

Renewable Energy Standard Reform Working Group
Proposed Amendments (in Bold)
Summary of Straw Polls & Discussion from November 29, 2023

This document is the Facilitator Jennifer Knauer's understanding of polling results and rationale offered for proposed amendments, as discussed in-meeting. Notes submitted to planning team on 12/01/2023.

Proposed Amendment for Tier 1

Tier 1- 30 V.S.A. § 8005(a)(1)(B)- Total Renewable Energy

- **Increase 75% in 2032 to 100% in 2030**
 - This will require an increase in the rate of increase
 - Currently, this requirement increases 4% every 3rd year- would need to change to 10.6% every other year or something similar

1. Straw Poll: Should the increase in Total Renewable Energy (Tier 1) to 100%?

YES – 13. NO – 2.

Vote	Rationale	Working Group Member
No	Prefer a Clean Energy Standard rather than Renewable Energy Standard.	<i>Jeffrey Cram, GlobalFoundries</i>
No	Options for Clean should be part of the mix – don't want to close the door on evolving technologies that may come up. I have questions about batteries and storage & other issues to deal with intermittency if we move to 100% Renewable in such a short time frame.	<i>William Driscoll, Associated Industries of Vermont</i>
Abstain	Waiting to see the modeling data on the impact this change would have on low income household rates.	<i>Mia Watson, Vermont Housing Finance Agency</i>

2. Straw Poll: Should the increase in Total Renewable Energy (Tier 1) take place in 2030?

YES – 12. NO – 2.

Vote	Rationale	Working Group Member
Yes	Climate crisis is urgent, and we are hearing that this is feasible from the bulk of the utilities.	<i>Christopher Pearson, Sierra Club</i>
Yes	Some utilities have already adjusted planning timeline to 2030 – so consistent with what we are doing.	<ul style="list-style-type: none"> • <i>Rebecca Towne, Vermont Electric Cooperative</i> • <i>Candace Morgan, Green Mountain Power</i> • <i>Louis Porter, Washington Elective Power</i>
No	Planning is geared for 2032.	<i>Jeffrey Cram, GlobalFoundries</i>
No	For some utilities: all planning is geared for 2032. Fine to increase to 100%, but to also increase the timeline may impact the early rate impacts for minimal benefits (2 additional years).	<i>Ken Nolan, Vermont Public Power Supply Authority</i>

3. Discussion: How should be the rate of increase [to Tier 1] be structured?

- A. **Planning horizons** are important – we need time to be able to shift. Straight line [increase] is fine depending on when it starts; allows us to do more on the back end than the front end & allows us to adjust to higher prices. **The more complexity in mix of requirements (Tier 1, 1a, and Tier 2), the longer the timeline needed.** -- *Rebecca Towne, Vermont Electric Cooperative*
- B. We buy power in 5 year blocks, so immediate jumps upsets planning – with contracting, permits, and supply chain (currently at 14 months). **A slower ramp-up or back loading the requirement would make it easier to shift to 2030.** -- *Ken Nolan, Vermont Public Power Supply Authority*
- An example of how to write legislation that back-loads: exponential ramp up. Embed amounts in statute (example 5% to 8% to 10%) *Representative Laura Sibilias question, Legislative Counsel Ellen Czajkowski's example.*
- C. Smooth out rate increases so that it is less of a [financial] shock to household budgets. -- *Mia Watson, Vermont Housing Finance Agency*
- D. Want to go as fast as we can for environmental impacts, without messing with rate impacts that would disrupt affordability. – *Ben Edgerly Walsh, Vermont Public Interest Research Group*

4. Discussion re. Potential Development of Tier 1a (New Regional Renewables),

Working Members stressed the need for a clear definition of what would be considered “renewable” under Tier 1a, prior to final voting. Components of this definition:

