

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

Case No. 21-4085-INV

Investigation to review the 2022 implementation of the standard-offer program	
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THE DEPARTMENT OF PUBLIC SERVICE’S REPLY COMMENTS AND RECOMMENDATIONS REGARDING THE 2022 STANDARD OFFER PROGRAM MECHANISM AND PRICING

On October 4, 2021, the Vermont Public Utility Commission (“Commission”) opened an investigation and established a schedule regarding the implementation of the 2022 Standard Offer Program under 30 V.S.A. § 8005a. In that order, the Commission requested comments and recommendations on certain aspects of the Standard Offer solicitation process including price caps, the pricing mechanism for requesting bids, and the administration of the program after 2022 (which is the last full year that statute provides for).

On November 8, 2021, the Vermont Department of Public Service (“Department”) filed initial comments.

On November 15, 2021, the Commission held a workshop to discuss the initial comments filed in this Case.

The Department provides the following comments in response to the questions posed by the Hearing Officer at the November 15 conference.

At a high level, the Department recommends that, in the upcoming request for proposals (“RFP”), the Commission establish a reserve list of projects from the competitive block. Any projects that receive Standard Offers but fail to achieve the

milestones would be replaced by projects from the reserve list. Given that development costs change over time, it would be sensible to ensure that the prices bid by the projects on the reserve list do not become stale. Therefore, the Department recommends that an RFP be conducted every two years to fill any vacancies in the program and re-establish a reserve list. Specific responses to issues raised by the Hearing Officer are provided below.

1. Size limit on the reserve list

The Department recommends that the amount of capacity in the reserve list be set at the amount of capacity that remains to be commissioned under the program.

2. Minimum amount of capacity available before issuing an RFP

The Department recommends that there be a minimum of 5 MW of capacity to initiate an RFP process. To the extent that the amount of un-commissioned capacity is less than 5 MW, projects should be selected from the reserve list established by the prior RFP, even if the prior RFP were conducted more than two years previously. This approach recognizes that there are significant administrative costs associated with conducting the RFP process and the savings to Vermonters from conducting an RFP could be outweighed by the administrative costs. In addition, the Commission would have the ability to conduct additional

RFPs if projects that are moved from the reserve list to active development also fail to achieve commissioning.

3. Technology set-aside

The relevant statute states that: “[t]he Commission shall allocate the 127.5-MW cumulative plant capacity of this subsection among different categories of renewable energy technologies.”¹ There are no specific percentages for technology set-asides established by statute. During any RFPs that may be necessary, the Commission could establish a technology set-aside; however, this would not be required and the amount of capacity subject to a technology set-aside could be determined after opportunity for comment. The Department recommends that the reserve list continue to be for competitive projects only.

4. Farm Methane Projects

The Department agrees that there would need to be some mechanism for setting prices for farm-methane projects. Currently, the Commission is required to annually update the Standard Offer price for existing hydroelectric facilities pursuant to 30 V.S.A. § 8005a(p)(4). The Department recommends that the Commission utilize the public input process under Section 8005a(p) to also request comments on updates to the prices for farm-methane projects.

¹ 30 V.S.A. § 8005a(c)(2).

Thank you for the opportunity to comment on this matter. Please do not
hesitate to contact me with questions or concerns.

Dated in Montpelier, Vermont on this 3rd day of December, 2021.

VERMONT DEPARTMENT OF PUBLIC SERVICE

Sincerely,

/s/ Alex Wing
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cc: ePUC Service List