

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7873

Programmatic Changes to the Standard-Offer Program)

Docket 7874

Investigation into the Establishment of Standard-Offer)

Prices under the Sustainably Priced Energy Enterprise)

Development ("SPEED") Program)

Order entered: 5/27/2016

ORDER RE 2016 STANDARD-OFFER AWARD GROUP

I. INTRODUCTION

On May 2, 2016, the Standard Offer Facilitator received 24 proposals in response to the 2016 Request For Proposals (“RFP”) for the Standard Offer Program. In this Order, the Vermont Public Service Board (“Board”) finds seven projects to be eligible to participate in the Developer Block of the standard-offer program and authorizes the Standard Offer Facilitator to enter into standard-offer contracts with these projects.¹ In addition, we direct the Standard Offer Facilitator to place two projects on the reserve list.

II. PROCEDURAL HISTORY

On April 1, 2016, the Standard Offer Facilitator issued an RFP to solicit standard-offer projects to meet the requirements of 30 V.S.A. § 8005a(c). The available annual capacity in 2016 was approximately 6.375 MW for the Developer Block and 1.125 MW for the Provider Block. Within the Developer Block, approximately 4.175 MW of capacity was made available on an equal basis to non-solar technologies (i.e., hydroelectric, biomass, small wind, large wind,

1. The Developer Block is capacity reserved for proposals made by private developers while the Provider Block is capacity reserved for proposals made by Vermont retail electric utilities. See 30 V.S.A. § 8005a(c)(1)(B).

landfill methane, and non-farm methane)² with approximately 696 kW available to each technology. Pursuant to the RFP, within each technology category projects were to be ranked based on the levelized price offered, ordered from lowest to highest. Standard-offer contracts were to be offered to those proposals with the lowest prices until each technology-specific allocation was filled, including the proposed project that would cause the size of the technology-specific award group to exceed the 696 kW allocation. Although each non-solar technology-specific capacity allocation was smaller than the 2.2 MW maximum plant capacity allowed pursuant to Section 8005a(b), a project that exceeded a technology category's capacity allocation was eligible to submit an RFP bid as long as the project was not larger than 2.2 MW. The remainder of the Developer Block, including any unused capacity within the technology-specific set-asides, was to be made available to any technology on a lowest-price-bid basis.

On May 2, 2016, the Standard Offer Facilitator received proposals in response to the RFP.

On May 5, 2016, the proposals were opened publicly by the Standard Offer Facilitator at the Board's offices.

On May 13, 2016, the Standard Offer Facilitator filed with the Board a report detailing the RFP results. Proposals totaling approximately 41.93 MW in plant capacity were received for the Developer Block, consisting of eighteen solar projects, four small wind projects, one food waste anaerobic digestion project, and one large wind project.

III. DISCUSSION

Developer Block

Small Wind

Four proposals were received for small wind projects totaling 300 kW in plant capacity. The following is a list of the proposals received.

2. For the purposes of the standard-offer program, small wind is defined as wind power plants with a capacity less than or equal to 100 kW, and large wind is defined as wind power plants with a capacity greater than 100 kW. See 30 V.S.A. § 8005a(c)(2).

Developer	Project Name	Location	Size (kW)	Price (\$/kWh)
Star Wind Turbines, LLC	Tomlinson Wind A	Wardsboro	100	0.251
Star Wind Turbines, LLC	Tomlinson Wind B	Wardsboro	50	0.251
Fundamental Energy LLC	FELCO 78A	Alburgh	100	0.251
Fundamental Energy LLC	FELCO 78B	Alburgh	50	0.251

The total capacity of these small wind projects falls within the available set-aside capacity, and the bid prices are all lower than the avoided-cost price cap for this technology (\$0.253/kWh). Therefore, we hereby authorize the Standard Offer Facilitator to enter into contracts for these four small wind projects.

Large Wind

One proposal was received for a large wind project totaling 2.2 MW in plant capacity. The following is a description of the proposal received.

