

1 TO THE HOUSE OF REPRESENTATIVES:

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

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

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

10 § 8001. RENEWABLE ENERGY GOALS

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

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

17 (2) Supporting development of renewable energy and related planned
18 energy industries in Vermont, and the jobs and economic benefits associated
19 with such development, while retaining and supporting existing renewable
20 energy infrastructure.

1 (3) Providing an incentive for the state’s retail electricity providers to
2 enter into affordable, long-term, stably priced renewable energy contracts that
3 mitigate market price fluctuation for Vermonters.

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

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

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

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

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

18 (b) The board shall provide, by order or rule, the regulations and
19 procedures that are necessary to allow the board and the department to
20 implement and supervise programs pursuant to this chapter.

1 Sec. 2. 30 V.S.A. § 8002 is amended to read:

2 § 8002. DEFINITIONS

3 For purposes of this chapter:

4 * * *

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

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

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

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

20 (D) After conducting administrative proceedings, the board may add
21 technologies or technology categories to the definition of “renewable energy,”

1 provided that technologies using the following fuels shall not be considered
2 renewable energy supplies: coal, oil, propane, and natural gas.

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

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

9 (4) “New renewable energy” means renewable energy produced by a
10 ~~generating resource~~ plant coming into service after December 31, 2004 2012.

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

18 (B) “New renewable energy” also may include the additional energy
19 from an existing ~~renewable facility~~ renewable energy plant retrofitted with
20 advanced technologies or otherwise operated, modified, or expanded to
21 increase the kWh output of the ~~facility~~ plant in excess of an historical baseline

1 established by calculating the average output of that facility plant for the
2 10-year period that ended December 31, ~~2004~~ 2012. If the production of new
3 renewable energy through changes in operations, modification, or expansion
4 involves combustion of the resource, the system also must result in an
5 incrementally higher level of energy conversion efficiency or significantly
6 reduced emissions. ~~For the purposes of this chapter, renewable energy refers~~
7 ~~to either “existing renewable energy” or “new renewable energy.”~~

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

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

1 ~~facility must meet air quality standards established by the agency of natural~~
2 ~~resources.~~

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

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

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

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

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

18 (C) exclusive legal ownership can be verified through an auditable
19 contract path or pursuant to the system established or authorized by the board
20 or any program for tracking and verification of the ownership of environmental
21 attributes of energy legally recognized in any state and approved by the board.

1 (9) “Retail electricity provider” **or “provider”** means a company
2 engaged in the distribution or sale of electricity directly to the public.

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

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

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

16 (13) “Plant capacity” means the rated electrical nameplate for a plant.

17 (14) “Plant owner” means a person who has the right to sell electricity
18 generated by a plant.

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

21 * * *

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

4 (22) “Existing small hydroelectric plant” means a hydroelectric plant of
5 2.2 MW plant capacity or less located in the state that was in service as of
6 January 1, 2009 and did not, as of May 25, 2011, have an agreement with the
7 board’s purchasing agent for the purchase of its power pursuant to subdivision
8 209(a)(8) of this title and board rules adopted under that subdivision. The term
9 includes hydroelectric plants that have never had such an agreement and
10 hydroelectric plants for which such an agreement expired prior to May 25,
11 2011.

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

15 ***** Renewable Portfolio Standard *****

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

17 § 8004. RENEWABLE PORTFOLIO STANDARDS FOR SALES OF
18 ELECTRIC ENERGY

19 (a) Environmental attributes; ownership. ~~Except as otherwise provided in~~
20 ~~section 8005 of this title, in order for Vermont retail electricity providers to To~~
21 achieve the goals established in section 8001 of this title, no retail electricity

1 provider shall sell or otherwise provide or offer to sell or provide electricity in
2 the state of Vermont without ownership of sufficient ~~energy produced by~~
3 ~~renewable resources as described in this chapter, or sufficient tradeable~~
4 ~~renewable energy credits that reflect the required renewable energy~~
5 environmental attributes as provided for in subsection (b) of this section. In
6 the case of members of the Vermont Public Power Supply Authority, the
7 requirements of this chapter may be met in the aggregate.

8 (b) Amounts required; schedule.

9 (1) New renewable energy.

