

1 S.259

2 Introduced by Senators Bray, Clarkson, Lyons, and MacDonald

3 Referred to Committee on

4 Date:

5 Subject: Energy; public service; renewable electric generation; net metering;
6 community energy plants

7 Statement of purpose of bill as introduced: This bill proposes to create a
8 community energy program to encourage renewable electric generation with a
9 capacity from 150 kW to five MW. Energy from the plants within the program
10 would receive net metering treatment, using bill credits based on wholesale
11 energy costs with adjustments to promote public benefits such as appropriate
12 siting. There would be a cumulative capacity ceiling on the participating
13 plants. The bill also would amend the existing net metering program to limit
14 the capacity of plants in that program to 150 kW or less.

15 An act relating to establishing a community energy program

16 It is hereby enacted by the General Assembly of the State of Vermont:

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

18 § 8002. DEFINITIONS

19 As used in this chapter:

20 * * *

1 (16) “Net metering system” means a plant for generation of
2 electricity that:

3 (A) is of no more than ~~500~~ 150 kW capacity;

4 (B) operates in parallel with facilities of the electric distribution
5 system;

6 (C) is intended primarily to offset the customer’s own electricity
7 requirements; and

8 (D)(i) employs a renewable energy source; or

9 (ii) is a qualified micro-combined heat and power system of
10 20 kW or fewer that meets the definition of combined heat and power in
11 subsection 8015(b) of this title and uses any fuel source that meets air quality
12 standards.

13 * * *

14 (30) “Community energy plant” means a renewable energy plant that
15 would qualify as a group net metering system but for its plant capacity, that has
16 a plant capacity greater than 150 kW and less than 5 MW, and that is
17 commissioned on or after July 1, 2019.

18 Sec. 2. 30 V.S.A. § 8011 is added to read:

19 § 8011. COMMUNITY ENERGY PROGRAM

20 (a) Establishment. The Community Energy Program is established. Under
21 the Program, a community energy plant shall receive net metering treatment if

1 it is approved by the Commission and complies with the requirements of this
2 section.

3 (b) Purpose. The purposes of the Program are to encourage the use of
4 renewable energy through the provision of bill credits for the production of
5 such energy to all interested customers, to stabilize the value of those credits
6 over time in relation to the renewable energy plant generating the energy
7 represented by the credits, and to use economies of scale and a different bill
8 credit structure to produce renewable energy at a cost that is lower than the net
9 metering program authorized under section 8010 of this title.

10 (c) Bill credits. Each customer associated with a community energy plant
11 shall receive credit on the bill for each kWh generated by the plant. This credit
12 shall revert to the interconnecting retail electricity provider unless used within
13 a period to be prescribed by the Commission. The amount of the credit shall
14 consist of a base rate per kWh and adjustments as set forth in this section.

15 (1) Base rate. The base rate shall be the avoided costs of the
16 interconnecting retail electricity provider as of the date on which a community
17 energy plant applies to the Commission for approval under this section.

18 (2) Adjustments. To arrive at a bill credit under this subsection, the base
19 rate shall be increased or decreased to account for each of the following, with
20 the specific amount of each adjustment to be determined by the Commission:

1 (A) Preferred sites. There shall be a positive adjustment to the base
2 rate for constructing a community energy plant at a preferred site. The
3 Commission shall establish the preferred sites for the Program based on
4 consideration of the preferred locations identified in section 8005a of this title
5 and the preferred sites set forth in the rules adopted pursuant to section 8010 of
6 this title as of the effective date of this act.

7 (B) Grid condition. There shall be a negative adjustment to the base
8 rate if a community energy plant will be sited in a constrained area of the
9 transmission or distribution system and a positive adjustment to the base rate
10 for siting such a plant in an area that possesses adequate transmission and
11 distribution capacity.

12 (C) Grid services. There shall be a positive adjustment to the base
13 rate if a community energy plant will provide services to the transmission or
14 distribution system, such as helping to maintain the proper flow and direction
15 of electricity, to address imbalances between supply and demand, or to enable
16 the system to recover after an event that negatively affects system function.

17 (D) Community customers. There shall be a positive adjustment to
18 the base rate if the community energy plant will supply a majority of its bill
19 credits to one or more customers of the following types, and the served
20 premises for the accounts of these customers are in the municipality within

1 which the plant will be sited: residential, municipal, educational, or nonprofit
2 organization.