- Projects Constructed after 2010* *Not unanimous. See comments.*
- Includes expansions of existing projects
- Constructed in New England or able to be imported into ISO New England
- Excludes any new large hydro that requires flooding. *Question* Does there need to be language around if there is expansion of existing large hydro if it does not require flooding? For example, a technical upgrade like updated turbines. – Christopher Pearson, Sierra Club*
- Exclusion of any new biomass, and exclusion of expansion of existing wood biomass* *Counter-point: ...at least as applies to electricity. Propose that the example of thermal purposes for wood biomass (as in Burlington) fall under Tier 3 credits instead of Tier 1a. – Darren Springer, Burlington Electric Department*

A Counter Proposal / Complement to Tier 1a:

- Have a different construct focused on load growth, available for the utilities that are already at 100% Renewable. The question then shifts from “How to incorporate new renewables” to “How do we address the load growth that we anticipate, given that that growth may not fit under current structure we have for purchasing?”
 - *Darren Springer, Burlington Electric Department*
 - *Louis Porter, Washington Electric Cooperative*

Straw Poll Results: Are you in favor of developing a Tier 1a requirement?

YES – 7. NO – 3. ABSTAIN – 6

Those in favor of developing Tier 1a: Rationale	Working Group Member
Allows us to procure more renewables (supports additionality). Encourages a <i>diversity</i> of new renewables other than small solar (for example, regional wind). Currently the Tier 1 definition allows for the newer resources but not at an optimum price point.	<i>Candace Morgan, Green Mountain Power</i>
This is how you reduce green house gases – by bringing new renewables online that are more flexible in terms of where they are coming from.	<i>Ben Edgerly Walsh, Vermont Public Interest Research Group</i>
VT has a lower regional new renewable requirement. This is an important part of encouraging new renewables coming online.	<i>Peter Sterling, Renewable Energy Vermont</i>
Allowing regional new renewables to come online that are <i>larger than Tier 2</i> allows VT to tap into cost savings that come with larger projects.	<i>Chase Whiting, Conservation Law Foundation</i>

Those opposed of developing Tier 1a: Rationale	Working Group Member
<p>With move to 100% in Tier 1, an additional Tier 1a simply adds more requirements & removes flexibility, thus compromising ability to get the most cost effective resources. A <i>Regional Renewable</i> may not be the most cost-effective renewable source. A lot of the HQ power we get wouldn't fall under Tier 1a.</p> <p>Example: under Tier 1a we could still negotiate HQ power, but would have to specify that it would come from a new renewable installation – and this would probably add additional dollars to ensure that it comes from this new installation (ie. a new wind farm). This is the tension of making a Requirement vs. Opportunity, based on the markets.</p>	<p><i>Rebecca Towne, Vermont Electric Cooperative</i></p>
<p>Additionality arguments may not hold up because VT is not an island, and New England will build renewables as needed without Tier 1a. VT shouldn't be mandated to create new renewables that we don't need.</p>	<p><i>William Driscoll, Associated Industries of Vermont</i></p>
<p>Trying to administer multiple levels of a standard makes it more difficult to secure workable deals – the effort it takes to fit our portfolio into those requirements is problematic. (Stowe, Hyde Park & Burlington are not part of aggregate contracting.)</p>	<p><i>Brian Evans-Mongeon, Village of Hyde Park</i></p>

Those who are neither in favor nor opposed to developing Tier 1a: Rationale	Working Group Member
<p>Need to understand magnitude of Tier 1a and any changes to Tier 2 in order to see overall impact.</p>	<p><i>Jeffrey Cram, GlobalFoundries</i></p>
<p>Need to know how this applies to utilities that are already at 100% Renewable.</p>	<ul style="list-style-type: none"> - <i>Darren Springer, Burlington Electric Department</i> - <i>Louis Porter, Washington Electric Cooperative</i>
<p>If there was a definition for biomass or wood that was getting looped into Tier 1a, we'd want to make sure that it continues to count the way we talked about for Tier 1 and Tier 3</p>	<p><i>Darren Springer, Burlington Electric Department</i></p>
<p>From grid operators perspective, our view is informed on impact of resource selection on system reliability. In terms of Tier 1a, we don't have a specific [position] in favor or opposed</p>	<p><i>Shana Louiselle, Vermont Electric Power Company</i></p>
<p>The definition of resources that qualify for Tier 1a and Tier 2 – and the interaction between the two of them – needs to be clarified / determined before assessing support.</p>	<p><i>Ken Nolan, Vermont Public Power Supply Authority</i></p>

Additional Comments, re definition of new renewable under Tier 1a:

Topic: Currently in statute set at 2015 (?) but perhaps pull this back to 2010. Include expansions to existing projects and retrofits – the incremental increase counts as renewable.

