



November 7, 2014

Ms. Susan M. Hudson, Clerk of the Board
Vermont Public Service Board
112 State Street
Montpelier, VT 05620-2701

Re: Docket 7873/7874: Setting Avoided Costs for various technologies

Dear Ms. Hudson:

Renewable Energy Vermont (REV) thanks the Public Service Board (PSB) for the opportunity to provide comments regarding avoided costs for the Standard Offer program as part of Docket 7873/7874. REV provides comments for four technologies: solar photovoltaic, small wind, farm methane and food waste digesters. As an organization representing multiple businesses and different technologies, our comments will show the diversity of our members' viewpoints.

Solar Photovoltaic (PV)

REV has been working with the Public Service Department (PSD) to update the 2012 Avoided Costs for solar photovoltaic and small wind systems. REV understands that the PSD's current analysis shows an avoided cost for PV at ~15.5 cents per kWh. REV has been asked whether we concur with this or not. Our membership varies in its response, as the discussion has moved into an area that brings up policy questions. In the past two years, projects have been bid in at less than 15.5 cents/kWh. Therefore, it is clear that some businesses, including two REV members, find that this avoided cost level is achievable. There are other REV members that feel that these bids are not believable until the projects have been built. The majority of REV members find that this avoided cost is too low to build at – particularly if there is an interest in seeing a growing industry that represents multiple business structures and sizes.

Building projects at this rate and below requires a large, financial partner for which many REV members do not have significant and repeated access to. Therefore, REV members have found the "setting of the avoided costs" discussion has entered into the realm of policy. Some of the issues raised include:

- Whether viable markets are being developed through the current program design and size (REV understands that the PSB does not have authority over the annual allocation size of the Program – it nevertheless poses a challenge). 30 V.S.A. § 8001(a)(4): "Developing viable markets for renewable energy and energy efficiency projects".
- Whether the goal of ensuring that the economic benefits of renewable energy are flowing to the Vermont economy. 30 V.S.A. § 8005a(a)(1): "Balancing the benefits, lifetime costs, and rates of the State's overall energy portfolio to ensure that *to the greatest extent possible the economic*

benefits of renewable energy in the State flow to the Vermont economy in general, and to the rate paying citizens of the State in particular.” (italics those of REV’s)

- Whether the most important aspect of the Standard Offer program should be to build at the lowest cost possible.
- Whether there are concerns or risks with building at the lowest cost possible and having this be the primary factor in how to award contracts.

Therefore, REV does not concur with the current avoided cost price but is also unlikely to engage further in the immediate discussion of setting the avoided cost. This is due to the following: (1) there is not a large allocation to bid into, and it is not unlikely that lower bids than 15.5 cents per kWh may continue to be submitted and therefore win the few contracts that are available per year. The above being said, REV sincerely appreciates the time and thought that the PSD and PSB have given this discussion thus far.

Small Wind

Similarly, REV membership is divided on the proposed 25.3 cents per kiloWatt hour price, with a few members focused on achieving this price, and a few stating that it is not buildable. Given that the most interested and active REV members in this technology at this time find this price buildable, REV will, again, not concur but also will not continue to pursue further discussion regarding data inputs and value assumptions for the small wind avoided cost rate.

Farm Methane

It is REV’s understand that the Agency of Agriculture, Food and Markets (AAFMM) will be providing the PSB with data for farm methane digesters. We support this proposal.

Food Waste Digesters

REV coordinated the food digester businesses to provide the PSB with an updated digester model focused on a 300 kW food digester system. This model utilizes data that has been previously vetted as part of Rhode Island’s Standard Offer program, for which the ceiling price was set at 20.15 cents per kWh, and for which we have provided background information as a separate attachment. This background information, developed by Sustainable Energy Advantage, shows the assumptions behind the data inputs for anaerobic digesters based on system sizes 325 kW and 750 kW. The prices begin on page 37.

If we can provide further assistance or address any questions, please do not hesitate to contact us.

Sincerely,



Gabrielle Stebbins

Executive Director

Renewable Energy Vermont
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Two attachments:

1. Excel document: 300kW Food Waste_Methane_Model _Docket_7533-Nov 7 2014
2. PDF'd Powerpoint: SEA - 2015 REG Presentation_submitted as part of REVs Nov 11 2014 comments_Docket 7873_7874