TO THE HOUSE OF REPRESENTATIVES:

The Committee on Natural Resources and Energy to which was referred House Bill No. 468 entitled “An act relating to a renewable portfolio standard and the Sustainably Priced Energy Enterprise Development Program” respectfully reports that it has considered the same and recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

*** Renewable Energy; Goals; Definitions ***

Sec. 1. 30 V.S.A. § 8001 is amended to read:

§ 8001. RENEWABLE ENERGY GOALS

(a) The general assembly finds it in the interest of the people of the state to promote the state energy policy established in section 202a of this title by:

(1) Balancing the benefits, lifetime costs, and rates of the state’s overall energy portfolio to ensure that to the greatest extent possible the economic benefits of renewable energy in the state flow to the Vermont economy in general, and to the rate paying citizens of the state in particular.

(2) Supporting development of renewable energy and related planned energy industries in Vermont, and the jobs and economic benefits associated with such development, while retaining and supporting existing renewable energy infrastructure.
(3) Providing an incentive for the state’s retail electricity providers to enter into affordable, long-term, stably priced renewable energy contracts that mitigate market price fluctuation for Vermon ters.

(4) Developing viable markets for renewable energy and energy efficiency projects.

(5) Protecting and promoting air and water quality by means of renewable energy programs.

(6) Contributing to reductions in global climate change and anticipating the impacts on the state’s economy that might be caused by federal regulation designed to attain those reductions.

(7) Supporting and providing incentives for small, distributed renewable energy generation, including incentives that support locating such generation in areas that will provide benefit to the operation and management of the state’s electric grid.

(8) Promoting the inclusion, in Vermont’s electric supply portfolio, of renewable energy plants that are diverse in plant capacity and type of renewable energy technology.

(b) The board shall provide, by order or rule, the regulations and procedures that are necessary to allow the board and the department to implement and supervise programs pursuant to this chapter.
Sec. 2. 30 V.S.A. § 8002 is amended to read:

§ 8002. DEFINITIONS

For purposes of this chapter:

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(2) “Renewable energy” means energy produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate.

(A) For purposes of this subdivision (2), methane gas and other flammable gases produced by the decay of sewage treatment plant wastes or landfill wastes and anaerobic digestion of agricultural products, byproducts, or wastes shall be considered renewable energy resources, but no form of solid waste, other than agricultural or silvicultural waste, shall be considered renewable.

(B) For purposes of this subdivision (2), no form of nuclear fuel shall be considered renewable.

(C) The only portion of electricity produced by a system of generating resources that shall be considered renewable is that portion generated by a technology that qualifies as renewable under this subdivision (2).

(D) After conducting administrative proceedings, the board may add technologies or technology categories to the definition of “renewable energy,”
provided that technologies using the following fuels shall not be considered renewable energy supplies: coal, oil, propane, and natural gas.

(E) For the purposes of this chapter, renewable energy refers to either “existing renewable energy” or “new renewable energy.”

(3) “Existing renewable energy” means all types of renewable energy sold from the supply portfolio of a Vermont retail electricity provider that is not considered to be from a new renewable energy source produced by a plant that came into service prior to or on December 31, 2012.


(A) With respect to a system of generating resources plants that includes renewable energy, the percentage of the system and of energy or environmental attributes originating from any plant within that system that constitutes new renewable energy shall be determined through dividing the plant capacity of the system’s generating resources plants coming into service after December 31, 2004 2012 that produce renewable energy by the total plant capacity of the system.

(B) “New renewable energy” also may include the additional energy from an existing renewable facility renewable energy plant retrofitted with advanced technologies or otherwise operated, modified, or expanded to increase the kWh output of the facility plant in excess of an historical baseline.
established by calculating the average output of that facility for the
10-year period that ended December 31, 2004. If the production of new
renewable energy through changes in operations, modification, or expansion
involves combustion of the resource, the system also must result in an
incrementally higher level of energy conversion efficiency or significantly
reduced emissions. For the purposes of this chapter, renewable energy refers
to either “existing renewable energy” or “new renewable energy.”

(5) “Qualifying SPEED resources” means contracts for in-state
resources in the SPEED program established under section 8005 of this title
that would meet the definition of new renewable energy under this section if
the energy purchase under the contracts were to include the energy’s
environmental attributes, whether or not renewable energy credits those
attributes are attached actually purchased under the contracts.

(6) “Nonqualifying SPEED resources” means contracts for in-state
resources in the SPEED program established under section 8005 of this title
that are fossil fuel-based, combined heat and power (CHP) facilities that
sequentially produce both electric power and thermal energy from a single
source or fuel. In addition, at least 20 percent of a facility’s fuel’s total
recovered energy must be thermal and at least 13 percent must be electric, the
design system efficiency (the sum of full load design thermal output and
electric output divided by the heat input) must be at least 65 percent, and the
facility must meet air quality standards established by the agency of natural
resources.

(7) “Energy conversion efficiency” means the effective use of energy
and heat from a combustion process.

(7) “Environmental attributes” means the characteristics of a plant that
enable the energy it produces to qualify as renewable energy and include any
and all benefits of the plant to the environment such as avoided emissions or
other impacts to air, water, or soil that occur through the plant’s displacement
of a nonrenewable energy source.

(8) “Tradeable renewable energy credits” means all of the
environmental attributes associated with a single unit of energy generated by a
renewable energy source where:

(A) those attributes are transferred or recorded separately from that
unit of energy;

(B) the party claiming ownership of the tradeable renewable energy
credits has acquired the exclusive legal ownership of all, and not less than all,
the environmental attributes associated with that unit of energy; and

(C) exclusive legal ownership can be verified through an auditable
contract path or pursuant to the system established or authorized by the board
or any program for tracking and verification of the ownership of environmental
attributes of energy legally recognized in any state and approved by the board.
“Retail electricity provider” or “provider” means a company engaged in the distribution or sale of electricity directly to the public.

“Board” means the public service board under section 3 of this title, except when used to refer to the clean energy development board.

“Commissioned” or “commissioning” means the first time a plant is put into operation following initial construction or modernization if the costs of modernization are at least 50 percent of the costs that would be required to build a new plant including all buildings and structures technically required for the new plant’s operation. However, these terms shall not include activities necessary to establish operational readiness of a plant.

“Plant” means any independent technical facility that generates electricity from renewable energy. A group of newly constructed facilities, such as wind turbines, shall be considered one plant if the group is part of the same project and uses common equipment and infrastructure such as roads, control facilities, and connections to the electric grid.

“Plant capacity” means the rated electrical nameplate for a plant.