- The date of 2010 was picked to bring wind projects into new regional tier – what about other VT projects that would be eligible for Tier 1 but not Tier 1a given the structure. *Ken Nolan, Vermont Public Power Supply Authority*
- New Renewable Plant Coventry in 2005 – want to be sure that this group is not penalized. Would count as part of Tier 1, but not Tier 1a – this may be seen / result as a reduction in the financial incentive. *Louis Porter, Washington Electric Cooperative*
- Senator Bray: If moving from 2015 to 2010 – what is the rationale for why?
- Caution: Once at 100% Renewable, caution about not wanted to disincentivize continuing to run existing renewable projects (that may have been built before the definition date, for example – would be hard to keep that project running).
- There are projects that started in 2010 sparked in part by VT policy (Standard Offer) -- Not just wind but also solar and small farm methane resources. Additionality – the goal is getting more renewables to come online. If resources built at earlier dates have to be retired in Vermont, that means that new renewables will need to be built somewhere in the region, which provides a little more flexibility for utilities (if they retired a wind or solar resource under one of these policies). – *Ben Edgerly Walsh, Vermont Public Interest Group*
- Why not set the date at the time of passage of the bill and adjust Tier 1a down a bit? - *Louis Porter, Washington Electric Cooperative*
- Counterpoint: this means that there would be less additionality coming online in the region broadly, rather than rehome to Vermont utilities and encouraging more renewables in the region. Would prefer to keep the requirement higher. – *Ben Edgerly Walsh, Vermont Public Interest Group*
- Moving date from 2015 to 2010 creates winners & losers among utilities – some utilities are already positioned favorably to benefit from this, but not all. And those that don't will need to make different market decisions to meet their needs – buy something on the market that we don't already have & sell something that we do have, which may have a higher cost. Might want to look at providing support for these utilities through Tier 2 – allows these other utilities flexibility. *Ken Nolan, Vermont Public Power Supply Authority*

Question: Need to look at how statute is handling this: currently sources / plants from within a system of generating plants *aren't* considered renewable. ?

Caution: Would have to be a requirement that the electricity would actually be able to enter the ISO New England system. If not – could get into a situation where RECS could be acquired from far away and used in VT [despite the fact that] the energy itself could not be used in VT. - *Chase Whiting, Conservation Law Foundation*

If there was to be Tier 1a requirement, what percentage would you propose?

- 20% by 2030; 30% by 2035

Rationale: experiencing urgency with climate & reducing greenhouse gas emissions but not wanting to push numbers so high that it would create a massive rate impact.

Reinforce ability to use inflation reduction act federal funds (if built by 2032). – *Ben Edgerly Walsh, Vermont Public Interest Group*

- 20% by 2035 for Tier 1a.

Rationale: looking at what we anticipate in the New England energy supply and when it could be available. Also want to signal the importance of additionality & substantial increase in renewables. – *Candace Morgan, Green Mountain Power*

- X %

I would rather tie requirements to increase renewables to keep in step with actual load growth. I'm hearing that pricing is up, and availability is not certain for off-shore wind. Flexibility is key. If the IRA or the IAJ make these projects cheaper & they are economical, utilities will buy into them. But mandating these projects in isolation of those factors displaces current renewables at a higher price. – *Ken Nolan, Vermont Public Power Supply Authority*

Comment: Historically it has been very imprecise to estimate when new renewables will be available – for solar the installation / availability has been much quicker than projections expected. Energy future is moving so quickly – so take the projections out to 2035 with a grain of salt – *Peter Sterling, Renewable Energy Vermont*

