

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 7873

Programmatic Changes to the Standard-Offer Program)

Order entered: 5/30/2013

ORDER RE SCREENING FRAMEWORK AND GUIDELINES IMPLEMENTATION

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 170¹, as codified in 30 V.S.A. §§ 8005a and 8006a. In the March 1 Order the Board established a Screening Framework and Guidelines, pursuant to Section 8005a(d)(2), that will provide potential developers with adequate information, at least annually, regarding transmission-constrained areas in which renewable generation having particular characteristics may provide sufficient benefit to the operation and management of the electric grid. As required by Section 8005a(d)(2) and as implemented in the Screening Framework and Guidelines, projects deemed to provide sufficient benefits shall not count toward the cumulative capacity amount of the standard-offer program. In today's Order, the Board concludes that there are currently no transmission-constrained areas where such renewable generation projects would provide sufficient benefits to the operation and management of the grid. The Board also directs affected utilities to continue to analyze any identified constraints and to submit Reliability Plans next year consistent with the requirements of the Screening Framework and Guidelines.

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>.

II. PROCEDURAL HISTORY

On April 1, 2013, Vermont Electric Power Company, Inc. ("VELCO") made a filing on behalf of the City of Burlington Electric Department, Green Mountain Power Corporation, the Vermont Public Power Supply Authority, and Washington Electric Cooperative, Inc., for the purpose of fulfilling the annual utility filing requirement contained in Paragraph 3 of the Screening Framework and Guidelines (the "Utility Filing").

On May 1, 2013, the Department of Public Service ("Department") filed comments on the Utility Filing.

No other comments on the Utility Filing were filed.

III. PROGRAMMATIC ISSUES

A. Evaluation of Identified Constraints

Participants' Comments

The Utility Filing requests that the *Utility Gap Analysis and Process Recommendations* ("Gap Analysis") submitted in this Docket on January 11, 2013, and subsequently updated and corrected on January 18 and January 24, 2013, respectively, be treated as the annual utility analysis required by Paragraph 3 of the Screening Framework and Guidelines. The Utility Filing summarizes the status of each of three identified constraints (Central Vermont, Rutland area, and Hartford/Ascutney), and includes the full Gap Analysis as an attachment. The Utility Filing states that subsequent to the March 1 Order, the Vermont System Planning Committee ("VSPC") has formed a new subcommittee charged with formulating geographic targeting recommendations to the full VSPC and providing direction and feedback to affected utilities as they develop reliability plans for constrained areas.

The Department recommends that the Board accept the Utility Filing as fulfillment of affected utility requirements under the Screening Framework and Guidelines. The Department observes that Paragraph 3.c.ii. of the Screening Framework and Guidelines requires affected utilities to develop, for a constraint that screens in to full non-transmission alternative ("NTA") analysis pursuant to the Docket No. 7081 Memorandum of Understanding, a least-cost plan (a "Reliability Plan") to resolve the constraint that includes consideration of the use of new SPEED

plants, as described in the remainder of Paragraph 3 of the Screening Framework. The Department states that while the Utility Filing did not include a nominal Reliability Plan, it did describe the operating procedures available to address the Central Vermont reliability deficiency. The Department contends that: (1) given the uncertainty as to whether a constraint actually exists in the Central Vermont area; (2) the Rutland area analysis is not yet complete; and (3) the Hartford/Ascutney constraint has been screened out of full NTA analysis, the level of detail provided in the Utility Filing is appropriate for the initial implementation of the Screening Framework. The Department reiterates its position, as initially discussed in its January 31, 2013, filing, that no standard-offer resources be solicited to address bulk or predominately bulk transmission constraints at this time.

Discussion and Conclusion

In the March 1 Order, rather than ruling on the Gap Analysis at that time, the Board directed the affected utilities to follow the requirements of the Screening Framework and Guidelines, which in turn requires affected utilities to file information, including a Reliability Plan, regarding bulk and predominantly bulk transmission constraints that have been screened in to full NTA analysis annually by April 1. The March 1 Order included a description of three transmission constraints (Central Vermont, Rutland area, and Hartford/Ascutney), the Gap Analysis's proposed course of action for each constraint, and participants' comments on the Gap Analysis.² Accordingly, it is unnecessary to repeat that discussion here.

Paragraph 3 of the Screening Framework and Guidelines states:

Using the processes approved by the Board in Docket No. 7081, for each bulk transmission and predominantly bulk transmission constraint identified, utilities shall:

- a. Define the constraint;
- b. Identify the preferred transmission solution, including the estimated cost and year of need;

2. Order of 3/1/13 at 54-59.

c. Perform preliminary screening using the NTA screening tool established in accordance with ¶ 21 of the Docket No. 7081 Memorandum of Understanding ("MOU") to determine whether the constraint has a reasonable likelihood of being cost-effectively addressed by NTAs, including the development of new Sustainably Priced Energy Enterprise Development ("SPEED") plants.

i. Results of the screening analysis shall be made publicly available consistent with current VSPC practices.

