



October 8, 2018

Mrs. Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street, 4th Floor
Montpelier, VT 05620

Re: Review of Standard Offer (Case No. 17-5257-INV)

Dear Commissioners:

Renewable Energy Vermont (REV) offers the following comments to strengthen implementation of the Standard Offer Program with the aim of timely achieving Vermont's greenhouse gas pollution reduction commitments and the total renewable energy goals outlined in Vermont's Comprehensive Energy Plan.

We commend the Commission's review of other state's renewable energy procurement programs via the U.S. Department of Energy's Lawrence Berkeley National Laboratory (LBNL) as part of the programmatic review of Vermont's successful Standard Offer Program. LBNL's work shows that Vermont's Standard Offer program's design and results are consistent with, and in some instances more successful than other renewable electricity procurement programs. Similar to Vermont's Standard Offer Program, other states also either rely upon a state agency or an independent facilitator to manage renewable electricity procurement programs, an entity that is a non-competing participant with no profit connection. It is also notable that the LBNL research found that a renewable portfolio standard (RPS) alone is generally an inadequate policy tool to ensure appropriate new renewable electricity generation; instead, a strong RPS, an independent procurement program or feed-in tariff, and net metering should be relied upon and viewed as complementary.

Standard Offer is the **ONLY** consistent, transparent, long term contract opportunity for new renewable electricity generation in Vermont. Contracts for new renewable electricity generation awarded through the Standard Offer program are extremely price competitive, and are actually below rates permitted for recent utility developed solar projects. The Standard Offer Program has also created pricing benchmarks, which have benefited ratepayers as well as the Commission's and the DPS' analysis of utility expenditures. REV supports the continuation of flexible and competitive, market-based mechanism pricing for the standard offer program.

The existing Standard Offer Program implemented by VEPPI is an efficient and transparent mechanism to procure new renewable electricity that leverages private equity and innovation, while also reducing ratepayers' risk, compared to utility owned projects.



Legislative Recommendations

Vermont should expand the Standard Offer competitive procurement program by increasing the individual plant capacity to 5 MW as earlier recommended by the Department of Public Service (DPS), and as permitted by other states' programs. Current project size limits in the Standard Offer Program do not enable ratepayers to fully benefit from economies of scale that may be achieved by some larger projects. Should the eligible individual project size be increased, REV urges the Commission to maintain technology diversity and consider a set aside for some smaller projects.

The annual pace and overall cumulative capacity of the Standard Offer program should also be increased to ensure consistency with Vermont's Comprehensive Energy Plan and statutory greenhouse gas pollution reduction commitments. As a starting point, Vermont's Climate Action Commission recently recommended to the Governor that "10 percent of current electricity sales increase in distributed energy generation in next five years (reducing out of state purchases by that same 10 percent - some portion of that from non-renewable sources)".¹

It is concerning that projects within the utility provider block are notably higher than similar projects within the independent developer block. There is no need or clear value for separate developer and provider blocks in the Standard Offer Program. We recommend elimination of the provider block.

REV generally supports comments from other participants regarding ending the utility exemption loophole. Specifically, we encourage the Commission to recommend to the Legislature that previously exempt utilities (Washington Electric Coop and Swanton) beginning in 2016 continue to be allowed to apply annually for an exemption from past and future Standard Offer cost allocations, but no additional utility's should be permitted the exemption from past or future contracts. REV agrees with GMP's recommendation for amending the exemption provision in 30 V.S.A. § 8005a(k)(2)(B), "so that utilities are only able to shed the purchase obligation prospectively (e.g. only for projects that reach commercial operation after the date the Commission grants the exemption)" only if a utility was exempted by the Commission before 2016, due to simple fairness. An exemption should only be granted if the requesting utility retires (rather than resells) the renewable / environmental attributes claimed in the exemption request.

Programmatic Implementation Recommendations

REV urges the Commission to always maintain a reserve list of projects and to rapidly substitute projects from the reserve list for projects that do not meet their contract milestones. REV would also support an evaluation of projects beyond the lowest bid exclusive.

¹ Vermont Climate Action Commission Final Report. July 31, 2018.
anr.vermont.gov/sites/anr/files/Final%20VCAC%20Report.pdf.