“Plant owner” means a person who has the right to sell electricity generated by a plant.

“SPEED facilitator” means an entity appointed by the board pursuant to subdivision 8005(b)(1) of this title.

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(21) “Distributed generation” means a renewable energy plant that is connected to the subtransmission or distribution system of a retail electricity provider.

(22) “Existing small hydroelectric plant” means a hydroelectric plant of 2.2 MW plant capacity or less located in the state that was in service as of January 1, 2009 and did not, as of May 25, 2011, have an agreement with the board’s purchasing agent for the purchase of its power pursuant to subdivision 209(a)(8) of this title and board rules adopted under that subdivision. The term includes hydroelectric plants that have never had such an agreement and hydroelectric plants for which such an agreement expired prior to May 25, 2011.

(23) “Vermont composite electric utility system” means the combined generation, transmission, and distribution resources along with the combined retail load requirements of the Vermont retail electricity providers.

*** Renewable Portfolio Standard ***

Sec. 3. 30 V.S.A. § 8004 is amended to read:

§ 8004. RENEWABLE PORTFOLIO STANDARDS FOR SALES OF ELECTRIC ENERGY

(a) Environmental attributes; ownership. Except as otherwise provided in section 8005 of this title, in order for Vermont retail electricity providers to achieve the goals established in section 8001 of this title, no retail electricity
provider shall sell or otherwise provide or offer to sell or provide electricity in the state of Vermont without ownership of sufficient energy produced by renewable resources as described in this chapter, or sufficient tradeable renewable energy credits that reflect the required renewable energy environmental attributes as provided for in subsection (b) of this section. In the case of members of the Vermont Public Power Supply Authority, the requirements of this chapter may be met in the aggregate.

(b) Amounts required; schedule.

(1) New renewable energy.

(A) Each retail electricity provider in Vermont shall provide a certain amount of new renewable resources in its portfolio. Subject to subdivision 8005(d)(1) of this title each retail electricity provider in Vermont shall supply an amount of energy equal to its total incremental energy growth between January 1, 2005 and January 1, 2012 through the use of electricity generated by new renewable resources. The retail electricity provider may meet this requirement through eligible new renewable energy credits, new renewable energy resources with renewable energy credits still attached, or a combination of those credits and resources.

No retail electricity provider shall be required to provide in excess of a total of 10 percent of its calendar year 2005 retail electric sales with electricity generated by new renewable resources own the environmental attributes of
new renewable energy that is delivered or capable of delivery to Vermont

in an amount that is not less than 30 percent of its annual retail electric

sales.

(ii) Between the effective date of this subdivision (1) and

January 1, 2025, each provider shall make reasonable progress toward

compliance with the requirement of subdivision (1)(A)(i) of this subsection

(2025; 30 percent of annual electric sales) by owning environmental

attributes of new renewable energy in increasing percentages of its annual

retail electric sales. Each provider’s integrated resource plan filed

pursuant to section 218c of this title shall include its plan to meet the

requirements of this subsection.

(iii) Notwithstanding subdivision 8002(4) of this title (new

renewable energy; definition), a retail electricity provider may satisfy the

requirements of subdivisions (1)(A)(i) (2025; 30 percent of annual electric

sales) and (ii) (reasonable progress prior to 2025) of this subsection by

owning environmental attributes of renewable energy plants

commissioned on or after December 31, 2004 if, as of January 1, 2013, the

provider supplies or has contracted to supply 100 percent of its annual

retail electricity sales through renewable energy, regardless of whether,

during that year, the provider owns the energy’s environmental

attributes.
(B) Under this subdivision (b)(1), ownership of environmental attributes may be demonstrated through possession of tradeable renewable energy credits; contracts for energy supplied by a plant to the provider if the provider’s purchase from the plant includes the energy’s environmental attributes; or both.

(C) A retail electricity provider shall meet the requirements of this subdivision (b)(1) in a manner reasonably consistent with subdivision 8001(8) of this title (diversity of plant capacities and technologies).

(D) [Placeholder: option to purchase “whole buildings” thermal energy efficiency in lieu of some percentage of new renewable energy]

(2) Distributed renewables capacity.

(A) The board shall require each retail electricity provider to own its pro rata share of the environmental attributes associated with distributed generation in annually increasing amounts, commencing with the effective date of this subdivision (2), such that at least 250 MW in cumulative plant capacity of distributed generation is achieved by January 1, 2025. To be eligible to satisfy this capacity requirement, a plant shall have a plant capacity of 2.2 MW or less and shall be commissioned on or after September 30, 2009 and no later than January 1, 2021 or shall be an existing small hydroelectric plant. At least 200 MW of this cumulative plant capacity shall be from
(B) The board shall allocate the cumulative plant capacity to be achieved under subdivision (2)(A) of this subsection (b) among different categories of renewable energy technologies. These categories shall include at least each of the following: methane derived from an agricultural operation or landfill; solar power; wind power with a plant capacity of 100 kW or less; wind power with a plant capacity greater than 100 kW; hydroelectric power; and biomass power using a fuel other than methane derived from an agricultural operation or landfill.

(i) No less than five MW of cumulative plant capacity shall be allocated to methane derived from an agricultural operation.

(ii) No more or less than five MW of cumulative plant capacity shall be allocated to existing small hydroelectric plants; provided, however, that any portion of this five-MW amount not used by an existing small hydroelectric plant as of January 1, 2015 shall be eligible for re-allocation to another category of renewable energy plant.

(C) Energy produced by a distributed generation plant used to satisfy this subdivision (b)(2) shall be applied to the requirements of subdivision (b)(1) of this section if the plant constitutes new renewable energy.
(D) A provider that is exempt from the standard offer purchase requirements under subdivision 8005a(f)(2) of this title shall be exempt from the requirements of this subdivision (b)(2).

(c) The requirements of subsection (b) of this section shall apply to all retail electricity providers in this state, unless the retail electricity provider demonstrates and the board determines that compliance with the standard would impair the provider’s ability to meet the public’s need for energy services after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs. The use of energy from a plant to satisfy the requirements of section 8005 of this title shall not preclude the use of the same energy to satisfy the requirements of this section, as long as the provider possesses the energy’s environmental attributes.

(d) The board shall provide, by order or rule, the regulations and procedures that are necessary to allow the board and the department to implement and supervise further the implementation and maintenance of a renewable portfolio standard.

(e) In lieu of, or in addition to purchasing tradeable renewable energy credits, to satisfy the portfolio requirements of this section, a retail electricity provider in this state may pay to the Vermont clean energy development fund established under section 8015 of this title an amount not less than the number of kWh necessary to bring the provider’s portfolio into compliance with those
requirements multiplied by a rate per kWh as established by the board. As an alternative, the board may require any proportion of this amount to be paid to the energy conservation fund established under subsection 209(d) of this title.