10 (A) **Each (i) On and after January 1, 2025, each** retail electricity
11 provider in Vermont shall ~~provide a certain amount of new renewable~~
12 ~~resources in its portfolio. Subject to subdivision 8005(d)(1) of this title each~~
13 ~~retail electricity provider in Vermont shall supply an amount of energy equal to~~
14 ~~its total incremental energy growth between January 1, 2005 and January 1,~~
15 ~~2012 through the use of electricity generated by new renewable resources. The~~
16 ~~retail electricity provider may meet this requirement through eligible new~~
17 ~~renewable energy credits, new renewable energy resources with renewable~~
18 ~~energy credits still attached, or a combination of those credits and resources.~~
19 ~~No retail electricity provider shall be required to provide in excess of a total of~~
20 ~~10 percent of its calendar year 2005 retail electric sales with electricity~~
21 ~~generated by new renewable resources~~ **own the environmental attributes of**

1 new renewable energy that is delivered or capable of delivery to Vermont
2 in an amount that is not less than 30 percent of its annual retail electric
3 sales.

4 (ii) Between the effective date of this subdivision (1) and
5 January 1, 2025, each provider shall make reasonable progress toward
6 compliance with the requirement of subdivision (1)(A)(i) of this subsection
7 (2025; 30 percent of annual electric sales) by owning environmental
8 attributes of new renewable energy in increasing percentages of its annual
9 retail electric sales. Each provider's integrated resource plan filed
10 pursuant to section 218c of this title shall include its plan to meet the
11 requirements of this subsection.

12 (iii) Notwithstanding subdivision 8002(4) of this title (new
13 renewable energy; definition), a retail electricity provider may satisfy the
14 requirements of subdivisions (1)(A)(i) (2025; 30 percent of annual electric
15 sales) and (ii) (reasonable progress prior to 2025) of this subsection by
16 owning environmental attributes of renewable energy plants
17 commissioned on or after December 31, 2004 if, as of January 1, 2013, the
18 provider supplies or has contracted to supply 100 percent of its annual
19 retail electricity sales through renewable energy, regardless of whether,
20 during that year, the provider owns the energy's environmental
21 attributes.

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

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

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

11 (2) Distributed renewables capacity.

12 (A) The board shall require each retail electricity provider to own
13 its pro rata share of the environmental attributes associated with distributed
14 generation in annually increasing amounts, commencing with the effective date
15 of this **subdivision (2)**, such that at least **250 MW** in cumulative plant capacity
16 of distributed generation is achieved by January 1, **2025**. **To be eligible to**
17 **satisfy this capacity requirement, a plant shall have a plant capacity of 2.2**
18 **MW or less and shall be commissioned on or after September 30, 2009 and**
19 **no later than January 1, 2021 or shall be an existing small hydroelectric**
20 **plant. At least 200 MW of this cumulative plant capacity shall be from**

1 **distributed generation plants commissioned on or after the effective date**
2 **of this section.**

3 (B) The board shall allocate the cumulative plant capacity to be
4 achieved under subdivision (2)(A) of this subsection (b) among different
5 categories of renewable energy technologies. These categories shall include at
6 least each of the following: methane derived from an agricultural operation
7 or landfill; solar power; wind power with a plant capacity of **100 kW** or less;
8 wind power with a plant capacity greater than **100 kW**; **hydroelectric power**;
9 and biomass power using a fuel other than methane derived from an
10 agricultural operation or landfill.

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

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

18 (C) Energy produced by a distributed generation plant used to satisfy
19 this subdivision (b)(2) shall be applied to the requirements of subdivision
20 (b)(1) of this section **if the plant constitutes new renewable energy.**

1 (D) A provider that is exempt from the standard offer purchase
2 requirements under subdivision 8005a(f)(2) of this title shall be exempt from
3 the requirements of this subdivision (b)(2).