- 10%, potentially back-loaded

Rationale: This already doubles the new renewable requirements – plus Tier 2 changes TBD. Both growth load (and availability of renewables) is projected but uncertain! If we do go forward with Tier1a, 10% more back loaded is doable – but above that starts to limit flexibility in a worrisome way. – *Rebecca Towne, Vermont Electric Cooperative*

Ideas for How to Preserve Flexibility

- Backloading increased requirements
- Outline big picture goals with as much flexibility in how to meet them as possible. Every requirement that is added limits flexibility.
- Time-frames for changes take into account a planning horizon
- Shift to a requirement that is tied to actual load-growth concept

5. Show of hands: Who wishes to consider changes to the definition of resources that qualify for Tier 1?**YES – 3.**

Those in favor of considering changes to definition of resources that qualify for Tier 1: Rationale	Working Group Member
Want to clarify biomass & whether we expect to allow that in perpetuity?	<i>Christopher Pearson, Sierra Club</i>
Want to be looking at clean rather than renewable	<i>William Driscoll, Associated Industries of Vermont</i>
Looking for consistency in definition of Tier 1 and Tier 1a re constraints of new wood biomass / wood biomass expansion	<i>Chase Whiting, Conservation Law Foundation</i>

Proposed Amendment for Tier 2

Tier 2-30 V.S.A. § 8005(a)(2)(C)- Distributed Renewable Energy

- **Increase 10% in 2032 to 20% in 2032**
 - This will require an increase in the rate of increase
 - Currently, the requirement increases 0.6% every year- would need to increase to 1.5% every year or something similar
- **No change to definitions**

1. Straw Poll: Should the Distributed Renewable Energy (Tier 2) requirement increase to 20%?

YES – 9. NO – 3. ABSTAIN – 4.

Vote	Rationale	Working Group Member
Yes	This is doable. Want to support Vermont. Prefer a Tier 2 addition to renewables rather than Tier 1. But very important to us that any addition to Tier 2 be tied to net metering reform , as this is very expensive for us.	<i>Rebecca Towne, Vermont Electric Cooperative</i>
No	Would be okay with 20% but want to change the definition to allow for other resources – hydro facilities that municipalities have invested in historically ought to count in Tier 2 to keep them online and running. If 20% was coupled with this change in definition, would change vote to Yes.	<i>Ken Nolan, Vermont Public Power Supply Authority</i>
No	Utilities should be able to pursue the mix that makes sense for what they need. Do not want to force utility to invest in more energy than they need.	<i>William Driscoll, Associated Industries of Vermont</i>
Abstain	Need to understand the complete picture of how this all fits together (Tier 1a & Tier 2)	<i>Jeffrey Cram, GlobalFoundries</i>

2. Straw Poll: If there were an increase, should the increase take place by 2032?

By 2032: YES – 8. NO – 1. ABSTAIN – 7.

By 2030: YES – 5. NO – 3. ABSTAIN – 8.

Why the change in votes, per the shift from 2032 – 2030?

- More time is helpful. Our predictions show that it is easier to get there by 2032 -- *Rebecca Towne, Vermont Electric Cooperative.*
- Agreed. *Candace Morgan, Green Mountain Power*
- In principle, don't want to be accelerating legislative requirements that were previously set -- *Brian Evans-Mongeon, Village of Hyde Park*

3. Discussion: How should be the rate of increase be structured for Tier 2, if applicable?

- Preference to see more linear than backloaded because getting a plan online a couple of years earlier really does have an impact on cumulative greenhouse gases – *Ben Edgerly Walsh, Vermont Public Interest Group*

4. Discussion: What specific changes should be made to the net metering program?

See RESRWG Member Poll Results from November 9-1. Several members suggested changes, and legislative team would like to hear specifics now. There were several mentions of the need for net-metering reform, with an interest towards adjusting the compensation arrangement to avoid an inequitable cost shift between net-metering customers to non-net-metering customers. In sum, the survey yielded these proposals:

1. *Adjust net metering subsidies*
2. *Adjust net metering compensation to a rate that matches actual avoided costs. Rationale: required value for excess generation is currently over-market – drives higher rates for all*
3. *Specific to the RES: a note that Net-metered RECs “must” be retired in Tier 2 means that the RES is reinforcing inequity and shifted costs among customers*
4. *Consider net-metering projects serving LMI households, including multifamily affordable housing, included as a preferred site*

