



**STATE OF VERMONT
GENERAL ASSEMBLY**

**REPORT OF THE LEGISLATIVE WORKING GROUP
ON RENEWABLE ENERGY
STANDARD REFORM**

PURSUANT TO 2023 ACTS AND RESOLVES NO. 33

December 13, 2023

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Legislative Working Group on Renewable Energy Standard Reform- List of Members

Senator Christopher Bray, Addison County, Co-Chair

Representative Amy Sheldon, Middlebury, Co-Chair

Senator Anne Watson, Washington County

Representative Laura Sibia, Dover

Jeffrey Cram - Senior Manager and Deputy Director of Facilities Engineering, GlobalFoundries

William Driscoll - Vice President, Associated Industries of Vermont

Michael Lazorchak - Regulatory Compliance Manager, Stowe Electric Department

Shana Louiselle - Communications and Public Relations Manager, Vermont Electric Power Company

Brian Evans-Mongeon - General Manager, Village of Hyde Park

Candace Morgan - Director of Corporate Affairs, Green Mountain Power

Ken Nolan - General Manager, Vermont Public Power Supply Authority

Christopher Pearson - Sierra Club

Louis Porter - General Manager, Washington Electric Cooperative

Brian Shupe - Executive Director, Vermont Natural Resources Council

Darren Springer - General Manager, Burlington Electric Department

Peter Sterling - Executive Director, Renewable Energy Vermont

Rebecca Towne - Chief Executive Officer, Vermont Electric Cooperative

Ben Edgerly Walsh - Climate and Energy Program Director, Vermont Public Interest Research Group

Mia Watson - Special Programs Manager, Vermont Housing Finance Agency

Chase Whiting - Staff Attorney, Conservation Law Foundation

Introduction

This report is submitted by the Legislative Working Group on Renewable Energy Standard Reform (the Working Group), which was created by 2023 Acts and Resolves No. 33 (Act 33). The report concerns the statutes and program established by 2015 Acts and Resolves No. 56, known as the Renewable Energy Standard (RES).

Working Group Charge

Act 33 created a working group of four legislators and 16 nonlegislative members to “draft legislation to be considered by the General Assembly during the 2024 Legislative session.”¹ The Working Group had the assistance of the Office of Legislative Counsel, the Joint Fiscal Office, and two independent consultants: Jennifer Knauer, a facilitation and mediation specialist and the Brattle Group, who conducted macroeconomic analysis for the Working Group based on the analysis conducted for the Department of Public Service by Sustainable Energy Advantage (SEA).

The Working Group met eight times between September 6 and December 13, 2023. During those meetings, the Group used polling and survey questions to facilitate discussions about the different aspects of the RES. The recordings of their meetings can be found here:

<https://www.youtube.com/channel/UCgHFernWVwH5MD0Se9NmVhg/featured>

The Working Group’s webpage with all of its agendas and documents can be found here:

<https://ljfo.vermont.gov/committees-and-studies/renewable-energy-standard-working-group>

Duties

Sec. 10a (c) of Act 33—The Working Group spent varying amounts on time on each of the duties listed in subsection (c) of Sec. 10a of Act 33. Here are some of the Group’s findings related to those tasks.

Regarding (1) “whether any changes to Vermont’s existing renewable energy requirements, or other energy policies, are needed to increase grid stability, resiliency, modernization, and reliability” the Working Group determined that changes are needed to the existing renewable energy requirements found in the RES. Specific recommendations related to this task can be found in more detail in the section of this report that describes the Working Group’s proposed legislation.

Regarding (2) “identifying any barriers to moving to a 100 percent renewable standard for all electrical utilities by 2030,” the Group received feedback on this from the members of the Working Group. Identified barriers include the following: the permitting process for new renewables; inadequate infrastructure to handle the load that 100% renewable would require; transmission grid stability; the cost of renewables; the availability of new regional renewables; and the differences between the utilities, including their size, current portfolio, and ownership.

Regarding (3) “recommending cost effective procurement policies to increase new renewable energy, storage, and flexible load management to offset increasing in-State load, improve grid stability

¹ 2023 Acts And Resolves No. 33, Sec. 10a(a)

and resiliency, and that consider integrated resource planning electric load growth projections,” the Working Group did not develop a specific response to this.

