

Vermont FIT: Comments and Recommendations

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Regulatory Assistance Project (RAP)

- Non-profit organization founded in 1992 by experienced energy regulators
- Advises policymakers on economically and environmentally sustainable policies in the regulated energy sectors
- Funded by U.S. DOE & EPA, the Energy Foundation, the World Bank, Asian Development Bank, and other foundations
- We have worked in 40+ states, and 16 nations



- Comments are my own and do not represent opinions of any Vermont regulator



Outline

- Retrospective:
 - Timeline
 - Goals for the Program
 - Key Features of the Vermont Program
 - Program Objectives and Accomplishments
 - Program Successes
- Recommendations for FIT Going Forward



Timeline

- Docket 7523 (related to September price and program determinations)
 - May 27, 2009 -- Act 45 Vermont Energy Act of 2009 Allowed to go into Effect
 - June 3, 2009 – Public Service Board Opens proceeding (Docket 7523)
 - June 19/26, 2009 – Initial workshop and Issues identified
 - July 10, 2009 Workshop – 4 Workgroups established (Cost, Standard Offer, Settlement, and Wheeling)
 - August 23-29, 2009 Workshop Recommendation
 - September 15, 2009 Board Interim Price Determinations
 - September 15, 2009 Docket “Completed” consistent with statute




Timeline (cont'd)

- Docket 7533 (relate primarily to January 2010 price determinations)
 - August 18, 2009 – Order Re: Threshold Legal Issues
 - June 29, 2009 -- Initial Order Opening Investigation
 - September 30, 2009 Board Issues Order Establishing Program
 - October 16, 2009 -- Order Re: Implementation Issues
 - October 29, 2009 – 2nd Order Re: Implementation Issues
 - October 2009 SPEED Facilitator Receives Applications and operates lottery
 - January 15, 2010 Standard Offer Price Determinations



Retrospective

- Goals for the Program (Part of the SPEED Program, so SPEED Goals are the FIT Goals) – Section 8001
 - Economic benefits of renewable energy flow to Vermont economy
 - Support development of renewable energy
 - Encourage stably priced contracts
 - Develop market for renewable energy
 - Environmental goals (air and water)
 - Mitigate climate change and impacts of potential federal regulation



Key Features of the Vermont Program

- Rapid Program development;
- Cost-based Price determinations;
- Standard Offer program available largely on a first-come-first-serve basis application (queue mechanism)
- Statewide program requirements (obligations extended to all electric distribution utilities and their ratepayers – more or less)
- Program cap employed (50 MW) with sub-caps to ensure diversity



Challenges in Establishing Vermont Program

- Pricing (determining generic costs/FERC jurisdictional concerns)
- Settlements (e.g., who gets metered, treatment as load reduction, flow of revenues, ensure that this is consistent with regional requirements)
- Wheeling (who pays for wheeling/FERC jurisdictional concerns)
- Interconnection (how to keep costs down, while protecting public and utility workers)
- Long Term Contract Terms (many details)
- Allocation of Program Costs and Benefits Among Utilities
- SPEED Contract Facilitator Terms with SPEED Facilitator to Administer the Program



Vermont Program Successes

- Met Statutory Timeframes (Success of all participants in the process especially DPS, Distribution Utilities, REV and Developers, and PSB);
- First in the nation/Proof of concept;
- Active *Initial* Program Participation by Renewable Developers;
- Worked through Most of the Complex Issues to some degree (wheeling, interconnection, settlement);



Areas for to Explore Going Forward

- Improve Consumer Value Equation (suggestions to follow, but opportunities abound);
- Structure as a sustainable complement to other well designed clean energy strategies (e.g., IRP, EE, interconnection, rate design, SPEED, RPS, transmission planning)



Approaches for FIT Program Design Going Forward

- Consider strategies for better value equation for end-users
 - Value-based pricing? (e.g., Oregon, California, etc)
 - Maximize value of distributed generation for avoiding T&D investment (e.g., Alternatives to Lottery, Better Integrate into Utility Planning and Needs);
 - Critical part of any cost-based FIT program is a program cap... and potentially a value-based framework, if program is extended, consider phase-in resource acquisition;
 - Alter, lift, or focus the size project cap on some technologies;
 - Require Utilities to identify locations worth greater value and price accordingly;
 - Raise Bar on applications to protect against speculation and potentially frivolous applications that occupy state in the queue;
 - Employ market mechanisms such as auctions to identify the best deals for ratepayers.



- Recognize that multiple strategies are needed for pursuit of renewables and clean energy (net metering, RPS, interconnection policy)



Questions?