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

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

17 (e) In lieu of, ~~or in addition to~~ purchasing tradeable renewable energy
18 credits, to satisfy the portfolio requirements of this section, a retail electricity
19 provider in this state may pay to the Vermont clean energy development fund
20 established under section 8015 of this title an amount not less than the number
21 of kWh necessary to bring the provider's portfolio into compliance with those

1 ~~requirements multiplied by a rate per kWh as established by the board. As an~~
2 ~~alternative, the board may require any proportion of this amount to be paid to~~
3 ~~the energy conservation fund established under subsection 209(d) of this title.~~

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

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

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

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

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

18 (5) ~~an estimate of potential effects on rates, economic development and~~
19 ~~jobs, if the target established in subsection 8005(d) of this section is met, and if~~
20 ~~it is not met;~~

1 ~~(6) an assessment of the supply portfolios of Vermont retail electricity~~
2 ~~providers, and the resources available to meet new supply requirements likely~~
3 ~~to be triggered by the expiration of major power supply contracts;~~

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

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

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

15 *** * * SPEED Program; General * * ***

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

17 § 8005. SUSTAINABLY PRICED ENERGY ENTERPRISE

18 DEVELOPMENT (SPEED) PROGRAM

19 (a) ~~In order to~~ To achieve the goals of section 8001 of this title, there is
20 created the Sustainably Priced Energy Enterprise Development (SPEED)

1 program. ~~The SPEED program shall have two categories of projects:~~
2 ~~qualifying SPEED resources and nonqualifying SPEED resources.~~

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

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

12 (2) Issue standard offers for ~~qualifying SPEED resources with a plant~~
13 ~~capacity of 2.2 MW or less~~ in accordance with section 8005a of this title.
14 ~~These standard offers shall be available until the cumulative plant capacity of~~
15 ~~all such resources commissioned in the state that have accepted a standard~~
16 ~~offer under this subdivision (2) equals or exceeds 50 MW; provided, however,~~
17 ~~that a plant owned and operated by a Vermont retail electricity provider shall~~
18 ~~count toward this 50 MW ceiling if the plant has a plant capacity of 2.2 MW or~~
19 ~~less and is commissioned on or after September 30, 2009. The term of a~~
20 ~~standard offer required by this subdivision (2) shall be 10 to 20 years, except~~
21 ~~that the term of a standard offer for a plant using solar power shall be 10 to 25~~

1 ~~years. The price paid to a plant owner under a standard offer required by this~~
2 ~~subdivision shall include an amount for each kWh generated that shall be set as~~
3 ~~follows:~~

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

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

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

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

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

17 ~~(B) In accordance with the provisions of this subdivision, the board~~
18 ~~by order shall set the price to be paid to a plant owner under a standard offer,~~
19 ~~including the owner of a plant described in subdivisions (2)(A)(i) (iv) of this~~
20 ~~subsection.~~

1 ~~(i) The board shall use the following criteria in setting a price~~
2 ~~under this subdivision:~~

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

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

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

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

17 ~~(III) The board shall include such adjustment to the generic~~
18 ~~costs and rate of return on equity determined under subdivisions (2)(B)(i)(I) of~~
19 ~~this subsection as the board determines to be necessary to ensure that the price~~
20 ~~provides sufficient incentive for the rapid development and commissioning of~~
21 ~~plants and does not exceed the amount needed to provide such an incentive.~~

1 ~~(ii) No later than September 15, 2009, the board shall open and~~
2 ~~complete a noncontested case docket to accomplish each of the following~~
3 ~~tasks:~~

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

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

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

19 ~~(C) On or before January 15, 2012 and on or before every second~~
20 ~~January 15 after that date, the board shall review the prices set under~~
21 ~~subdivision (2)(B) of this subsection and determine whether such prices are~~

1 ~~providing sufficient incentive for the rapid development and commissioning of~~
2 ~~plants. In the event the board determines that such a price is inadequate or~~
3 ~~excessive, the board shall reestablish the price, in accordance with the~~
4 ~~requirements of subdivision (2)(B)(i) of this subsection, for effect on a~~
5 ~~prospective basis commencing two months after the price has been~~
6 ~~reestablished.~~

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

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

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

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

19 ~~(I) The plant was commissioned on or before September 30,~~
20 ~~2009.~~

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

3 ~~(III) On or before September 30, 2009, the plant owner had a~~
4 ~~contract with a Vermont retail electricity provider to supply energy or~~
5 ~~attributes, including tradeable renewable energy credits from the plant, in~~
6 ~~connection with a renewable energy pricing program approved under section~~
7 ~~8003 of this title.~~