ii. If a constraint screens in to full NTA analysis, then the affected utilities will develop a least-cost plan (the "Reliability Plan" or "Plan") to resolve the constraint including consideration of the use of new SPEED plants as described in steps 3(d) through 3(f) below.

d. Define the characteristics or "equivalency" that NTAs, including new SPEED standard-offer plants, must possess to mitigate the constraint (e.g., cost-effectively avoid or defer the need for the construction of the preferred transmission solution). Equivalency determinations shall recognize then prevailing ISO-NE, North American Electric Reliability Corporation and other applicable reliability planning criteria and the ability of NTAs to adequately address those criteria.

e. Perform analysis that considers a role for non-transmission resources including new SPEED plants, other distributed resources, and demand-side management (including energy efficiency and demand response) in the resolution of the identified constraint. Analysis shall include a societal cost-effectiveness test and a ratepayer impact test. The analysis may include consideration of:

i. the relative rate and bill impacts on Vermont ratepayers (analyzed both with and without Vermont's share of any applicable regional pool transmission facility cost allocation, and taking into account renewable energy credits and tax credits), assessed on a life-cycle basis using a utility/rate impact test over the life of each alternative;

ii. the relative financial feasibility of each alternative, including viability as a stand-alone project;

iii. the ability of each alternative to be implemented in a timely manner to address the problem, including but not limited to issues relating to siting, local environmental impacts, obtaining necessary property rights, securing required governmental approvals, and existence of or necessity to construct supporting infrastructure;

- iv. the relative economic benefits to the state, including access to other power markets and furtherance of the goals described in 30 V.S.A. §§ 202a, 218c, and 8001; or
 - v. other significant relevant costs and benefits particular to the set of alternatives under consideration; and
- f. Develop a Reliability Plan that identifies resources or combination(s) of resources likely to cost-effectively resolve the constraint. Such Plan shall include the project-specific action plan prepared in accordance with the Docket No. 7081 MOU;
- i. The Reliability Plan shall identify the selection criteria to be employed in decision making and shall include sufficient information to enable an interested new SPEED standard-offer plant developer to determine when, where and what operating characteristics are required for the development of a conforming distributed generation proposal. The Reliability Plan shall also include proposed values, or methods for deriving the values for the variables to be included in the formulaic analysis of "sufficient benefit" described below; and
 - ii. All information developed and described in this section shall be filed annually no later than April 1, or more frequently if a constraint is identified or analysis is completed mid-year, and shall be made publicly available by the VSPC, the affected utilities, the Board, and the SPEED Facilitator.

The Department is correct in its observation that the April 1 Utility Filing does not include all of the information required by Paragraph 3 of the Screening Framework. We note that the Gap Analysis, as originally filed and subsequently updated and corrected, similarly does not include all such information. However, we conclude that for the purposes of this year's implementation of Section 8005a(d)(2), the Utility Filing is sufficient for fulfilling the annual utility filing requirement contained in Paragraph 3.f.ii. The information that has been submitted leads to the conclusion that no transmission constraint has been identified. In particular, continued uncertainty exists regarding the existence of a Central Vermont constraint, the Rutland area is still being evaluated, and the Hartford/Ascutney constraint screened out from full NTA analysis due to the identification of solutions that would cost less than \$2.5 million. For these same reasons, based on the Utility Filing, the Gap Analysis, and participants' comments,

including the Department's May 1 comments and the participant comments discussed in the March 1 Order, we also conclude that solicitation of standard-offer projects to address identified bulk and predominately bulk transmission constraints is not appropriate at this time. We expect that the affected utilities will continue to analyze these constraints, evaluate potential NTA solutions, and submit Reliability Plans consistent with the requirements of the Screening Framework and Guidelines.

B. Sufficient Benefit Test

Paragraph 4 of the Screening Framework and Guidelines states that the Board shall make its determination regarding the values to be included in the formulaic analysis of "sufficient benefit" no later than June 1 of each year. Paragraph 5 of the Screening Framework and Guidelines states that when the Board determines that standard-offer contracts will be issued to new SPEED plants pursuant to Section 8005a(d)(2), an objective, predetermined, transparent formulaic analysis shall be performed to determine whether a proposed plant provides "sufficient benefit" to the grid.³ Because we have determined that no reliability gap will be addressed by standard-offer plants this year, it is unnecessary for the Board to make a determination at this time regarding the values to be included in the formulaic analysis of "sufficient benefit."

SO ORDERED.

3. We note that the Board has not yet adopted such a formulaic analysis, and that subsequent to issuance of the March 1 Order, stakeholders and Board staff have had meaningful discussions regarding the terms and values to potentially be included in such a formula. We encourage these discussions to continue, and direct Board staff to conduct any additional proceedings necessary to fully develop such a formula, and the attendant valuation methods, in advance of the 2014 implementation cycle.

Dated at Montpelier, Vermont, this 30th day of May, 2013.

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

OFFICE OF THE CLERK

FILED: May 30, 2013

ATTEST: s/ Susan 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.