Regarding (4) “whether increasing the requirement for out-of-state renewable procurements within or delivered into the ISO-New England territory can ensure affordable electric rates,” the Working Group did not develop a specific response to this task.

Regarding (5) “evaluating the impact legislative recommendations may have on Tier 3 implementation,” the Working Group did not develop a specific response to this task, but acknowledges that Tier 3 has an important role in the RES. The Group did hear concerns that the Clean Heat Standard could impact Tier 3 once it goes into effect.

Regarding (6) “evaluating the impact recommended legislative changes to procurement programs will have on Vermont jobs and the Vermont economy,” the Working Group is not recommending any changes to procurement programs. However, the Brattle Group is looked at how changes in the RES more generally will affect Vermont jobs and the Vermont economy. Modeling by SEA generates paths of additional investment in renewable energy in Vermont as a result of various changes to the RES. The Brattle Group used those paths of new investment to model new Vermont jobs in different sectors. The impact of new jobs and new investment in renewables combined with the slightly reduced consumption of non-electricity goods by households (relative to Business As Usual because electricity rates are higher) determine the overall effect on the Vermont GDP.

Regarding (7) “how current programs impact environmental justice focus populations, households with low income, and households with moderate income and how a revised Renewable Energy Standard can ensure that benefits and burdens are distributed equitably,” the Working Group did not develop a specific response to this task, but the economic analysis developed by the Brattle Group, as discussed in their report, may provide some information on this.

Regarding (8) “how any changes to the Renewable Energy Standard will address the inequity of distribution of benefits of renewables between different residential properties,” the Group finds that requiring all of Vermont’s utilities to have a total of 100% renewable energy will ensure that all residents of the State are served by renewable energy, not just those who can afford to generate it on their own property.

Summary of Straw Polls and Discussion from November 29, 2023

During the November 29th meeting, the Group took straw poll votes on potential components of proposed legislation. The results of those conversations follow.

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 (energy) 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 and 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 and 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 upset 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 Sibia's 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 generation 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* *Counterpoint: ...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 Counterproposal/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 greenhouse 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 and 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 (e.g. a new wind farm). This is the tension of making a Requirement vs. Opportunity, based on the markets.</p> | <i>Rebecca Towne, Vermont Electric Cooperative</i> |
| <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> | <i>William Driscoll, Associated Industries of Vermont</i> |
| <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, and Burlington are not part of aggregate contracting.)</p> | <i>Brian Evans-Mongeon, Village of Hyde Park</i> |
| 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> | <i>Jeffrey Cram, GlobalFoundries</i> |
| <p>Need to know how this applies to utilities that are already at 100% Renewable.</p> | <i>Darren Springer, Burlington Electric Department 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> | <i>Darren Springer, Burlington Electric Department</i> |
| <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> | <i>Shana Louise, Vermont Electric Power Company</i> |
| <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> | <i>Ken Nolan, Vermont Public Power Supply Authority</i> |

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

Topic: Currently, in statute, the definition of “new renewable” is set at anything constructed after 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*
- If moving from 2015 to 2010—what is the rationale for why? – *Senator Bray*
- 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. Additionally, 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 and 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 and 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 renewable energy credits (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 and 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 and 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 offshore wind. Flexibility is key. If the IRA or the IAJ make these projects cheaper and 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 backloaded
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 Tier 1a, 10% more backloaded 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 and 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 and 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 9-12. 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 low and moderate income (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 the Public Utility Commission (PUC) to 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 (on the size of the project that qualifies for net metering). Cap has been in place because of cost structure, but if the financial incentive decreases, then 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 Sabilia*
- As long as 500 kW 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*
 - H.320 of 2023 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 built 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.

Based on the discussion summarized here, the Working Group proposes the following legislation.

Working Group Proposed Legislation

Amendments to existing Tiers 1 and 2

Sec. 1. 30 V.S.A. § 8005 is amended to read:

§ 8005. RES CATEGORIES

(a) Categories. This section specifies three categories of required resources to meet the requirements of the RES established in section 8004 of this title: total renewable energy, distributed renewable generation, and energy transformation.