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

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

18 ~~(iv) The price and term of a standard offer contract under this~~
19 ~~subdivision (2)(F) shall be the same, as of the date such a contract is executed,~~
20 ~~as the price and term otherwise in effect under this subsection (b) for a plant~~
21 ~~that uses methane derived from an agricultural operation.~~

1 ~~(G) Notwithstanding the requirement of this subsection (b) that a~~
2 ~~standard offer be available for qualifying SPEED resources, the board shall~~
3 ~~make a standard offer available under this subdivision (2) to an existing~~
4 ~~hydroelectric plant that does not exceed the 2.2 MW plant capacity limit of this~~
5 ~~subsection. To such plants, the board shall not allocate more of the cumulative~~
6 ~~50 MW plant capacity under this subdivision (2) than exceeds the amount of~~
7 ~~such capacity that is unsubscribed as of January 1, 2012. Before making this~~
8 ~~standard offer available, the board shall notify potentially eligible plants~~
9 ~~known to it and shall publish broad public notice of the future availability of~~
10 ~~the standard offer. The notice shall direct that all potentially eligible plants~~
11 ~~shall file with the board a statement of interest in the standard offer by a date to~~
12 ~~be no less than 30 days from the date of the notice. No plant may participate in~~
13 ~~this standard offer unless it timely files such a statement. The filing of such a~~
14 ~~statement shall constitute the consent of the plant owner to produce such~~
15 ~~information as the board may reasonably require to carry out this subdivision~~
16 ~~(2)(G), including information the board deems necessary to determine a~~
17 ~~generic cost in setting the price. The board shall have authority to require the~~
18 ~~production of such information from a plant that files a statement of interest.~~
19 ~~For the purpose of this subdivision (2)(G):~~

20 (i) “Existing hydroelectric plant” means a hydroelectric plant
21 ~~located in the state that was in service as of January 1, 2009 and does not, as of~~

1 ~~the effective date of this subdivision (2)(G), have an agreement with the~~
2 ~~board's purchasing agent for the purchase of its power pursuant to subdivision~~
3 ~~209(a)(8) of this title and board rules adopted under that subdivision. The term~~
4 ~~includes hydroelectric plants that have never had such an agreement and~~
5 ~~hydroelectric plants for which such an agreement expired prior to May 25,~~
6 ~~2011.~~

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

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

19 ~~(II) The incentive described under subdivision (2)(B)(i)(III) of~~
20 ~~this subsection shall be an incentive for continued safe, efficient, and reliable~~
21 ~~operation of existing hydroelectric plants.~~

1 (3) Maximize the benefit to rate payers from the sale of tradeable
2 renewable energy credits or other credits that may be developed in the
3 future, ~~especially with regard to those plants that accept the standard offer~~
4 ~~issued under subdivision (2) of this subsection.~~

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

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

13 (6) Establish a method for Vermont retail electrical providers to obtain
14 beneficial ownership of the renewable energy credits associated with any
15 SPEED projects, ~~in the event that a renewable portfolio standard comes into~~
16 ~~effect under the provisions of section 8004 of this title. It shall be a condition~~
17 ~~of a standard offer required to be issued under subdivision (2) of this~~
18 ~~subsection that tradeable renewable energy credits associated with a plant that~~
19 ~~accepts the standard offer are owned by the retail electric providers purchasing~~
20 ~~power from the plant, except that in the case of a plant using methane from~~

1 ~~agricultural operations, the plant owner shall retain such credits to be sold~~
2 ~~separately at the owner's discretion.~~

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

17 (8) Provide that in any proceeding under subdivision 248(a)(2)(A) of
18 this title **for the construction of a renewable energy plant**, a demonstration
19 of compliance with subdivision 248(b)(2) of this title, relating to establishing
20 need for the facility **plant**, shall not be required if the facility **plant** is a
21 SPEED resource and if no part of the facility **plant** is financed directly or

1 indirectly through investments, other than power contracts, backed by Vermont
2 electricity ratepayers.

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

5 (c) Developers of ~~qualifying and nonqualifying~~ SPEED resources shall be
6 entitled to classification as an eligible facility under ~~chapter 12 of Title~~
7 10 V.S.A. chapter 12, relating to the Vermont Economic Development
8 Authority.