(f) Before December 30, 2007 and biennially thereafter through December 30, 2013, the board shall file a report with the senate committees on finance and on natural resources and energy and the house committees on commerce and on natural resources and energy. The report shall include the following:

(1) the total cumulative growth in electric energy usage in Vermont from 2005 through the end of the year that precedes the date on which the report is due;

(2) a report on the market for tradeable renewable energy credits, including the prices at which credits are being sold;

(3) a report on the SPEED program, and any projects using the program;

(4) a summary of other contracts held or projects developed by Vermont retail electricity providers that are likely to be eligible under the provisions of subsection 8005(d) of this title;

(5) an estimate of potential effects on rates, economic development and jobs, if the target established in subsection 8005(d) of this section is met, and if it is not met;
(6) an assessment of the supply portfolios of Vermont retail electricity providers, and the resources available to meet new supply requirements likely to be triggered by the expiration of major power supply contracts;

(7) an assessment of the energy efficiency and renewable energy markets and recommendations to the legislature regarding strategies that may be necessary to encourage the use of these resources to help meet upcoming supply requirements;

(8) any recommendations for statutory change related to this section, including recommendations for rewarding utilities that make substantial investments in SPEED resources; and

(9) the board’s recommendations on how the state might best continue to meet the goals established in section 8001 of this title, including whether the state should meet its growth in energy usage over the succeeding 10 years by a continuation of the SPEED program.

* * * SPEED Program; General * * *

Sec. 4. 30 V.S.A. § 8005 is amended to read:

§ 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE DEVELOPMENT (SPEED) PROGRAM

(a) In order to achieve the goals of section 8001 of this title, there is created the Sustainably Priced Energy Enterprise Development (SPEED)
The SPEED program shall have two categories of projects: qualifying SPEED resources and nonqualifying SPEED resources.

(b) The SPEED program shall be established, by rule, order, or contract, by the board. As part of the SPEED program, the board may, and in the case of subdivisions (1), (2), and (5) of this subsection, shall:

(1) Name one or more entities to become engaged in the purchase and resale of electricity generated within the state by means of qualifying SPEED resources or nonqualifying SPEED resources, and shall implement the standard offer required by subdivision (2) of this subsection through this entity or entities. An entity appointed under this subdivision shall be known as a SPEED facilitator.

(2) Issue standard offers for qualifying SPEED resources with a plant capacity of 2.2 MW or less in accordance with section 8005a of this title. These standard offers shall be available until the cumulative plant capacity of all such resources commissioned in the state that have accepted a standard offer under this subdivision (2) equals or exceeds 50 MW, provided, however, that a plant owned and operated by a Vermont retail electricity provider shall count toward this 50 MW ceiling if the plant has a plant capacity of 2.2 MW or less and is commissioned on or after September 30, 2009. The term of a standard offer required by this subdivision (2) shall be 10 to 20 years, except that the term of a standard offer for a plant using solar power shall be 10 to 25
years. The price paid to a plant owner under a standard offer required by this subdivision shall include an amount for each kWh generated that shall be set as follows:

(A) Until the board determines the price to be paid to a plant owner in accordance with subdivision (2)(B) of this subsection, the price shall be:

(i) For a plant using methane derived from a landfill or an agricultural operation, $0.12 per kWh.

(ii) For a plant using wind power that has a plant capacity of 15 kW or less, $0.20 per kWh.

(iii) For a plant using solar power, $0.30 per kWh.

(iv) For a plant using hydropower, wind power with a plant capacity greater than 15 kW, or biomass power that is not subject to subdivision (2)(A)(i) of this subsection, a price equal, at the time of the plant’s commissioning, to the average residential rate per kWh charged by all of the state’s retail electricity providers weighted in accordance with each such provider’s share of the state’s electric load.

(B) In accordance with the provisions of this subdivision, the board by order shall set the price to be paid to a plant owner under a standard offer, including the owner of a plant described in subdivisions (2)(A)(i)-(iv) of this subsection.
(i) The board shall use the following criteria in setting a price under this subdivision:

(I) The board shall determine a generic cost, based on an economic analysis, for each category of generation technology that constitutes renewable energy. In conducting such an economic analysis the board shall:

(aa) Include a generic assumption that reflects reasonably available tax credits and other incentives provided by federal and state governments and other sources applicable to the category of generation technology. For the purpose of this subdivision (2)(B), the term “tax credits and other incentives” excludes tradeable renewable energy credits.

(bb) Consider different generic costs for subcategories of different plant capacities within each category of generation technology.

(II) The board shall include a rate of return on equity not less than the highest rate of return on equity received by a Vermont investor-owned retail electric service provider under its board-approved rates as of the date a standard offer goes into effect.

(III) The board shall include such adjustment to the generic costs and rate of return on equity determined under subdivisions (2)(B)(i)(I) of this subsection as the board determines to be necessary to ensure that the price provides sufficient incentive for the rapid development and commissioning of plants and does not exceed the amount needed to provide such an incentive.
(ii) No later than September 15, 2009, the board shall open and complete a noncontested case docket to accomplish each of the following tasks:

(I) Determine whether there is a substantial likelihood that one or more of the prices stated in subdivision (2)(A) of this subsection do not constitute a reasonable approximation of the price that would be paid applying the criteria of subdivision (2)(B)(i).

(II) If the board determines that one or more of the prices stated in subdivision (2)(A) of this subsection do not constitute such an approximation, set interim prices that constitute a reasonable approximation of the price that would be paid applying the criteria of subdivision (2)(B)(i). Once the board sets such an interim price, that interim price shall be used in subsequent standard offers until the board sets prices under subdivision (2)(B)(iii) of this subsection.

(iii) Regardless of its determination under subdivision (2)(B)(ii) of this subsection, the board shall proceed to set, no later than January 15, 2010, the price to be paid to a plant owner under a standard offer applying the criteria of subdivision (2)(B)(i) of this subsection.

(C) On or before January 15, 2012 and on or before every second January 15 after that date, the board shall review the prices set under subdivision (2)(B) of this subsection and determine whether such prices are
providing sufficient incentive for the rapid development and commissioning of plants. In the event the board determines that such a price is inadequate or excessive, the board shall reestablish the price, in accordance with the requirements of subdivision (2)(B)(i) of this subsection, for effect on a prospective basis commencing two months after the price has been reestablished.

