

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 20-2935-INV

Investigation to review the 2021 implementation of the standard-offer program	
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Order entered: 12/21/2020

**PROCEDURAL ORDER CHANGING SCHEDULE
AND REQUESTING SUPPLEMENTAL INFORMATION**

On December 17, 2020, a workshop was conducted to discuss participants' comments and recommendations concerning the 2021 implementation of the standard-offer program. The workshop included a discussion of the price caps proposed by Vermont Department of Public Service ("Department") and the pricing mechanism.

Legal Standard

State statute directs the Commission to use a market-based mechanism to obtain the required amounts of renewable energy, provided that the mechanism is consistent with federal law and will support the goal of timely development at the lowest feasible cost.¹ Conversely, the Commission is directed to issue standard-offer contracts using the avoided cost of the Vermont composite electric utility system if the Commission finds either of the following: (i) the use of the pricing mechanism described in Section 8005a(f)(1) is inconsistent with applicable federal law; or (ii) the use of the pricing mechanism is reasonably likely to result in prices higher than the prices that would apply under Section 8005a(f)(2).²

Thus, if the Commission uses a market-based mechanism to award contracts, it is not clear whether the price caps used in the market-based mechanism need to be based on "avoided costs" as defined by the statute.

If the Commission establishes avoided costs for categories of renewable energy, the term avoided costs means "the incremental cost to retail electricity providers of electric energy or capacity, or both, which, but for the purchase through the standard offer, such providers would

¹ 30 V.S.A. § 8005a(f)(1).

² 30 V.S.A. § 8005a(f)(2)(A).

obtain from distributed renewable generation that uses the same generation technology as the category of renewable energy for which the Commission is setting the price.”³

The term avoided cost also includes the Commission’s consideration of each of the following:

- (i) The relevant cost data of the Vermont composite electric utility system.
- (ii) The terms of the contract, including the duration of the obligation.
- (iii) The availability, during the system's daily and seasonal peak periods, of capacity or energy purchased through the standard offer, and the estimated savings from mitigating peak load.
- (iv) The relationship of the availability of energy or capacity purchased through the standard offer to the ability of the Vermont composite electric utility system or a portion thereof to avoid costs.
- (v) The costs or savings resulting from variations in line losses and other impacts to the transmission or distribution system from those that would have existed in the absence of purchases through the standard offer.
- (vi) The supply and cost characteristics of plants eligible to receive the standard offer.⁴

Request for Supplemental Information

At the workshop, the Department agreed to provide supplemental information on its determination of a solar price cap – how it arrived at the 15% margin used in determining the price cap.

The Department and other participants are also requested to file supplemental information on whether or how the Department’s proposed price caps are permissible under 30 V.S.A. § 8005a(f)(1). If participants believe that the Department’s caps do not meet the requirements of Section 8005a(f)(1) and that the Commission must determine avoided-cost prices for the 2021 implementation of the standard-offer program, participants are requested to make recommendations on any prices or methodology for determining prices, considering the criteria identified in Section 8005a(f)(2)(B).

Schedule

January 14, 2021 Deadline for supplemental information

January 21, 2021 Deadline for reply comments.

SO ORDERED.

³ 30 V.S.A. § 8005a(f)(2)(B).

⁴ 30 V.S.A. § 8005a(f)(2)(B).

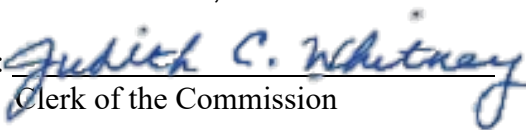
Dated at Montpelier, Vermont this 21st day of December, 2020



Mary Jo Krolewski
Mary Jo Krolewski
Hearing Officer

OFFICE OF THE CLERK

Filed: December 21, 2020

Attest: 
Clerk of the Commission

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)

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