9 ~~(d)(1) The board shall meet on or before January 1, 2012 and open a~~
10 ~~proceeding to determine the total amount of qualifying SPEED resources that~~
11 ~~have been supplied to Vermont retail electricity providers or have been issued~~
12 ~~a certificate of public good. If the board finds that the amount of qualifying~~
13 ~~SPEED resources coming into service or having been issued a certificate of~~
14 ~~public good after January 1, 2005 and before July 1, 2012 equals or exceeds~~
15 ~~total statewide growth in electric retail sales during that time, and in addition,~~
16 ~~at least five percent of the 2005 total statewide electric retail sales is provided~~
17 ~~by qualified SPEED resources or would be provided by qualified SPEED~~
18 ~~resources that have been issued a certificate of public good, or if it finds that~~
19 ~~the amount of qualifying SPEED resources equals or exceeds 10 percent of~~
20 ~~total statewide electric retail sales for calendar year 2005, the portfolio~~
21 ~~standards established under this chapter shall not be in force. The board shall~~

1 ~~make its determination by January 1, 2013. If the board finds that the goal~~
2 ~~established has not been met, one year after the board's determination the~~
3 ~~portfolio standards established under subsection 8004(b) of this title shall take~~
4 ~~effect.~~

5 **(2) A state goal is to assure that 20 percent of total statewide electric**
6 **retail sales before July 1, 2017 shall be generated by SPEED resources.**

7 ~~The board shall report to the house and senate committees on natural resources~~
8 ~~and energy and to the joint energy committee by December 31, 2011 with~~
9 ~~regard to the state's progress in meeting this goal. In addition, the board shall~~
10 ~~report to the house and senate committees on natural resources and energy and~~
11 ~~to the joint energy committee by December 31, 2013 with regard to the state's~~
12 ~~progress in meeting this goal and, if necessary, shall include any appropriate~~
13 ~~recommendations for measures that will make attaining the goal more likely.~~

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

19 (e) The board shall provide, by order or rule, the regulations and
20 procedures that are necessary to allow the board and the department to
21 implement, and to supervise further the implementation and maintenance of the

1 SPEED program. These rules shall assure that decisions with respect to
2 certificate of public good applications for **construction of** SPEED resources
3 shall be made in a timely manner.

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

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

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

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

18 ~~(3) The SPEED facilitator shall transfer any tradeable renewable energy~~
19 ~~credits attributable to electricity purchased under standard offer contracts to the~~
20 ~~Vermont retail electricity providers in accordance with their pro-rata share of~~
21 ~~the costs for such electricity as determined under subdivision (2) of this~~

1 subsection, ~~except that in the case of a plant using methane from agricultural~~
2 ~~operations, the plant owner shall retain such credits to be sold separately at the~~
3 ~~owner's discretion.~~

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

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

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

18 ~~(1) Determine a SPEED facilitator's reasonable expenses arising from~~
19 ~~its role and the allocation of such expenses among plant owners and Vermont~~
20 ~~retail electricity providers.~~

1 ~~(2) Determine the manner and timing of payments by a SPEED~~
2 ~~facilitator to plant owners for energy purchased under an executed contract for~~
3 ~~a standard offer.~~

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

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

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

13 ~~(j) Wood biomass resources that would otherwise constitute qualifying~~
14 ~~SPEED resources may receive a standard offer under subdivision (b)(2) of this~~
15 ~~section only if they have a design system efficiency (the sum of full load~~
16 ~~design thermal output and electric output divided by the heat input) of at least~~
17 ~~50 percent.~~

18 ~~(k) A Vermont retail electricity provider shall not be eligible for a standard~~
19 ~~offer contract under subdivision (b)(2) of this section. However, under~~
20 ~~subdivision (g)(1) of this section, a plant owner may transfer to such a provider~~
21 ~~all rights associated with a standard offer contract that has been offered to the~~

1 ~~plant without affecting the plant's status under the standard offer program. In~~
2 ~~the case of such a transfer of rights, the plant shall not be considered a utility-~~
3 ~~owned and operated plant under subdivisions (b)(2) and (g)(2) of this section.~~