<https://ljfo.vermont.gov/assets/Meetings/Renewable-Energy-Standard-Reform-Working-Group/2023-11-15/637a4e813f/RESRWG-Member-Pre-Mtg-Survey-November-9-13-2023-RESPONSES.pdf>

Net-metering Reform. Initial Proposals

- A. Direct PUC set a statewide net metering rate based on avoided costs. Example: a compensation rate based on the value at the time of the generation.
 - *Louis Porter, Washington Electric Cooperative*
 - *Rebecca Towne, Vermont Electric Cooperative*
- B. Might need to pair this idea with potentially removing the caps. Cap has been in place because of cost structure, but if the financial incentive decreases, than the bigger systems could build solar for municipalities / school buildings / public buildings -- *Christopher Pearson, Sierra Club*

Counterpoint: However, in the example of municipal systems – this strategy hides the cost of the electricity and the cost of the system is folded into municipal taxes for residents, rather than in residents’ electricity bills -- *Louis Porter, Washington Electric Cooperative*

- C. Be more specific / directive in legislation to the PUC, distinguishing between net-metering that is generated and used on site (valuable and useful) vs the *excess* generation that then flows into the grid and is used by others at a much higher cost than other resources of electricity. –*Rebecca Towne, Vermont Electric Cooperative*
- D. Concerned about hardening / reliability of the grid. – *Representative Sibilis*
- As long as 500Kw group net metering located away from load does not do much to harden the grid. Can actually create issues and is very expensive. -- *Ken Nolan, Vermont Public Power Supply Authority*
 - H320 proposed to eliminate off site net-metering because it is often not located in places where it is needed and becomes very expensive. – *Peter Sterling, Renewable Energy Vermont*
 - However want to maintain option for off-site net metered projects that assist housing developments -- *Mia Watson, Vermont Housing Finance Agency*
 - Seconded by *Chase Whiting, Conservation Law Foundation*
- E. If looking at a shift in changing net metering, take the time to explore and understand anticipated and unintended impacts. – *Peter Sterling, Renewable Energy Vermont*
- F. Is there another revenue stream to support the affected cost shift? -- *Senator Bray*
- G. Reluctant to change net-metering because it favors solar on the built environment and that's a benefit --*Brian Shupe, Vermont Natural Resources Council*
- H. Would like to retain how net-metering reinforces solar on the build environment -- *Chase Whiting, Conservation Law Foundation*
- I. Agree with Chris that if figure out cost structure, we don't have to care about size. On flip size, if cost structure is too tricky, the size of allowable rays is also another way to get at net metering costs. Reduce allowable size. –*Rebecca Towne, Vermont Electric Cooperative*
- J. A useful structure, potentially: set incentive with a time frame. Example - very high net metering rates go away after 10 years. –*Rebecca Towne, Vermont Electric Cooperative*
- K. Early arrays – there was no incentive for them to assign RECs to the utility, and the PUC has ruled that they cannot change their minds about that – so it is in-state solar that does not count at all even though we pay high rates for it. Build an incentive to 1) change their minds and 2) have an incentive to assign those RECs to the utility to count towards Tier 2. –*Rebecca Towne, Vermont Electric Cooperative*

Proposed Amendment for Tier 3

Tier 3-30 V.S.A. § 8005(a)(3)(B)- Energy Transformation

- No changes

1. **Straw Poll: Do you agree with the assessment that Tier 3 Reform(s) are not necessary at this time?**

YES – 10. NO – 3. ABSTAIN – 1.

Proposed Amendment for RES Goals

RES goals- 30 V.S.A. § 8001

- Amendments to existing goals to reference climate change, reduction of greenhouse gases, resiliency, and anything else the Working Group wants to update.

1. **Straw Poll: Should the goals of the RES established in 30 V.S.A. § 8001 be amended?**

YES – 1. NO – 0. ABSTAIN – 13.