(D) Once the board determines, under subdivision (2)(B) or (C) of this subsection, the generic cost and rate of return elements for a category of renewable energy, the price paid to a plant owner under a subsequently executed standard offer contract shall comply with that determination.

(E) A plant owner who has executed a contract for a standard offer under this section prior to a determination by the board under subdivision (2)(B) or (C) of this subsection shall continue to receive the price agreed on in that contract.

(F) Notwithstanding any other provision of this section, on and after June 8, 2010, a standard offer shall be available for a qualifying existing plant.

(i) For the purpose of this subdivision, “qualifying existing plant” means a plant that meets all of the following:

(I) The plant was commissioned on or before September 30, 2009.
(II) The plant generates electricity using methane derived from an agricultural operation and has a plant capacity of 2.2 MW or less.

(III) On or before September 30, 2009, the plant owner had a contract with a Vermont retail electricity provider to supply energy or attributes, including tradeable renewable energy credits from the plant, in connection with a renewable energy pricing program approved under section 8003 of this title.

(ii) Plant capacity of a plant accepting a standard offer pursuant to this subdivision (2)(F) shall not be counted toward the 50-MW amount under this subsection (b).

(iii) Award of a standard offer under this subdivision (2)(F) shall be on condition that the plant owner and the retail electricity provider agree to modify any existing contract between them described under subdivision (i)(III) of this subdivision (2)(F) so that the contract no longer requires energy from the plant to be provided to the retail electricity provider. Those provisions of such a contract that concern tradeable renewable energy credits associated with the plant may remain in force.

(iv) The price and term of a standard offer contract under this subdivision (2)(F) shall be the same, as of the date such a contract is executed, as the price and term otherwise in effect under this subsection (b) for a plant that uses methane derived from an agricultural operation.
(G) Notwithstanding the requirement of this subsection (b) that a standard offer be available for qualifying SPEED resources, the board shall make a standard offer available under this subdivision (2) to an existing hydroelectric plant that does not exceed the 2.2 MW plant capacity limit of this subsection. To such plants, the board shall not allocate more of the cumulative 50-MW plant capacity under this subdivision (2) than exceeds the amount of such capacity that is unsubscribed as of January 1, 2012. Before making this standard offer available, the board shall notify potentially eligible plants known to it and shall publish broad public notice of the future availability of the standard offer. The notice shall direct that all potentially eligible plants shall file with the board a statement of interest in the standard offer by a date to be no less than 30 days from the date of the notice. No plant may participate in this standard offer unless it timely files such a statement. The filing of such a statement shall constitute the consent of the plant owner to produce such information as the board may reasonably require to carry out this subdivision (2)(G), including information the board deems necessary to determine a generic cost in setting the price. The board shall have authority to require the production of such information from a plant that files a statement of interest.

For the purpose of this subdivision (2)(G):

(i) “Existing hydroelectric plant” means a hydroelectric plant located in the state that was in service as of January 1, 2009 and does not, as of
the effective date of this subdivision (2)(G), have an agreement with the
board’s purchasing agent for the purchase of its power pursuant to subdivision
209(a)(8) of this title and board rules adopted under that subdivision. The term
includes hydroelectric plants that have never had such an agreement and
hydroelectric plants for which such an agreement expired prior to May 25,
2011.

(ii) The provisions of subdivisions (2)(B)(i)(I)-(III) of this
subsection (standard offer pricing criteria) shall apply, except that:

(I) The term “generic cost,” when applied by the board to
determine the price of a standard offer for an existing hydroelectric plant, shall
mean the cost to own, reliably operate, and maintain such a plant for the
duration of the standard offer contract. In determining this cost, the board shall
consider including a generic assumption with respect to rehabilitation costs
based on relevant factors such as the age of the potentially eligible plants;
recently constructed or currently proposed rehabilitations to such plants; the
investment that a reasonably prudent person would have made in such a plant
to date under the circumstances of the plant, including the price received for
power; and the availability for such a plant of improved technology.

(II) The incentive described under subdivision (2)(B)(i)(III) of
this subsection shall be an incentive for continued safe, efficient, and reliable
operation of existing hydroelectric plants.
(3) Maximize the benefit to rate payers from the sale of tradeable renewable energy credits or other credits that may be developed in the future, especially with regard to those plants that accept the standard offer issued under subdivision (2) of this subsection.

(4) Encourage retail electricity provider and third party developer sponsorship and partnerships in the development of renewable energy projects.

(5) Require In accordance with section 8005a of this section, require all Vermont retail electricity providers to purchase from the SPEED facilitator, in accordance with subdivision (g)(2) of this section, the power generated by the plants that accept the standard offer required to be issued under subdivision (2) of this subsection section 8005a. For the purpose of this subdivision (5), the board and the SPEED facilitator constitute instrumentalities of the state.

(6) Establish a method for Vermont retail electrical providers to obtain beneficial ownership of the renewable energy credits associated with any SPEED projects, in the event that a renewable portfolio standard comes into effect under the provisions of section 8004 of this title. It shall be a condition of a standard offer required to be issued under subdivision (2) of this subsection that tradeable renewable energy credits associated with a plant that accepts the standard offer are owned by the retail electric providers purchasing power from the plant, except that in the case of a plant using methane from
agricultural operations, the plant owner shall retain such credits to be sold separately at the owner’s discretion.

(7) Create a mechanism by which a retail electricity provider may establish that it has a sufficient amount of renewable energy, or resources that would otherwise qualify under the provisions of subsection (d) of this section, in its portfolio so that equity requires that the retail electricity provider be relieved, in whole or in part, from requirements established under this subsection that would require a retail electricity provider to purchase SPEED power, provided that this mechanism shall not apply to the requirement to purchase power under subdivision (5) of this subsection. However, a retail electricity provider that establishes that it receives at least 25 percent of its energy from qualifying SPEED resources that were in operation on or before September 30, 2009, shall be exempt and wholly relieved from the requirements of subdivisions (b)(5) (requirement to purchase standard offer power) and (g)(2) (allocation of standard offer electricity and costs) of this section. [Repealed.]

(8) Provide that in any proceeding under subdivision 248(a)(2)(A) of this title for the construction of a renewable energy plant, a demonstration of compliance with subdivision 248(b)(2) of this title, relating to establishing need for the facility plant, shall not be required if the facility plant is a SPEED resource and if no part of the facility plant is financed directly or
indirectly through investments, other than power contracts, backed by Vermont electricity ratepayers.

(9) Take such other measures as the board finds necessary or appropriate to implement SPEED.