Developer	Project Name	Location	Size (kW)	Price (\$/kWh)
Dairy Air Wind LLC	Dairy Air Wind	Holland	2,200	0.116

The total capacity of large wind projects is greater than the technology-specific set-aside. However, the RFP stated that “an individual project that exceeds a technology category’s capacity allocation shall be eligible to submit an RFP bid as long as the project is not larger than 2.2 MW.” The capacity of the one project is not larger than 2.2 MW, and the bid price does not exceed the avoided-cost price cap for this technology (\$0.116/kWh). Therefore, we hereby authorize the Standard Offer Facilitator to enter into a contract for this large wind project.

Food Waste

One proposal was received for a food waste project totaling 2.2 MW in plant capacity. The following is a description of the proposal received.

Developer	Project Name	Location	Size (kW)	Price (\$/kWh)
Blue Sphere Corporation	Blue Sphere AD Project	Colchester	2,200	0.18

The Standard Offer Facilitator rejected the Blue Sphere AD Project (“Blue Sphere”) proposal because the bid did not meet the site-control requirement in section 3.2.2 of the RFP. The site-control requirement falls under section 3.2, Mandatory Requirements of the RFP, which states: “Proposals must satisfy the mandatory requirements outlined in this section to be considered further in the evaluation process.” In turn, section 3.2.2 states:

The proponent must demonstrate project site control to the proponent’s legal company by name by providing evidence of one of the following: (1) fee simple title to such real property; (2) valid written leasehold interest for such real property; (3) a legally enforceable written option with all terms stipulated including “option price” and “option term,” unconditionally exercisable by the proponent or its assignee, to purchase or lease such real property; or (4) a duly executed contract for the purchase or lease of such real property.

Blue Sphere provided a draft unexecuted lease for its demonstration of site control. The Standard Offer Facilitator inquired if Blue Sphere could provide a final executed lease, and Blue Sphere responded that there was no final executed lease. Blue Sphere also provided a letter of intent with its proposal. However, under the terms of the RFP, a letter of intent is not a valid form of evidence for demonstrating site control. A letter of intent also fails as an option agreement because it does not include an option price or option term, and is not unconditionally exercisable by the proponent, all of which are required by the RFP.

The purpose of including a demonstration of site control in the RFP is to “encourage realistic bidding during the RFP process” that “will likely result in timely development of projects.”³ Because the Blue Sphere bid did not meet the site-control requirement of the RFP, we do not authorize the Standard Offer Facilitator to enter into a contract for this project.

3. *Order Re Establishment of Standard-Offer Prices and Programmatic Changes to the Standard-Offer Program*, Dockets 7873 and 7874, Order of 3/1/13 at 25.

Solar

After allocation of the technology-specific set-asides for small wind and large wind, approximately 3.875 MW of plant capacity remain in the Developer Block. Eighteen proposals were received for solar projects totaling 37.23 MW in plant capacity. The following is a list of the proposals received, from lowest to highest price.

Developer	Project Name	Location	Size (kW)	Price (\$/kWh)
Sybac Solar LLC	Checkerberry Solar Park	Milton	2,160	0.0750
Solar Sense LLC	Pit Site	Brandon	2,050	0.1087
PLH LLC	Battle Creek 1 Solar	Bennington	2,200	0.1087
Solar Sense LLC	Cornfield Site	Brandon	2,200	0.1088
PLH LLC	Otter Creek 1 Solar	Rutland	2,200	0.1094
Gilman Renewal Solar LLC	Gilman Landfill Solar	Lunenburg	2,100	0.1094
Global Resource Options, Inc.	Missisquoi Valley Solar	Sheldon	2,200	0.1108
PLH LLC	Battle Creek 2 Solar	Bennington	2,200	0.1129
PLH LLC	Otter Creek 2 Solar	Rutland	2,200	0.1137
REUP Energy LLC	Time L Tell Solar	Windsor	2,200	0.1168
PLH LLC	Battle Creek 3 Solar	Bennington	2,200	0.1171
PLH LLC	Otter Creek 3 Solar	Rutland	2,200	0.1176
PLH LLC	Sunderland 1 Solar	Sunderland	2,200	0.1181
PLH LLC	Sunderland 2 Solar	Sunderland	2,200	0.1184
PLH LLC	Sunderland 3 Solar	Sunderland	2,200	0.1190
PLH LLC	Weybridge 1 Solar	Weybridge	2,200	0.1210
PLH LLC	Weybridge 2 Solar	Weybridge	2,200	0.1220
Blum Revocable Trust	Blum Solar	Enosburgh	120	0.1300

In accordance with the Board Order issued on March 1, 2013, the eligible standard-offer projects offered in response to the RFP will be selected based on the price offered, with the

projects being ranked from lowest to highest price, until the award group fills the available capacity.⁴

Of the proposals received, the two lowest-priced proposals were submitted by Sybac Solar LLC, for the Checkerberry Solar Park project, and by Solar Sense LLC for the Pit Site project.