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

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

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

19 ~~(1) Assess the progress made toward attaining the cumulative statewide~~
20 ~~capacity ceiling stated in subdivision (b)(2) of this section.~~

1 ~~(2) If that cumulative statewide capacity ceiling has not been met,~~
2 ~~identify the barriers to attaining that ceiling and detail the board's~~
3 ~~recommendations for overcoming such barriers.~~

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

8 *** * * SPEED Program; Standard Offer * * ***

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

10 § 8005a. SPEED; STANDARD OFFER PROGRAM

11 (a) A standard offer program is established in accordance with this section.
12 To achieve the goals of section 8001 of this title, the board shall issue standard
13 offers for SPEED resources located in Vermont that constitute distributed
14 generation and are commissioned on or after September 30, 2009. These
15 standard offers shall be available until the cumulative plant capacity of all such
16 resources commissioned in the state that have accepted a standard offer under
17 this section equals or exceeds 250 MW; provided, however, that a plant owned
18 and operated by a Vermont retail electricity provider shall count toward this
19 250-MW amount if the plant is commissioned on or after September 30, 2009
20 and would qualify for a standard offer but for its ownership and operation

1 by such a provider. The board shall implement these standard offers through
2 the SPEED facilitator.

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

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

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

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

8 (2) The board shall allocate the cumulative plant capacity of this
9 subsection among different categories of renewable energy technologies.

10 These categories shall include at least each of the following: methane derived
11 from an agricultural operation or landfill; solar power; wind power with a plant
12 capacity of 100 kW or less; wind power with a plant capacity greater than 100
13 kW; hydropower; and biomass power using a fuel other than methane derived
14 from an agricultural operation or landfill. The categories and allocations shall
15 correspond to those developed by the board to implement subdivision
16 8004(b)(2)(B) of this title (renewable portfolio standard; distributed
17 renewables capacity).

18 (3) Annually commencing in 2013, the board shall increase the
19 cumulative plant capacity of the standard offer program **so that the 250-MW**
20 cumulative plant capacity of this subsection is reached **by January 1, 2023**. In
21 the event that a proposed plant accepting a standard offer fails to meet the

1 requirements of the program in a timely manner, any capacity reserved for the
2 plant within the program shall be reallocated to one or more other eligible
3 plants.

4 (b) The term of a standard offer required by this section shall be 10 to
5 20 years, except that the term of a standard offer for a plant using solar power
6 shall be 10 to 25 years.

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

16 (1) For the purpose of this subsection, the term “avoided cost” means
17 the incremental cost to retail electricity providers of electric energy or capacity
18 or both, which, but for the purchase from the plant proposed to receive a
19 standard offer, such providers would obtain from a source using the same
20 generation technology as the proposed plant. For the purpose of this

1 subsection, the term “avoided cost” also includes the board’s consideration of
2 each of the following:

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

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

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

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

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

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

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

18 (2) Annually, the board shall review the prices previously set under this
19 subsection and determine whether such prices remain in compliance with
20 subdivision (1) of this subsection. In the event the board determines that such
21 a price must be revised to comply with those criteria, the board shall

1 reestablish the price in accordance with those criteria for effect on a
2 prospective basis commencing one month after the price has been
3 reestablished.

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

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

11 (d) Notwithstanding any other provision of this section, on and after June 8,
12 2010, a standard offer shall be available for a qualifying existing plant in
13 accordance with this subsection.

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

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

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

19 (C) On or before September 30, 2009, the plant owner had a contract
20 with a Vermont retail electricity provider to supply energy or environmental
21 attributes from the plant, including tradeable renewable energy credits, in

1 connection with a renewable energy pricing program approved under section
2 8003 of this title.

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

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

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

13 (1) Immediately on execution of the contract, the plant owner shall
14 submit an application under the rules of the board to interconnect the plant to
15 the subtransmission or distribution system of the applicable retail electricity
16 provider. Failure to file such an application or to remit any interconnection
17 fees or deposits required under the board's rules shall terminate the contract.
18 This subdivision (1) shall not apply to a plant executing a standard offer
19 contract under subsections (d) (qualifying existing plant) and (e) (existing
20 hydroelectric plant) of this section.