(c) Developers of qualifying and nonqualifying SPEED resources shall be entitled to classification as an eligible facility under chapter 12 of Title 10 V.S.A. chapter 12, relating to the Vermont Economic Development Authority.

(d)(1) The board shall meet on or before January 1, 2012 and open a proceeding to determine the total amount of qualifying SPEED resources that have been supplied to Vermont retail electricity providers or have been issued a certificate of public good. If the board finds that the amount of qualifying SPEED resources coming into service or having been issued a certificate of public good after January 1, 2005 and before July 1, 2012 equals or exceeds total statewide growth in electric retail sales during that time, and in addition, at least five percent of the 2005 total statewide electric retail sales is provided by qualified SPEED resources or would be provided by qualified SPEED resources that have been issued a certificate of public good, or if it finds that the amount of qualifying SPEED resources equals or exceeds 10 percent of total statewide electric retail sales for calendar year 2005, the portfolio standards established under this chapter shall not be in force. The board shall
(2) A state goal is to assure that 20 percent of total statewide electric retail sales before July 1, 2017 shall be generated by SPEED resources. The board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2011 with regard to the state’s progress in meeting this goal. In addition, the board shall report to the house and senate committees on natural resources and energy and to the joint energy committee by December 31, 2013 with regard to the state’s progress in meeting this goal and, if necessary, shall include any appropriate recommendations for measures that will make attaining the goal more likely.

(3) For the purposes of the determination to be made under this subsection, electricity produced at all facilities owned by or under long-term contract to Vermont retail electricity providers, whether it is generated inside or outside Vermont, that is new renewable energy shall be counted in the calculations under subdivisions (1) and (2) of this subsection.

(e) The board shall provide, by order or rule, the regulations and procedures that are necessary to allow the board and the department to implement, and to supervise further the implementation and maintenance of the
SPEED program. These rules shall assure that decisions with respect to certificate of public good applications for construction of SPEED resources shall be made in a timely manner.

(f) In order to encourage joint efforts on the part of regulated companies to purchase power that meets or exceeds the SPEED standards and to secure stable, long-term contracts beneficial to Vermonters, the board may establish standards for pre-approving the recovery of costs incurred on a SPEED project that is the subject of that joint effort.

(g) With respect to executed contracts for standard offers under this section:

(1) Such a contract shall be transferable. The contract transferee shall notify the SPEED facilitator of the contract transfer within 30 days of transfer.

(2) The SPEED facilitator shall distribute the electricity purchased to the Vermont retail electricity providers at the price paid to the plant owners, allocated to the providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for the electricity.

(3) The SPEED facilitator shall transfer any tradeable renewable energy credits attributable to electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (2) of this
subsection, except that in the case of a plant using methane from agricultural operations, the plant owner shall retain such credits to be sold separately at the owner’s discretion.

(4) The SPEED facilitator shall transfer all capacity rights attributable to the plant capacity associated with the electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro-rata share of the costs for such electricity as determined under subdivision (2) of this subsection.

(5) All reasonable costs of a Vermont retail electricity provider incurred under this subsection shall be included in the provider’s revenue requirement for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title. In including such costs, the board shall appropriately account for any credits received under subdivisions (2) and (3) of this subsection. Costs included in a retail electricity provider’s revenue requirement under this subdivision shall be allocated to the provider’s ratepayers as directed by the board.

(h) With respect to standard offers under this section, the board shall by rule or order:

(1) Determine a SPEED facilitator’s reasonable expenses arising from its role and the allocation of such expenses among plant owners and Vermont retail electricity providers.
(2) Determine the manner and timing of payments by a SPEED facilitator to plant owners for energy purchased under an executed contract for a standard offer.

(3) Determine the manner and timing of payments to the SPEED facilitator by the Vermont retail electricity providers for energy distributed to them under executed contracts for standard offers.

(4) Establish reporting requirements of a SPEED facilitator, a plant owner, and a Vermont retail electricity provider.

(i) With respect to standard offers under this section, the board shall determine whether its existing rules sufficiently address metering and the allocation of metering costs, and make such rule revisions as needed to implement the standard offer requirements of this section.

(j) Wood biomass resources that would otherwise constitute qualifying SPEED resources may receive a standard offer under subdivision (b)(2) of this section only if they have a design system efficiency (the sum of full load design thermal output and electric output divided by the heat input) of at least 50 percent.

(k) A Vermont retail electricity provider shall not be eligible for a standard offer contract under subdivision (b)(2) of this section. However, under subdivision (g)(1) of this section, a plant owner may transfer to such a provider all rights associated with a standard offer contract that has been offered to the
plant without affecting the plant’s status under the standard offer program. In the case of such a transfer of rights, the plant shall not be considered a utility-owned and operated plant under subdivisions (b)(2) and (g)(2) of this section.

(l) The existence of a standard offer under subdivision (b)(2) of this section shall not preclude a voluntary contract between a plant owner and a Vermont retail electricity provider on terms that may be different from those under the standard offer. A plant owner who declines a voluntary contract may still accept a standard offer under this section.

(m) The state and its instrumentalities shall not be liable to a plant owner or retail electricity provider with respect to any matter related to SPEED, including costs associated with a standard offer contract under this section or section 8005a of this title or any damages arising from breach of such a contract, the flow of power between a plant and the electric grid, or the interconnection of a plant to that grid.

(n) On or before January 15, 2011 and every second January 15 afterward, the board shall report to the house and senate committees on natural resources and energy concerning the status of the standard offer program under this section. In its report, the board at a minimum shall:

(1) Assess the progress made toward attaining the cumulative statewide capacity ceiling stated in subdivision (b)(2) of this section.
(2) If that cumulative statewide capacity ceiling has not been met, identify the barriers to attaining that ceiling and detail the board’s recommendations for overcoming such barriers.

(3) If that cumulative statewide capacity has been met or is likely to be met within a year of the date of the board’s report, recommend whether the standard offer program under this section should continue and, if so, whether there should be any modifications to the program.

*** SPEED Program; Standard Offer ***

Sec. 5. 30 V.S.A. § 8005a is added to read:

§ 8005a. SPEED; STANDARD OFFER PROGRAM

(a) A standard offer program is established in accordance with this section. To achieve the goals of section 8001 of this title, the board shall issue standard offers for SPEED resources located in Vermont that constitute distributed generation and are commissioned on or after September 30, 2009. These standard offers shall be available until the cumulative plant capacity of all such resources commissioned in the state that have accepted a standard offer under this section equals or exceeds 250 MW; provided, however, that a plant owned and operated by a Vermont retail electricity provider shall count toward this 250-MW amount if the plant is commissioned on or after September 30, 2009 and would qualify for a standard offer but for its ownership and operation
by such a provider. The board shall implement these standard offers through the SPEED facilitator.