Historical challenges with implementation and delivery of new renewable electricity generation through the Standard Offer Program can be clearly tied to factors within the Commissions' purview including: timeliness of the annual programmatic order; delayed permitting review; and locational issues, etc. which can also be address by the Commission. In 2017 VEPPI submitted a review of other state electricity procurement programs in New England and suggested some process and application improvements to reduce attrition and further increase the efficiency and effectiveness of the Standard Offer Program. It may benefit the Commission to consult with VEPPI, the experienced independent facilitator on its historical recommendations and recent experiences.

If the Commission, DPS, or any individual electric utility's have grid-related concerns with the future location of commercial / utility scale in-state generation that may be built through the Standard Offer Program, the simple solution is for a utility to provide preferred locations; and clearly and reliably identify constrained locations on the transmission and distribution system. This would be the most transparent and efficient way to procure new electricity generation.

Finally, REV notes that the public wants to see more renewable generation projects located on rooftops, parking lots, landfills, and brownfields and other more challenging developed sites. As such, the Commission should make it easier for projects on those types of sites to be realized, rather than expect them to successfully compete with lower cost ground mount solar proposals.

General Comments & Observations

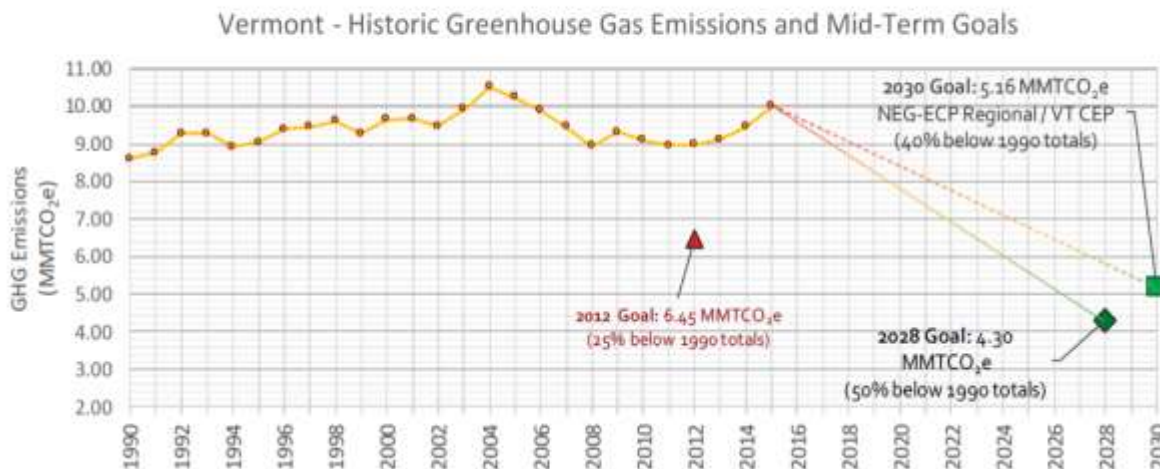
The Commission's recommendations to the Legislature should also be guided by a directive to develop and implement programs to achieve Vermont's greenhouse gas ("GHG") reduction goals under 10 V.S.A. § 578(a), which call for reducing Vermont's GHG emissions footprint from 1990 levels by 50% by 2028 and 75% by 2050.² The existing Vermont Renewable Energy Standard will not stimulate the procurements necessary to satisfy Vermont's greenhouse gas reduction goals. As recently reported by the Vermont Climate Commission in its 2018 report, Vermont is significantly behind reaching our greenhouse gas reduction goals³:

² 10 V.S.A. § 578(a)(emphasis added).

³ Vermont Climate Action Commission 2018 Final Report at 2.



Figure 1: Vermont Greenhouse Gas Emissions and Mid-Term Goals¹



The above-chart, which was based upon 2015 emissions data, does not capture the most recent and Vermont emissions data published this year by the Vermont Agency of Natural Resources (“ANR”). The Climate Commission highlighted the alarming, negative trend:

“Since the last [VT GHG Report], Vermont’s greenhouse gas emissions rose to 16 percent above the 1990 baseline year; a rise in Vermont’s greenhouse gas emissions of 10 percent in just two years.”