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

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

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

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

1 section shall be included in assessing the provider’s compliance with section
2 8004 (renewable portfolio standards) of this title.

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

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

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

17 (1) Determine a SPEED facilitator’s reasonable expenses arising from
18 its role and the allocation of the expenses among plant owners and Vermont
19 retail electricity providers.

1 (2) Determine the manner and timing of payments by a SPEED
2 facilitator to plant owners for energy purchased under an executed contract for
3 a standard offer.

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

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

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

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

16 (j) A Vermont retail electricity provider shall not be eligible for a standard
17 offer contract under this section. However, under subdivision (f)(1) of this
18 section, a plant owner may transfer to such a provider all rights associated with
19 a standard offer contract that has been offered to the plant without affecting the
20 plant's status under the standard offer program.

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

6 Sec. 6. EXISTING STANDARD OFFER PROJECTS;

7 INTERCONNECTION APPLICATION

8 (a) No later than September 1, 2012, each plant owner that executed or
9 executes a standard offer contract under 30 V.S.A. chapter 89 prior to July 1,
10 2012 shall submit an application under the rules of the public service board to
11 interconnect the plant to the subtransmission or distribution system of the
12 applicable retail electricity provider. Failure to file such an application or to
13 remit any interconnection fees or deposits required under the board's rules
14 shall terminate the contract. This section shall not apply to a plant that has
15 already submitted such an application and remitted each such fee or deposit, or
16 that is described under Sec. 5 of this act, 30 V.S.A. § 8005a(d) (qualifying
17 existing plants) and (e) (existing **small** hydroelectric plants).

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

1 ***** Renewable Energy; Reporting *****

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

3 § 8005b. RENEWABLE ENERGY PROGRAMS; BIENNIAL REPORT

4 (a) On or before January 15, 2014 and no later than every second
5 January 15 thereafter through January 15, 2034, the board shall file a report
6 with the general assembly in accordance with this section. The provisions of
7 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to
8 be made under this subsection.

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

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

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

20 (3) The amount of SPEED resources owned by the Vermont retail
21 electricity providers, expressed as a percentage of retail kWh sales. The report

1 shall include the statewide total and the total owned by each retail electricity
2 provider. **Reports to be filed pursuant to this subsection on and before**
3 **January 15, 2018 shall discuss the progress of each provider toward**
4 **achieving the goal of subsection 8005(d) (SPEED) of this title.**

5 (4) A summary of the activities of the SPEED program under section
6 8005 of this title, including the name, location, plant capacity, and average
7 annual energy generation, of each SPEED resource within the program.

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

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

18 (7) An assessment of the energy efficiency and renewable energy
19 markets and recommendations to the general assembly regarding strategies that
20 may be necessary to encourage the use of these resources to help meet
21 upcoming supply requirements.

1 (8) Any recommendations for statutory change related to sections 8004,
2 8005, and 8005a of this title.

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

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

5 § 8009. BASELOAD RENEWABLE POWER PORTFOLIO
6 REQUIREMENT

7 (a) In this section:

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

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

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

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

1 (b) ~~Notwithstanding subsection 8004(a) and subdivision 8005(d)(1) of this~~
2 ~~title, commencing~~ Commencing November 1, 2012, the electricity supplied by
3 each Vermont retail electricity provider to its customers shall include the
4 provider's pro rata share of the baseload renewable power portfolio
5 requirement, which shall be based on the total Vermont retail kWh sales of all
6 such providers for the previous calendar year. The obligation created by this
7 subsection shall cease on November 1, 2022.

8 * * *

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

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

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

21 * * *

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

2 § 8015. VERMONT CLEAN ENERGY DEVELOPMENT FUND

3 (a) Creation of fund.