(1) To be eligible for a standard offer under this section, a plant:

(A) must be a SPEED resource of 2.2 MW plant capacity or less;

(B) must constitute a qualifying small power production facility under 16 U.S.C. § 796(17)(C) and 18 C.F.R. part 292; and

(C) may not be a net metering system under section 219a of this title.

(2) The board shall allocate the cumulative plant capacity of this subsection among different categories of renewable energy technologies. These categories shall include at least each of the following: methane derived from an agricultural operation or landfill; solar power; wind power with a plant capacity of 100 kW or less; wind power with a plant capacity greater than 100 kW; hydropower; and biomass power using a fuel other than methane derived from an agricultural operation or landfill. The categories and allocations shall correspond to those developed by the board to implement subdivision 8004(b)(2)(B) of this title (renewable portfolio standard; distributed renewables capacity).

(3) Annually commencing in 2013, the board shall increase the cumulative plant capacity of the standard offer program so that the 250-MW cumulative plant capacity of this subsection is reached by January 1, 2023. In the event that a proposed plant accepting a standard offer fails to meet the
requirements of the program in a timely manner, any capacity reserved for the
plant within the program shall be reallocated to one or more other eligible
plants.

(b) The term of a standard offer required by this section shall be 10 to
20 years, except that the term of a standard offer for a plant using solar power
shall be 10 to 25 years.

(c) The board by order shall set the price paid to a plant owner under a
standard offer required by this section that shall include an amount for each
kWh generated and that shall vary by category of renewable energy. The price
paid for each category shall be the avoided cost of the Vermont composite
electric utility system. The board shall not be required to make this
determination as a contested case under 3 V.S.A. chapter 25. The categories of
renewable energy for which the board shall set standard offer prices shall
include at least each of the categories established pursuant to subdivision
(a)(2) of this section.

(1) For the purpose of this subsection, the term “avoided cost” means
the incremental cost to retail electricity providers of electric energy or capacity
or both, which, but for the purchase from the plant proposed to receive a
standard offer, such providers would obtain from a source using the same
generation technology as the proposed plant. For the purpose of this
subsection, the term “avoided cost” also includes the board’s consideration of each of the following:

(A) The relevant cost data of the Vermont composite electric utility system.

(B) The terms of the contract, including the duration of the obligation.

(C) The availability, during the system’s daily and seasonal peak periods, of capacity or energy from a proposed plant.

(D) The relationship of the availability of energy or capacity from the proposed plant to the ability of the Vermont composite electric utility system or a portion thereof to avoid costs.

(E) The costs or savings resulting from variations in line losses from those that would have existed in the absence of purchases from the proposed plant.

(F) The supply and cost characteristics of the proposed plant.

(G) The results of an auction, if any, conducted by the board to discern costs.

(2) Annually, the board shall review the prices previously set under this subsection and determine whether such prices remain in compliance with subdivision (1) of this subsection. In the event the board determines that such a price must be revised to comply with those criteria, the board shall
reestablish the price in accordance with those criteria for effect on a
prospective basis commencing one month after the price has been
reestablished.

(3) Once the board determines, under subdivision (1) or (2) of this
subsection, the standard offer price to be paid for a category of renewable
energy, the price paid to a plant owner under a subsequently executed standard
offer contract shall comply with that determination.

(4) A plant owner who has executed a contract for a standard offer under
this section prior to a determination by the board under subdivision (2) of this
subsection shall continue to receive the price agreed on in that contract.

(d) Notwithstanding any other provision of this section, on and after June 8,
2010, a standard offer shall be available for a qualifying existing plant in
accordance with this subsection.

(1) For the purpose of this subsection, “qualifying existing plant” means
a plant that meets all of the following:

(A) The plant was commissioned on or before September 30, 2009.

(B) The plant generates electricity using methane derived from an
agricultural operation and has a plant capacity of 2.2 MW or less.

(C) On or before September 30, 2009, the plant owner had a contract
with a Vermont retail electricity provider to supply energy or environmental
attributes from the plant, including tradeable renewable energy credits, in
connection with a renewable energy pricing program approved under section 8003 of this title.

(2) The provisions of subdivision 8005(b)(2) of this title as they existed on June 4, 2010, the effective date of No. 159 of the Acts of the 2009 Adj. Sess. (2010), shall govern a standard offer under this subsection.

(e) Notwithstanding any contrary requirement of this section, the board shall make a standard offer available to an existing small hydroelectric plant in accordance with this subsection. By rule or order, the board shall set the price to be paid to an existing small hydroelectric plant based on market prices for energy and capacity, adjusted for losses, and accounting for the value of environmental attributes and a long-term contract.

(f) With respect to executed contracts for standard offers under this section:

(1) Immediately on execution of the contract, the plant owner shall submit an application under the rules of the board to interconnect the plant to the subtransmission or distribution system of the applicable retail electricity provider. Failure to file such an application or to remit any interconnection fees or deposits required under the board’s rules shall terminate the contract. This subdivision (1) shall not apply to a plant executing a standard offer contract under subsections (d) (qualifying existing plant) and (e) (existing hydroelectric plant) of this section.
(2) A contract shall be transferable. The contract transferee shall notify the SPEED facilitator of the contract transfer within 30 days of transfer.

(3) The SPEED facilitator shall distribute the electricity purchased to the Vermont retail electricity providers at the price paid to the plant owners, allocated to the providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay the SPEED facilitator for the electricity.

However, a retail electricity provider shall be exempt and wholly relieved from the requirements of this subdivision and subdivision 8005(b)(5) (requirement to purchase standard offer power) of this title if and for so long as the provider receives on an annual basis 100 percent of the electricity it sells to retail customers from renewable energy, regardless of whether the provider owns the energy’s environmental attributes.

(4) The SPEED facilitator shall transfer the environmental attributes, including any tradeable renewable energy credits, of electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (3) of this subsection, except that in the case of a plant using methane from agricultural operations, the plant owner shall retain such attributes and credits to be sold separately at the owner’s discretion.

Environmental attributes transferred to a retail electricity provider under this
section shall be included in assessing the provider’s compliance with section 8004 (renewable portfolio standards) of this title.

(5) The SPEED facilitator shall transfer all capacity rights attributable to the plant capacity associated with the electricity purchased under standard offer contracts to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (3) of this subsection.