(1) Total renewable energy.

* * *

(B) Required amounts. The amounts of total renewable energy required by this subsection shall be ~~55~~ 63 percent of each retail electricity provider's annual retail electric sales during the year beginning on January 1, ~~2017~~ 2025, increasing by an additional ~~four~~ 7.4 percent each ~~third~~ January 1 thereafter, until reaching ~~75~~ 100 percent on and after January 1, ~~2032~~ 2030.

* * *

(2) Distributed renewable generation.

* * *

(C) Required amounts. The required amounts of distributed renewable generation shall be ~~one~~ 4.9 percent of each retail electricity provider's annual retail electric sales during the year beginning January 1, ~~2017~~ 2025, increasing by an additional ~~three-fifths of a~~ 2.15 percent each subsequent January 1 until reaching ~~40~~ 20 percent on and after January 1, 2032.

* * *

Addition of New Tier for New Regional Energy

(3) New renewable energy.

(A) Purpose; establishment. This subdivision (3) establishes a new regional renewable energy category for the RES. This category encourages the use of new renewable generation to support the reliability of the regional ISO-NE electric system. To satisfy this requirement, a provider shall use renewable energy with environmental attributes attached or any class of tradeable renewable energy credits generated by any renewable energy plant coming into service after January 1, 2010 whose energy is capable of delivery in New England.

(B) Required amounts. The amount of new renewable energy required by this subsection (a) shall be one percent of each retail electricity provider's annual retail electric sales during the year beginning on January 1, 2025, increasing by an additional 4.75 percent each January 1 thereafter, until reaching 20 percent on and after January 1, 2030.

(C) Relationship to other categories. Distributed renewable generation used to meet the requirements of subdivision (2) of this subsection (a) shall not also count toward the requirements of this subdivision (3). An energy transformation project under subdivision (4) of this subsection (a) shall not count toward the requirements of this subdivision (3).

~~(3)~~(4) Energy transformation.

* * *

Discussion of Proposed Legislation

As described above, a majority of members of the Working Group voted to increase the Tier 1 requirement of total renewable energy from 75% to 100% in 2030. There was not a full discussion on the options for the rate of increase to reach 100%, so there is no current consensus from the Working Group. The proposed legislation includes increasing by an additional 7.4 percent each third January 1. The issue should be evaluated by the General Assembly. There was no majority opinion on changing the definition of what is included as renewable energy under the Renewable Energy Standard. The Working Group discussed whether to change to a "clean" energy standard or to revise the definition of "renewable" regarding the inclusion of biomass facilities, large hydroelectric facilities, and nuclear facilities, but consensus was not reached.

For Tier 2, distributed renewable energy, a majority of the Working Group members voted to increase the requirement from 10% in 2032 to 20% in 2032. There was discussion of whether to make the year 2030, but more members of the Group favored 2032, which would give utilities additional time for the increase. There was not a full discussion on the options for the rate of increase to reach 20% so there is no current consensus from the Working Group. The proposed legislation includes increasing by an additional 2.15 percent each subsequent January 1. The issue should be evaluated by

the General Assembly. The Working Group considered whether to change the definition of what resources qualify for Tier 2 and decided not to recommend any changes at this time. As described above, multiple members of the Working Group are specifically interested in making changes to the net metering program, which is an important part of Tier 2. Working Group members provided some specific ideas on what changes could be made to improve the net metering program, which are on pages 13–14 of this report. The Working Group did not vote on any of the specific ideas.

For Tier 3, the Working Group voted not to make any changes at this time.

While there was discussion during earlier meetings about updating the statutory goals of the RES, there was little support among the members during the straw poll vote, so no changes are recommended.

Finally, the Working Group discussed the addition of a “Tier 1a,” which has been designated in the draft legislation as Tier 3, making the existing Tier 3 Tier 4. There are multiple ways this could be drafted, including making it Tier 4. This Tier would require utilities to acquire new regional renewable energy. There was discussion about how much of a percentage this requirement should be and there was not a clear consensus. The proposed legislation includes 20% by 2030 for discussion purposes in the General Assembly. The draft legislation also does not change the definition of “new renewable energy” in the definition section of the statute. Instead, it specifies what qualifies for this Tier as “generated by any renewable energy plant coming into service after January 1, 2010 whose energy is capable of delivery in New England.” The current definition of “new renewable energy” is provided in 30 V.S.A. § 8002 (17) and it applies to Tier 2 of the RES. The difference is that currently it is defined as plants that came into service after June 30, 2015, not 2010. The Working Group did not discuss whether the date of January 1, 2010 should apply to projects that count towards Tier 2. This is an issue for the General Assembly to consider.