The Standard Offer Facilitator rejected the Pit Site proposal because the bid did not meet the site-control requirement in section 3.2.2 of the RFP. As discussed above, the site-control requirement falls under section 3.2, Mandatory Requirements of the RFP. Pit Site provided a letter of intent for its demonstration of site control. Under the terms of the RFP, a letter of intent is not a valid form of evidence for demonstrating site control. A letter of intent also fails as an option agreement because it does not include an option price or option term, and is not unconditionally exercisable by the proponent, all of which are required by the RFP.

Because the Pit Site bid did not meet the site-control requirement of the RFP, we do not authorize the Standard Offer Facilitator to enter into a contract for this project.

The next lowest-priced proposal is PLH LLC's Battle Creek 1 Solar project. The capacity of the two eligible projects (Checkerberry Solar Park and Battle Creek 1 Solar) with the lowest bid prices is a total of 4.36 MW, which exceeds the approximately 3.875 MW available in the Developer Block. However, in the March 1, 2013, Order, the Board stated: ". . . once the cap is approached, the [Standard Offer] Facilitator is not required to reject the next project in the bid list because the project would exceed the cap. Instead that project will be accepted into the program. . ."⁵ The bid prices for these projects do not exceed the avoided-cost price cap for this technology (\$0.130/kWh). Therefore, we hereby authorize the Standard Offer Facilitator to enter into contracts for the Checkerberry Solar Park and Battle Creek 1 Solar projects.

Additionally, a reserve of no more than 4.5 MW in plant capacity will be created for the proposals with the lowest price that are not part of the RFP award group. The Standard Offer Facilitator rejected the next lowest-priced proposal from Solar Sense, LLC for the Cornfield Site because the bid did not meet the site-control requirement in section 3.2.2 of the RFP. Cornfield

4. *Order Re Establishment of Standard-Offer Prices and Programmatic Changes to the Standard-Offer Program*, Dockets 7873 and 7874, Order of 3/1/13.

5. Dockets 7873 and 7874, Order of 3/1/13 at 24.

Site provided a letter of intent for its demonstration of site control. However, as explained above, under the terms of the RFP a letter of intent is not a valid form of evidence for demonstrating site control and also fails as an option agreement because it does not include an option price or option term, and is not unconditionally exercisable by the proponent, all of which are required by the RFP. Because the Cornfield Site bid did not meet the site-control requirement of the RFP, we do not authorize the Standard Offer Facilitator to include this project in the reserve.

The projects eligible for the reserve are: (1) Otter Creek 1 Solar and (2) Gilman Landfill Solar. We direct the Standard Offer Facilitator to place these projects in the reserve.

Provider Block

There were no proposals submitted for the Provider Block. Therefore, pursuant to 30 V.S.A. § 8005a(c)(1)(B)(ii), the 1,125 kW Provider Block unused capacity shall be included in the 2017 RFP.⁶

IV. CONCLUSION

The Standard Offer Facilitator is authorized to enter into standard-offer contracts for the four small wind projects, one large wind project, and two solar projects identified above. We also direct the Standard Offer Facilitator to establish a reserve with the two solar projects identified above.

SO ORDERED.

6. See also Dockets 7873 and 7874, Order of 3/1/13 at 36.

Dated at Montpelier, Vermont, this 27th day of May, 2016.

s/James Volz)

) PUBLIC SERVICE

s/Margaret Cheney)

) BOARD

) OF VERMONT

OFFICE OF THE CLERK

FILED: May 27, 2016

ATTEST: s/Judith C. Whitney
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.