(6) All reasonable costs of a Vermont retail electricity provider incurred under this subsection shall be included in the provider’s revenue requirement for purposes of ratemaking under sections 218, 218d, 225, and 227 of this title. In including such costs, the board shall appropriately account for any credits received under subdivisions (3) and (4) of this subsection. Costs included in a retail electricity provider’s revenue requirement under this subdivision shall be allocated to the provider’s ratepayers as directed by the board.

(g) With respect to standard offers under this section, the board shall by rule or order:

(1) Determine a SPEED facilitator’s reasonable expenses arising from its role and the allocation of the expenses among plant owners and Vermont retail electricity providers.
(2) Determine the manner and timing of payments by a SPEED facilitator to plant owners for energy purchased under an executed contract for a standard offer.

(3) Determine the manner and timing of payments to the SPEED facilitator by the Vermont retail electricity providers for energy distributed to them under executed contracts for standard offers.

(4) Establish reporting requirements of a SPEED facilitator, a plant owner, and a Vermont retail electricity provider.

(h) With respect to standard offers under this section, the board shall make rule revisions concerning metering and the allocation of metering costs as needed to implement the standard offer requirements of this section.

(i) Wood biomass resources that would otherwise constitute qualifying SPEED resources may receive a standard offer under this section only if they have a design system efficiency (the sum of full load design thermal output and electric output divided by the heat input) of at least 50 percent.

(j) A Vermont retail electricity provider shall not be eligible for a standard offer contract under this section. However, under subdivision (f)(1) of this section, a plant owner may transfer to such a provider all rights associated with a standard offer contract that has been offered to the plant without affecting the plant’s status under the standard offer program.
(k) The existence of a standard offer under this section shall not preclude a voluntary contract between a plant owner and a Vermont retail electricity provider on terms that may be different from those under the standard offer. A plant owner who declines a voluntary contract may still accept a standard offer under this section.

Sec. 6. EXISTING STANDARD OFFER PROJECTS;

INTERCONNECTION APPLICATION

(a) No later than September 1, 2012, each plant owner that executed or executes a standard offer contract under 30 V.S.A. chapter 89 prior to July 1, 2012 shall submit an application under the rules of the public service board to interconnect the plant to the subtransmission or distribution system of the applicable retail electricity provider. Failure to file such an application or to remit any interconnection fees or deposits required under the board’s rules shall terminate the contract. This section shall not apply to a plant that has already submitted such an application and remitted each such fee or deposit, or that is described under Sec. 5 of this act, 30 V.S.A. § 8005a(d) (qualifying existing plants) and (e) (existing small hydroelectric plants).

(b) The purpose of this section is to provide assurance that any reserved capacity within the standard offer program under 30 V.S.A. chapter 89 is allocated to proposed plants that are likely to be commissioned within the meaning of 30 V.S.A. § 8002.
*** Renewable Energy; Reporting ***

Sec. 7. 30 V.S.A. § 8005b is added to read:

§ 8005b. RENEWABLE ENERGY PROGRAMS; BIENNIAL REPORT

(a) On or before January 15, 2014 and no later than every second January 15 thereafter through January 15, 2034, the board shall file a report with the general assembly in accordance with this section. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

(b) The report under this section shall include at least each of the following:

(1) The retail sales, in kWh, of electricity in Vermont during the preceding calendar year. The report shall include the statewide total and the total sold by each retail electricity provider.

(2) The amount of environmental attributes of renewable energy owned by the Vermont retail electricity providers, expressed as a percentage of retail kWh sales. The report shall include the statewide total and the total owned by each retail electricity provider and shall discuss the progress of each provider in meeting the requirements of section 8004 (renewable portfolio standards) of this title.

(3) The amount of SPEED resources owned by the Vermont retail electricity providers, expressed as a percentage of retail kWh sales. The report
shall include the statewide total and the total owned by each retail electricity provider. \textbf{Reports to be filed pursuant to this subsection on and before January 15, 2018} shall discuss the progress of each provider toward achieving the goal of subsection 8005(d) (SPEED) of this title.

(4) A summary of the activities of the SPEED program under section 8005 of this title, including the name, location, plant capacity, and average annual energy generation, of each SPEED resource within the program.

(5) A summary of the activities of the standard offer program under section 8005a of this title, including the number of plants participating in the program, the prices paid by the program, and the plant capacity and average annual energy generation of the participating plants. The report shall present this information as totals for all participating plants and by category of renewable energy technology. The report also shall identify the number of applications received, the number of participating plants under contract, and the number of participating plants actually in service.

(6) A report on the market for tradeable renewable energy credits, including the prices at which credits are being sold.

(7) An assessment of the energy efficiency and renewable energy markets and recommendations to the general assembly regarding strategies that may be necessary to encourage the use of these resources to help meet upcoming supply requirements.
(8) Any recommendations for statutory change related to sections 8004, 8005, and 8005a of this title.

*** Renewable Energy Statutes; Technical Corrections ***

Sec. 8. 30 V.S.A. § 8009 is amended to read:

§ 8009. BASELOAD RENEWABLE POWER PORTFOLIO REQUIREMENT

(a) In this section:

(1) “Baseload renewable power” means a plant that generates electricity from renewable energy; that, during normal operation, is capable of taking all or part of the minimum load on an electric transmission or distribution system; and that produces electricity essentially continuously at a constant rate.

(2) “Baseload renewable power portfolio requirement” means an annual average of 175,000 MWh of baseload renewable power from an in-state woody biomass plant that was commissioned prior to September 30, 2009, has a nominal capacity of 20.5 MW, and was in service as of January 1, 2011.

(3) “Biomass” means organic nonfossil material of biological origin constituting a source of renewable energy within the meaning of 30 V.S.A. § subdivision 8002(2) of this title.

(4) “Vermont composite electric utility system” means the combined generation, transmission, and distribution resources along with the combined retail load requirements of the Vermont retail electricity providers.
(b) Notwithstanding subsection 8004(a) and subdivision 8005(d)(1) of this title, commencing November 1, 2012, the electricity supplied by each Vermont retail electricity provider to its customers shall include the provider’s pro rata share of the baseload renewable power portfolio requirement, which shall be based on the total Vermont retail kWh sales of all such providers for the previous calendar year. The obligation created by this subsection shall cease on November 1, 2022.

* * *

(f) With respect to a plant used to satisfy the baseload renewable power portfolio requirement:

(1) The SPEED facilitator shall purchase the baseload renewable power, and the electricity purchased and any associated costs shall be allocated by the SPEED facilitator to the Vermont retail electricity providers based on their pro rata share of total Vermont retail kWh sales for the previous calendar year, and the Vermont retail electricity providers shall accept and pay those costs.

