NORWICH SOLAR™

January 13, 2023

Ms. Holly R. Anderson, Clerk of the Commission
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05602-2701

Re: Case Number 19-0855-RULE – Norwich Solar's Response to the Commission's December 2, 2022 Order Regarding Further Proposed Revisions to Commission Rule 5.100 and Request for Comments.

Dear Ms. Anderson:

Norwich Solar thanks the Vermont Public Utility Commission ("Commission") for the opportunity to provide comments on Case Number 19-0855-Rule, in response to the Commission's December 2, 2022 Order Regarding Further Proposed Revisions to Commission Rule 5.100 and Request for Comments (the "Order"). In addition to supporting the comments submitted by Renewable Energy Vermont ("REV"), Norwich Solar offers the following comments with respect to the latest proposed revisions to Rule 5.100 issued by the Commission on December 2, 2022.

General Comments

Norwich Solar is supportive of changes that improve outcomes and create clear directives for both developers and the broader public. Balanced and mutually receptive dialog ultimately benefits the outcomes. In the context of balance, we respectfully provide the general observation that overtime, the requirements and interpretations of Rule 5.100 have continued to add greater costs and risks to achieving the Legislatures' instate renewable energy deployment goals while we continue to provide lower and lower cost generation.

Our comments are focused on forest clearing and attempt to reflect the perspective of the developer, project owner, construction subcontractors, and landowners who are all key constituents in expanding local clean generation. While we focus on forest clearing, we think it is important for a balanced perspective that the voices of landowners, tradespeople, project owners, offtakers of power, and developers be considered with respect to all changes proposed.

Forest Clearing (Sections 5.103, 5.106, and 5.107)

Norwich Solar has reviewed the revisions to sections pertaining to "Significant Forest Clearing." Respectfully, the policy objectives, economic rational, and science supporting the significant forest clearing provisions remain unclear from our perspective.

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Policy Objectives:

Limiting tree clearing for specific net-metered solar installations creates several potential conflicts with existing policies, including but not exclusively limited to the following:

- Pursuant to Act 174 of 2016, towns have been given guidance on creating enhanced energy plans that site renewable energy projects. The Commission's proposed forest clearing language will conflict with Towns that have already designated certain forested areas as suitable for renewable energy projects. The Commission's blanket prohibition on tree clearing will impact existing and future town plans, and towns have no alternatives since there are currently no other statewide renewable energy procurement programs in Vermont other than net-metering.
- The clearing exceptions provided for designated downtowns and neighborhoods seems to put solar development on a collision course with town and regional plans. The development of solar on town identified land planned for commercial and residential development seems mismatched for the intended use and supporting infrastructure in those designated areas.
- Statewide development activities identified for land planned for commercial and residential development the Agency of Natural Resources considers 'forest conversion' are not regulated with such restrictive measures. Significant expansion of the needed new housing, resulting in permanent land use conversion will create the larger impact of significant forest clearing.
- The proposed tree clearing ban monolithically treats all forested land in Vermont as having equal forest value which is not reflective of other types of development.
- Pushing development to only open sites will create conflict in areas of the State with limited open space and potentially create conflicts with agricultural and other land use interests.

Economic Rational:

In the Order, the Commission references preferred sites and one of its rationales for the proposed ban on tree cutting. The Commission stated that "Projects on preferred sites receive rate incentives from ratepayers. The Commission believes that under a preferred-site approach, ratepayers should not pay rate incentives for projects that clear large areas of forest, and it is appropriate to steer projects away from forested sites and areas that would require significant forest clearing."[1]

The definition of "receiving rate incentives" should be clarified by the Commission to ensure proposed applications of the rule are justified by the stated intent**. In the case of Category III sites, the compensation for these arrays under NM2.5, NM2.4, NM2.3 is below 2022 Avoided Costs as well as expected 2023 and beyond Avoided Costs**.

The Department of Public Service's Draft 2023 Consolidated RES Model forecast for energy, capacity, and RNS charges are shown in Figure 1 and reflect their recent projections on Avoided Costs:

[1] State of Vermont, Public Utility Commission, Case No. 19-0855-RULE, *Order Regarding Further Proposed Revisions to Commission Rule 5.100 and Request for Comments*, December 2, 2022, at 4.

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				2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
base	**Energy (ATC)**	*$/ MWh*		$ 34.25	$ 36.13	$ 97.06	$ 104.09	$ 89.13	$ 85.23	$ 84.00	$ 82.08	$ 81.71	$ 83.20	$ 85.26	$ 87.61
base	**Capacity**	*$/kw-mo*		$ 5.30	$ 4.63	$ 3.80	$ 2.00	$ 2.61	$ 2.53	$ 2.71	$ 3.43	$ 3.65	$ 3.97	$ 4.04	$ 3.89
base	**RNS**	*$/kw-year*		$ 129.26	$ 140.98	$ 142.78	$ 140.94	$ 143.76	$ 146.64	$ 149.57	$ 152.56	$ 155.61	$ 158.73	$ 161.90	$ 165.14
	Total	*$/MWh*	1.07377	$ 56.26	$ 58.57	$ 118.56	$ 122.92	$ 109.12	$ 105.43	$ 104.78	$ 104.20	$ 104.48	$ 106.76	$ 109.27	$ 109.27

Figure 1

NM2.5 compensation with REC	**:**	**$0.1214**
NM2.4 compensation with REC	**:**	**$0.1314**
NM2.3 compensation with REC	**:**	**$0.1414**
2023 Avoided Costs with REC (REC @ $0.035)	**:**	**$0.1579**

Standard net-metering ratepayer impact calculations look at the difference between net-metering compensation rates and avoided cost estimates (with the REC included). When compensation remains under avoided cost, there is a positive rate impact. With Category III dominated by excess generation, lost sales would not contribute to rate increases or potential cross subsidies.

Clearer guidance on what constitutes "receiving rate incentives" will inform the risk analysis of whether this issue will be raised on different projects (even outside of Rule 5.100) in the future.

Science and Cost Benefit Analysis

Norwich Solar respectfully requests directional changes such as denial of preferred siting "for significant forest clearing" be open with the underlying science and supporting data underpinning the change. The information will balance the cost and benefits of implementing this proposal and to understand whether this guidance will be expanded to other programs outside the scope of Rule 5.100 or even Rule 5.400, including housing, Act 250 commercial development, or Vermont's Current Use program of compensation for open agricultural land versus forested land. Solar's contribution to carbon sequestration is well-documented nationally. The science behind these calculations should be factored into the consideration of the levels of monolithic forest cutting that is being considered here.

Conclusion

Norwich Solar is appreciative to have our opportunity to provide our perspective as a small Vermont business with respect to proposed changes to Rule 5.100. We thank the Commission for the opportunity.

Respectfully,

Norwich Solar