

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 7873

Programmatic Changes to the Standard-Offer Program )

and Docket No. 7874

Investigation into the Establishment of Standard-Offer )

Prices under the Sustainably Priced Energy Enterprise )

Development ("SPEED") Program )

Order entered: 3/25/2013

**ORDER RE IMPLEMENTATION ISSUES**

**I. INTRODUCTION**

On March 1, 2013, the Public Service Board ("Board") issued an Order implementing the significant changes to the Sustainably Priced Energy Enterprise Development ("SPEED") standard-offer program required by Public Act 170,<sup>1</sup> as codified in 30 V.S.A. §§ 8005a and 8006a. In the March 1 Order, we established a request for proposal ("RFP") mechanism to determine the standard-offer projects that will fill annual plant capacity available under the program, and directed the SPEED Facilitator, by April 1 of each year, to issue an RFP to solicit standard-offer projects to meet the requirements of 30 V.S.A. § 8005a(c).

In this Order, we amend the schedule in the RFP process, clarify the RFP selection process, and amend the standard-offer contract to reflect the changes made to the standard-offer program.

**II. DISCUSSION AND CONCLUSIONS**

**RFP Schedule**

In a March 1, 2013, Order, we established an RFP mechanism to determine the standard-offer projects that will fill annual plant capacity available under the program (approximately

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1. Public Act 170 (2012, Vt., Adj. Sess.). The text of Act 170 can be found at <http://www.leg.state.vt.us/DOCS/2012/ACTS/ACT170.PDF>.

4.5 MW for the 2013 capacity cap). By April 1 of each year, the SPEED Facilitator will issue an RFP to solicit standard-offer projects to meet the requirements of 30 V.S.A. § 8005a(c). The RFP, contained in Attachment I to the March 1, 2013, Order, contained a schedule for the 2013 RFP process.

The schedule allowed 15 days after the announcement of the RFP awards for execution of the standard-offer contracts between the selected RFP bidders and the SPEED Facilitator. However, the 15-day period is inconsistent with the requirements pursuant to Section 8005a(i) that a plant owner must submit a complete application to interconnect before executing a standard-offer contract. In addition, the 15-day period is inconsistent with the timeline we adopted to address the Section 8005a(i) requirements in an August 8, 2012, Order, in Docket 7873. The August 8, 2012, Order provides up to 30 business days after notice that a project developer is eligible to receive a standard-offer contract for the developer to file an interconnection application and the interconnecting utility to review the application for completeness before the SPEED Facilitator executes a standard-offer contract.

Accordingly, to reflect the interconnection requirements of Section 8005a(i), we amend the RFP schedule to extend the deadline, to June 26, 2013, to allow 30 business days between the announcement of the RFP award group and the execution of the standard-offer contracts by the award group. The revised RFP, to be used by the SPEED Facilitator to solicit projects, is contained in Attachment I to this Order.

### **Selection of Projects Under the RFP**

In the March 1, 2013, Order, under the RFP mechanism, we concluded that standard-offer projects should be selected based on the price offered, with the projects ranked from lowest to highest price, until the award group fills the available cap. We also concluded that the term of a standard-offer contract should be based on the term used to calculate the standard-offer avoided cost, and required that the contract term should be 20 years for most projects and 25 years for solar projects.<sup>2</sup>

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2. The Board set a term of 15 years for standard offers for landfill gas projects; this assumption is based on the fact that the fuel source for landfill gas will decline over time.

We clarify that RFP bidders may offer a price schedule or single price for the contract period. The offered price schedule should be consistent with the manner in which we calculated non-levelized avoided costs that serve as caps on the prices solicited with the RFP mechanism.<sup>3</sup> Thus, except for solar PV projects, the offered prices may escalate over the term of the contract to reflect inflation, but shall not be front-loaded and decrease over the term of the contract. Under the RFP mechanism, the projects will be ranked according to the levelized price. The formula to determine a levelized price, to rank projects from lowest to highest price, is identified in Section 3.3.2 of the revised RFP that is contained in Attachment I to this Order.

### **Standard-Offer Contract**

As stated in the March 1, 2013, Order, the implementation of Act 170 necessitated minor changes to the standard-offer contract. The existing standard-offer contract requires a refundable deposit (under certain circumstances) of \$25 per kW. The March 1, 2013, Order reduced this amount to \$15 per kW for projects selected through the RFP to reflect that standard-offer projects will be required to pay a \$10 per kW proposal security deposit under the RFP process. We amend the standard-offer contract to require a \$15 per kW refundable (under certain conditions) deposit. Additionally, we adopt several administrative changes to the standard-offer contract. These changes are administrative in nature and are intended to clarify the standard-offer contract.

Accordingly, we amend the standard-offer contract to reflect these changes. The amended standard-offer contract is contained in Attachment II to this Order.

**SO ORDERED.**

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3. For all categories except solar photovoltaic ("PV"), 30 percent of the cost increases by 1.6 percent each year to reflect the impact of inflation on operating and maintenance expenses. This adjustment does not apply to solar PV projects, which are expected to vary little with inflation.

Dated at Montpelier, Vermont, this 25th day of March, 2013.

s/ James Volz	)	
	)	PUBLIC SERVICE
	)	
s/ David C. Coen	)	BOARD
	)	
	)	OF VERMONT
s/ John D. Burke	)	

OFFICE OF THE CLERK

FILED: March 25, 2013

ATTEST: s/ Susa M. Hudson  
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@state.vt.us)*

*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.*