(2) Any environmental attributes, including tradeable renewable energy credits attributable to, of the electricity purchased shall be transferred to the Vermont retail electricity providers in accordance with their pro rata share of the costs for such electricity as determined under subdivision (1) of this subsection.

* * *
Sec. 9. 30 V.S.A. § 8015 is amended to read:

§ 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

(a) Creation of fund.

(1) There is established the Vermont clean energy development fund to consist of each of the following:

   (A) The proceeds due the state under the terms of the memorandum of understanding between the department of public service and Entergy Nuclear VY and Entergy Nuclear Operations, Inc. that was entered under public service board docket 6812; together with the proceeds due the state under the terms of any subsequent memoranda of understanding entered before July 1, 2005 between the department of public service and Entergy Nuclear VY and Entergy Nuclear Operations, Inc.

   (B) All payments made by a retail electricity provider pursuant to subsection 8004(e) of this title.

   (C) Any other monies that may be appropriated to or deposited into the fund.

(2) Balances in the fund shall be expended solely for the purposes set forth in this subchapter and shall not be used for the general obligations of government. All balances in the fund at the end of any fiscal year shall be carried forward and remain part of the fund. Interest earned by the fund shall
be deposited in the fund. This fund is established in the state treasury pursuant to subchapter 5 of chapter 7 of Title 32 V.S.A. chapter 7, subchapter 5.

* * *

Sec. 10. STATUTORY REVISION

(a) The office of legislative council shall reorganize 30 V.S.A. § 8002 (definitions) so that the definitions are in alphabetical order.

(b) In the Vermont Statutes Annotated, the office of legislative council shall revise each cross-reference to a definition contained in 30 V.S.A. § 8002 so that it refers to the definition as reorganized under subsection (a) of this section.

* * * Utility Planning and Implementation; Consistency with Renewable Energy Goals and Targets * * *

Sec. 11. 30 V.S.A. § 218c is amended to read:

§ 218c. LEAST COST INTEGRATED PLANNING

(a)(1) A “least cost integrated plan” for a regulated electric or gas utility is a plan for meeting the public’s need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy supply, transmission and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. Economic costs shall be determined assessed with due regard to:
(A) the greenhouse gas inventory developed under the provisions of 10 V.S.A. § 582;
(B) the state’s progress in meeting its greenhouse gas reduction goals; and
(C) the value of the financial risks associated with greenhouse gas emissions from various power sources; and
(D) consistency with section 8001 (renewable energy goals) of this title.

(2) “Comprehensive energy efficiency programs” shall mean a coordinated set of investments or program expenditures made by a regulated electric or gas utility or other entity as approved by the board pursuant to subsection 209(d) of this title to meet the public’s need for energy services through efficiency, conservation or load management in all customer classes and areas of opportunity which is designed to acquire the full amount of cost effective savings from such investments or programs.

(b) Each regulated electric or gas company shall prepare and implement a least cost integrated plan for the provision of energy services to its Vermont customers. Proposed plans shall be submitted at least every third year on a schedule directed by the public service board, each such company shall submit a proposed plan to the department of public service and the public service board. The board, after notice and opportunity for hearing, may
approve a company’s least cost integrated plan if it determines that the
company’s plan complies with the requirements of subdivision (a)(1) of this
section and:

(1) If the plan is submitted by an electric company before
January 1, 2025, demonstrates that the company’s supply portfolio
satisfies the provisions of subdivision 8004(b)(1)(A)(ii) (RPS; new
renewable energy; reasonable progress) of this title and complies with the
requirements of section 8004(b)(1)(B) (RPS; distributed renewables
capacity) of this title; or

(2) If the plan is submitted by an electric company on or after
January 1, 2025, demonstrates that the company is and will be in
compliance with the requirements of subsection 8004 (renewable portfolio
standard) of this title.

* * *

Sec. 12. 30 V.S.A. § 248(b) is amended to read:

(b) Before the public service board issues a certificate of public good as
required under subsection (a) of this section, it shall find that the purchase,
investment or construction:

* * *

(2) is required to meet the need for present and future demand for
service which could not otherwise be provided in a more cost effective manner
through energy conservation programs and measures and energy-efficiency
and load management measures, including but not limited to those developed
pursuant to the provisions of subsection 209(d), section 218c, and subsection
218(b) of this title. In determining whether this criterion is met, the board shall
assess the environmental and economic costs of the purchase, investment, or
construction in the manner set out under subdivision 218a(c)(1) (least cost
integrated plan) of this title:

* * *

***Energy Efficiency***

Sec. 13. 30 V.S.A. § 209(d) is amended to read:

(7) Net revenues above costs associated with payments from the
New England Independent System Operator (ISO-NE) for capacity
savings resulting from the activities of the energy efficiency utility
designated under subdivision (2) of this subsection shall be deposited into
the electric efficiency fund established by this section. Any such net
revenues not transferred to the state PACE reserve fund under 24 V.S.A.
§ 3270(c) shall be used by the entity appointed under subdivision (2) of
this subsection to deliver heating and process-fuel energy efficiency
services to Vermont consumers of such fuel on a whole-buildings basis to
help meet the state’s building efficiency goals established by 10 V.S.A.
§ 581. In delivering such services with respect to heating systems, the
entity shall give priority to incentives for the installation of woody biomass heating systems and shall have a goal of offering an incentive that is equal to 25 percent of the installed cost of such a system. For the purpose of this subdivision (7), “woody biomass” means organic nonfossil material from trees or woody plants constituting a source of renewable energy within the meaning of subdivision 8002(2) of this title. Provision of an incentive under this subdivision (7) for a woody biomass heating system shall not be contingent on the making of other energy efficiency improvements at the property on which the system will be installed.

Sec. 14. EFFECTIVE DATE; IMPLEMENTATION

(a) This section and Sec. 6 of this act (existing standard offer projects; interconnection application) shall take effect on passage.

(b) The remainder of this act shall take effect on July 1, 2012.

(c) No later than January 1, 2013, the public service board shall:

(1) Adopt rules or orders sufficient to implement 30 V.S.A. § 8004 (renewable portfolio standards) as amended by Sec. 3 of this act.

(2) Issue its first set of prices under Sec. 5 of this act, 30 V.S.A. § 8005a(c) (standard offer program) and solicit applications for the first additional MW block under Sec. 5 of this act, 30 V.S.A. § 8005a(a)(3) (standard offer program; annual MW increases).
(3) Determine the price to be paid to existing small hydroelectric plants under Sec. 5 of this act, 30 V.S.A. § 8005a(e).

(Committee vote: ____________)

_______________________

Representative [surname]

FOR THE COMMITTEE