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

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

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

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

17 (2) Balances in the fund shall be expended solely for the purposes set
18 forth in this subchapter and shall not be used for the general obligations of
19 government. All balances in the fund at the end of any fiscal year shall be
20 carried forward and remain part of the fund. Interest earned by the fund shall

1 be deposited in the fund. This fund is established in the state treasury pursuant
2 to ~~subchapter 5 of chapter 7 of Title 32 V.S.A. chapter 7, subchapter 5.~~

3 * * *

4 Sec. 10. STATUTORY REVISION

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

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

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

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

14 § 218c. LEAST COST INTEGRATED PLANNING

15 (a)(1) A “least cost integrated plan” for a regulated electric or gas utility is
16 a plan for meeting the public’s need for energy services, after safety concerns
17 are addressed, at the lowest present value life cycle cost, including
18 environmental and economic costs, through a strategy combining investments
19 and expenditures on energy supply, transmission and distribution capacity,
20 transmission and distribution efficiency, and comprehensive energy efficiency
21 programs. Economic costs shall be ~~determined~~ assessed with due regard to:

1 (A) the greenhouse gas inventory developed under the provisions of
2 10 V.S.A. § 582;

3 (B) the state’s progress in meeting its greenhouse gas reduction
4 goals; ~~and~~

5 (C) the value of the financial risks associated with greenhouse gas
6 emissions from various power sources; and

7 **(D) consistency with section 8001 (renewable energy goals) of this**
8 **title.**

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

16 (b) Each regulated electric or gas company shall prepare and implement a
17 least cost integrated plan for the provision of energy services to its Vermont
18 customers. ~~Proposed plans shall be submitted~~ **At least every third year on a**
19 **schedule directed by the public service board, each such company shall**
20 **submit a proposed plan** to the department of public service and the public
21 service board. The board, after notice and opportunity for hearing, may

1 approve a company's least cost integrated plan if it determines that the
2 company's plan complies with the requirements of subdivision (a)(1) of this
3 section **and:**

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

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

14 * * *

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

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

19 * * *

20 (2) is required to meet the need for present and future demand for
21 service which could not otherwise be provided in a more cost effective manner

1 through energy conservation programs and measures and energy-efficiency
2 and load management measures, including but not limited to those developed
3 pursuant to the provisions of subsection 209(d), section 218c, and subsection
4 218(b) of this title. In determining whether this criterion is met, the board shall
5 assess the environmental and economic costs of the purchase, investment, or
6 construction in the manner set out under subdivision 218a(c)(1) (least cost
7 integrated plan) of this title;

8 * * *

9 * * * **Energy Efficiency** * * *

10 Sec. 13. 30 V.S.A. § 209(d)(7) is amended to read:

11 (7) **Net revenues above costs associated with payments from the**
12 **New England Independent System Operator (ISO-NE) for capacity**
13 **savings resulting from the activities of the energy efficiency utility**
14 **designated under subdivision (2) of this subsection shall be deposited into**
15 **the electric efficiency fund established by this section. Any such net**
16 **revenues not transferred to the state PACE reserve fund under 24 V.S.A.**
17 **§ 3270(c) shall be used by the entity appointed under subdivision (2) of**
18 **this subsection to deliver heating and process-fuel energy efficiency**
19 **services to Vermont consumers of such fuel on a whole-buildings basis to**
20 **help meet the state’s building efficiency goals established by 10 V.S.A.**
21 **§ 581. In delivering such services with respect to heating systems, the**

1 entity shall give priority to incentives for the installation of woody biomass
2 heating systems and shall have a goal of offering an incentive that is equal
3 to 25 percent of the installed cost of such a system. For the purpose of this
4 subdivision (7), “woody biomass” means organic nonfossil material ~~from~~
5 ~~trees or woody plants~~ constituting a source of renewable energy within the
6 meaning of subdivision 8002(2) of this title. ~~Provision of an incentive~~
7 ~~under this subdivision (7) for a woody biomass heating system shall not be~~
8 ~~contingent on the making of other energy efficiency improvements at the~~
9 ~~property on which the system will be installed.~~

10 Sec. 14. EFFECTIVE DATE; IMPLEMENTATION

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

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

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

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

17 (2) Issue its first set of prices under Sec. 5 of this act, 30 V.S.A.
18 § 8005a(c) (standard offer program) and solicit applications for the first
19 additional MW block under Sec. 5 of this act, 30 V.S.A. § 8005a(a)(3)
20 (standard offer program; annual MW increases).

1 **(3) Determine the price to be paid to existing small hydroelectric**
2 **plants under Sec. 5 of this act, 30 V.S.A. § 8005a(e).**

3

4

5 (Committee vote: _____)

6

7

Representative [surname]

8

FOR THE COMMITTEE