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In our first comments to the PUC in this docket VIPPA recommended that the PUC work with the Vermont Legislature to increase the annual procurement requirements and extend the duration of the Standard Offer Program. In these reply comments to the PUC we emphatically reiterate this recommendation. In 2009 when the Legislature created the Standard Offer Program, it was well understood that the program was a long term program, with a measured rate of development, culminating in 127.5 MW of new renewable energy. It was also understood that as a long term program the Standard Offer Program provided policy predictability to both the utilities and developers. Today, the Standard Offer Program provides some of the lowest cost new generation to Vermont's ratepayers. **Vermont cannot afford to end the Standard Offer Program.**

As the Department of Public Service (DPS) stated in its initial comments, "In the nine years since the Standard Offer Program was passed into law, sweeping changes have taken place in the electric sector". Rational thinking should anticipate that these sweeping changes will continue. In a recent webinar, a presenter from the Energy Action Network (EAN) spoke concerning the progress for Vermont's renewable energy and climate commitments. The summary theme of the webinar was "Business as usual will not enable Vermont to reach its goals of 90% [reduction in greenhouse gas emission] by 2050 (or 25 % by 2025)". While the information presented in the webinar supported the fact that the electric sector has done well in meeting its goals (with the Standard Offer Program contributing about 7% of all renewable energy to the electric sector), the transportation and heating sectors of the carbon economy (the largest emitters of greenhouse gases) are not making good progress. Two primary strategies for reducing greenhouse gas emissions (GHG) in the transportation and heating sectors were presented; adding 60,000 electric vehicles to replace fossil fuel vehicles and installation of 60,000 heat pumps to replace fossil fuel furnaces<sup>1</sup>. The primary strategies for reducing GHG emissions identified by the EAN will require significant increases in the use of electricity<sup>2</sup>. This increase in the use of electricity must be met with renewable electrical generation in order to maximize the GHG reduction benefits. The Standard Offer Program, particularly if it is expanded and/or extended, in conjunction with the Renewable Energy Standard (RES), and Vermont's net metering program will all be necessary to meet the sweeping changes of the future in the electrical sector<sup>3</sup>.

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<sup>1</sup> The EAN has not given new estimates of the numbers of EVs and heat pumps necessary since it was realized that carbon emissions in Vermont have increased significantly in recent months.

<sup>2</sup> A "back of the envelope" calculation of the necessary additional energy to support 60,000 heat pumps and 60,000 EVs yields an increase in energy (presumably renewable energy) in Vermont of 352,140 MWH/year.

<sup>3</sup> The summary slide from the August 2, 2018 presentation by the Lawrence Berkeley National Laboratory states that "Procurement programs [e.g. The Standard Offer Program] targeting small renewables are commonly used in tandem with RPS, net metering and other broader policies".

**In July of 2018 the PUC issued a Press Release identifying four projects that were awarded Standard Offer Contracts in this year's Standard Offer RFP as being "among the lowest-priced solar in the state."** The PUC could have added that the Standard Offer Projects also provide Vermont's ratepayers with "load reducer benefits" (i.e. reduced capacity and in some cases reduced network service charges), distributed generation benefits, as well as Renewable Energy Credits many of which are still sold out-of-state to provide additional revenue to the Vermont utilities. The PUC could also have added that the Standard Offer Program has resulted in millions of dollars of utility distribution system upgrades paid for by the Standard Offer Projects.<sup>4</sup> The Legislature should expand and extend the Standard Offer Program in order to continue to provide the lowest cost power to Vermont's ratepayers.

VIPPA believes that the use of a centralized procurement agent has been proven to be administratively efficient and that the central procurement agent has carried much of the administrative burden of the Standard Offer procurement program that would have otherwise fallen on the regulators and utilities. Additionally, if all seventeen of Vermont's utilities were required to conduct Standard Offer type procurement, the "regulatory burden" required to review the selection and costs of each new renewable energy project proposed would be significant for both the utilities and the regulators. As stated by Galen Barbose of the Lawrence Berkeley National Laboratory, the presenter in the PUC's report on the Standard Offer Program, relative to the administration of similar procurement programs in other states ".....I think they are all administered by, if not the regulator, some sort of state agency or centralized procurement agent." VIPPA believes that the use of a central procurement agent is an important tool for Vermont to use to acquire additional renewable energy and that the use of central procurement agent should continue.

VIPPA has been concerned in the past about the ability to determine actual prices of renewable energy projects undertaken by the utilities. The Standard Offer Program provides full transparency; from the bidding under the RFPs, public availability of the RFP responses and to the written decisions on contract awards. This transparency has been one of the drivers for the lowering of prices of renewable energy. All interested persons have been able to see the pace of price reductions, particularly in solar projects. The transparency of the Standard Offer Program can be attributed to two things. First, the program is administered by public entities (i.e. the Standard Offer Facilitator and the PUC). These administrators of the Standard Offer Program are required under law to abide by Vermont's Public Records law. Secondly, the Standard Offer

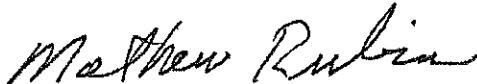
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<sup>4</sup> VIPPA is skeptical of the DPS' contention that "distributed generation is, in some cases, imposing distribution costs...". Qualifying Facilities selling power to utilities, which includes all Standard Offer Projects as well as net metering projects, are required by federal regulation to construct and install infrastructure necessary to interconnect with the utility in a reliable manner. The Qualifying Facilities are also required to transfer ownership of these infrastructure improvements to the interconnecting utility. VIPPA is aware of IPPs paying many hundreds of thousands of dollars to the utilities for distribution system infrastructure improvements including line extensions, line improvements, substation improvements and fiber extensions in order to reliably interconnect with the existing utility distribution system

Contract is the same for all projects in a given year<sup>5</sup>. Standardization of the Standard Offer Contract allows direct comparison of project pricing for all projects in the Standard Offer Program. This transparency of real pricing does not exist in Vermont's other renewable Energy Programs (e.g. utility projects undertaken as the result of the RES, or Vermont's net metering program). Not only does this transparency allow everyone to know the real pricing of the renewable projects in the Standard Offer Program, but it also prevents the potential for cronyism and bias in the selection of projects. To lose this transparency would be doing a disservice not only to Vermont's ratepayers but also to all participants in Vermont's renewable energy industry.

Lastly, some parties raised the concern that Standard Offer projects are not being located in the best locations to provide the distributed generation benefits to the local distribution systems. Strategies exist to easily overcome this problem. The PUC only needs to adopt methods contained in other programs such as the Massachusetts "SMART" program or Vermont's own net metering program to improve locational characteristics of Standard Offer projects. VIPPA recommends that the PUC undertake a study to determine the best strategy to maximize the distributed generation benefits of the Standard Offer Program.

On behalf of VIPPA



Mathew Rubin, - President

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<sup>5</sup>The DPS proposal for requirements under the RES suggests that only "minimum requirements" be required by the PUC for contracts issued by the utilities. If the contract is not identical for all projects and for all utilities the actual price of the power will no longer be transparent and comparable.