“Based on this new information, the Commission urges that, unless there is significant progress in greenhouse gas emission reductions, Vermont should institute additional, wide scale measures to reduce greenhouse gas emissions, informed by the Joint Fiscal Office’s analysis of decarbonization methods in Vermont and other emergent information.”⁴

Further, Vermont is a significant net importer of its electricity needs. According to the Energy Information Administration’s July 2018 update, Vermont consumes almost five times as much electricity as it produces.⁵ In 2017, in-state generation provided only about two-fifths of the electricity consumed in Vermont.⁶ What this means is that Vermont is exporting its energy dollars out of state and losing out on a valuable local economic opportunities, as well as increased grid efficiency and lower overall transmission costs.

The DPS’ comments filed on October 5, 2018 further explain why Vermont’s existing Renewable Energy Standard is inadequate to achieve the State’s Comprehensive Energy Plan and climate commitments.

⁴ Vermont Climate Action Commission 2018 Final Report at 5-6.

⁵ <https://www.eia.gov/state/analysis.php?sid=VT>

⁶ *Id.*, citing U.S. EIA, Electric Power Monthly (February 2018), Tables 1.3.B, 5.4.B.



Any proposed adjustments to the Standard Offer Program should have these important facts in mind.

Response to Comments

At the Commission's last workshop in this proceeding and in its latest comments, it appears that the DPS' position has shifted to now recommending the elimination of the Standard Offer Program. We urge the Commission to dismiss this DPS' proposal for numerous reasons. Elimination of the existing Standard Offer's single annual RFP managed transparently through an independent facilitator with no special interest and replacing it with up to 17 different RFPs through each of Vermont's electric utility's as suggested by the DPS would not reduce any administrative burden, which appeared to be the main rationale of DPS's recommendation to eliminate Standard Offer based on discussion at the Commission's last workshop in this proceeding. In fact, eliminating Standard Offer increases the administrative burden for both utilities and the Commission and would likely create significant inequities in new renewable electricity project deployment.

Standard Offer has effectively acted as Vermont's QF program. While PURPA projects, in theory, still exist the "4.100" program has failed to adequately provide a reasonable and viable alternative in which to develop renewable energy projects within the state. REV would support a more robust and viable 4.100 program to help supplement current renewable energy programs, such as Standard Offer, and increase the possibility of meeting Vermont's renewable energy goals. However, the elimination of Standard Offer and reliance on existing programs would be wholly inadequate.

Furthermore, REV fundamentally disagrees with the DPS comments that distributed generation is the cause of grid constraints or economic pressures. First, distribution grid constraints in Vermont result from a lack of concerted planning to create the necessary grid platform to transition Vermont to a modern, distributed renewable energy grid envisioned by numerous State policies. Independent companies that build distributed resources contribute significant interconnection costs, both to complete grid studies, and to construct interconnection facilities to accommodate necessary new electricity generation. Our local grid is being upgraded one project at a time, circuit by circuit, as each new distributed resource is added, and at the expense of the independent developers and not utilities or Vermont ratepayers. Second, the DPS overlooks the grid resiliency benefits that accrue from developing a grid platform that accommodates and utilizes local renewable resources.

REV agrees with the recommendations made by the NYU Institute on Policy Integrity that evaluating and considering the benefits from avoiding the cost of climate and public health impacts and capturing the full economic benefit of the investment and jobs benefits that the state could reap with a true climate economy model.



The existing Standard Offer Program requires procurement of an additional 35 MW of new in-state renewable electricity. With timely direction from the Commission, the program generally becomes more effective and efficient each year. In light of this and the comments above, prematurely concluding the program is silly and inconsistent with the Legislature's directive to the Commission and total renewable energy and climate mitigation commitments. Vermont's Standard Offer Program generally creates reliable and predictable opportunities for new renewable electricity generation opportunities, which is particularly important for financial certainty and planning for utilities, local businesses, and the State.

Thank you for the opportunity to comment.

Respectfully submitted,

Olivia Campbell Andersen
Executive Director
Renewable Energy Vermont