to comment.

Respectfully submitted,

VERMONT ELECTRIC COOPERATIVE, INC.



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