3 (E) Commercial or industrial customer. There shall be a positive
4 adjustment to the base rate if the community energy plant will supply bill
5 credits to a commercial or industrial customer, the served premises of the
6 account to receive the credits is in close proximity to the plant, and the other
7 customers of the interconnecting utility will not bear any costs to interconnect
8 the served premises or the Commission determines that the benefits of the
9 plant to those customers outweigh any such costs.

10 (F) Tradeable renewable energy credits. There shall be a positive
11 adjustment to the base rate if the tradeable renewable energy credits for the
12 energy generated by the community energy plant will be transferred to the
13 interconnecting retail electricity provider and used to meet the provider's
14 obligations under the RES.

15 (G) Other adjustments. The Commission may establish other
16 adjustments to the base rate that are consistent with the purpose of this section.

17 (3) Stability. The bill credit amount for a community energy plant
18 approved under this section shall be determined at the time the plant applies for
19 approval and shall remain the same for that plant for 20 years following the
20 date of commissioning.

1 (d) Associated customers. The application for a community energy plant
2 shall identify the customers who will receive bill credits for the energy to be
3 produced by the plant and such other information concerning these customers
4 as the Commission may require.

5 (e) Cumulative capacity ceiling; phases. In accordance with this
6 subsection, the Commission shall allow community energy plants into the
7 Program until the Program reaches a cumulative plant capacity amount of
8 250 MW. This capacity ceiling shall consist of two phases. Phase 1 shall be in
9 the amount of 50 MW plant capacity and Phase 2 shall be in the amount of
10 200 MW plant capacity. The Commission shall not accept applications for
11 Phase 2 until certificates of public good under section 248 of this title have
12 been issued for all of the capacity allocated to Phase 1.

13 (f) Annual report; Department. On or before January 15 of each year,
14 starting in 2019, the Department shall file an annual report on the Program that
15 includes, for the prior calendar year, the amount of capacity approved under
16 the Program, the range from lowest to highest of bill credit amounts authorized
17 under the Program, a summary of the types and sizes of community energy
18 plants approved under the Program, and such other information as the
19 Commissioner of Public Service may consider relevant to a report on the
20 Program. The Department shall submit the report to the House Committee on

1 Energy and Technology and the Senate Committees on Finance and on Natural
2 Resources and Energy.

3 (g) Sale of power from community energy plants. A community energy
4 plant may sell a portion of the power it generates through a power purchase
5 agreement or other wholesale transaction.

6 (h) Rules. The Commission shall implement the Program by rule, except
7 that it may establish and revise the adjustments described in subsection (c) of
8 this section through periodic issuance of an order after notice and an
9 opportunity for public comment. Rules issued to implement the Program shall
10 include provisions that address:

11 (1) the process for applying for and obtaining Commission approval
12 under this section;

13 (2) the transfer of certificates of public good issued for community
14 energy plants and the abandonment of such plants;

15 (3) the respective duties of retail electricity providers, the holders of
16 certificates of public good for community energy plants, and customers
17 receiving bill credits from plants;

18 (4) the electrical safety, power quality, interconnection, and metering of
19 community energy plants;

20 (5) the resolution of disputes between customers receiving bill credits
21 from community energy plants and the interconnecting provider and the

1 billing, crediting, and disconnection of such customers by the interconnecting
2 provider;

3 (6) the resolution of disputes between customers receiving bill credits
4 from community energy plants and holders of certificates of public good for
5 such plants;

6 (7) the manner in which bill credits for community energy plants will be
7 applied on a customer's bill, including those charges on the bill to which the
8 credit may not be applied; and

9 (8) the period during which a net metering customer must use the credit,
10 after which the credit shall revert to the interconnecting provider.

11 Sec. 3. EFFECTIVE DATE; IMPLEMENTATION

12 (a) This act shall take effect on July 1, 2018.

13 (b) In Sec. 1, the amended definition of "net metering system" in 30 V.S.A.
14 § 8002 shall supersede any contrary provisions in the rules of the Public Utility
15 Commission (the Commission). The Commission promptly shall file proposed
16 rule amendments with the Secretary of State to conform its net metering rules
17 to this definition.

18 (c) On or before January 1, 2019, the Commission shall file with the
19 Secretary of State proposed rules to implement Sec. 2.