Appendix 1- 2023 Acts And Resolves No. 33

Sec. 10a. RENEWABLE ENERGY STANDARD WORKING GROUP

(a) Established. The Legislative Working Group on Renewable Energy Standard Reform is created to draft legislation to be considered by the General Assembly during the 2024 Legislative session.

(b) Membership.

(1) The Legislative Working Group on Renewable Energy Standard Reform will be convened by two members from the House appointed by the Speaker of the House and two members of the Senate appointed by the Committee on Committees. One member from the House and one member from the Senate shall be the co-chairs of the Work Group.

(2) The Working Group shall also be made up of one representative from each of the following: Green Mountain Power, Burlington Electric Department, Vermont Public Power Supply Authority, Washington Electric Coop, Vermont Electric Coop, Vermont Public Interest Research Group, Renewable Energy Vermont, Conservation Law Foundation, Vermont Electric Power Company, Vermont Housing Finance Agency, Vermont Natural Resources Council, GlobalFoundries, Associated Industries of Vermont, and the Sierra Club. Stowe Electric and Hyde Park Electric may each name a representative to the Working Group if they choose.

(c) Duties. In addition to submitting draft legislation, the Working Group shall report on the following:

(1) whether any changes to Vermont's existing renewable energy requirements, or other energy policies, are needed to increase grid stability, resiliency, modernization, and reliability;

(2) identifying any barriers to moving to a 100 percent renewable standard for all electrical utilities by 2030;

(3) recommending cost effective procurement policies to increase new renewable energy, storage, and flexible load management to offset increasing in-State load, improve grid stability and resiliency, and that consider integrated resource planning electric load growth projections;

(4) whether increasing the requirement for out-of-state renewable procurements within or delivered into the ISO-New England territory can ensure affordable electric rates;

(5) evaluating the impact legislative recommendations may have on Tier III implementation;

(6) evaluating the impact recommended legislative changes to procurement programs will have on Vermont jobs and the Vermont economy;

(7) how current programs impact environmental justice focus populations, households with low income, and households with moderate income and how a revised Renewable Energy Standard can ensure that benefits and burdens are distributed equitably; and

(8) how any changes to the Renewable Energy Standard will address the inequity of distribution of benefits of renewables between different residential properties.

(d) Assistance.

(1) The Working Group shall have legal assistance from the Office of Legislative Council and administrative assistance from the Office of Legislative Operations.

(2) On or before July 15, 2023, the Joint Fiscal Office may retain the services of one or more independent third parties to provide facilitation and mediation services to the Working Group, and data analysis recommendations at the direction of the legislative members.

(3) The Department of Public Service shall be invited to advise the Working Group on the results of its ongoing public process to review the Renewable Energy Standard and any other items as needed.

(e) Compensation and reimbursement.

(1) For attendance at meetings during adjournment of the General Assembly, a legislative member of the Working Group serving in the legislator's capacity as a legislator shall be entitled to per diem compensation and reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than eight meetings.

(2) Other members of the Working Group who are not otherwise compensated by their employer shall be entitled to per diem compensation and reimbursement of expenses as permitted under 32 V.S.A. § 1010 for not more than eight meetings.

(3) The payments under this subsection (e) shall be made from monies appropriated by the General Assembly.

(f) Report. The Working Group shall submit draft legislation and a report on its deliberations and findings to the House Committee on Environment and Energy and Senate Committee on Natural Resources and Energy by December 1, 2023. Working Group members may submit minority opinions that shall be included with the report containing the draft legislation.

(g) Appropriation. In fiscal year 2024, it is the intent of the General Assembly to appropriate funds if available from the General Fund to the Joint Fiscal Office to hire the consultants pursuant to this section.