

From: Spaulding, Jeb

Sent: Thursday, April 19, 2012 8:39 AM

To: Reardon, Jim; MacLean, Alex; London, Sarah; Lofy, Bill; Bartlett, Susan; Allen, Susan; Peterson, Mary; Miller, Elizabeth; Miller, Lawrence

Subject: Admin Generating Tax Proposal

Attachments: VYGeneration-4-12.doc

FYI, so we are all clear, here is a little background and information on what the Admin is proposing:

Current landscape on VY Generation taxes and MOU payments:

In FY11, VY paid \$2,128,074 under §5402a, deposited into the EF. They paid a similar amount in FY10.

In FY 11, VY paid \$2,921,398 under §8661, deposited into the GF. They paid a similar amount in FY10.

So, the total currently raised from generation taxes is approximately \$5 million. In addition, VY has been making \$ 4 to 5 million in MOU payments in recent years.

Administration proposal consolidates the current two taxes into one and taxes Entergy at a rate of \$.0025 per kilowatt of electrical energy produced and sends all revenues to the GF.

- Wind is taxed at \$.003. Our proposed rate is comparable to wind after accounting for differences between the two, such as size and the intermittency of wind.
- \$.0025 is also the generating tax rate on CT's nuclear plant, Millstone.

Entergy's total generation tax payments go from approximately 5M to approximately \$12.5M a year. The \$4-5 million in MOU payments will no longer be in place. New available revenues will be approximately \$7.5M a year.

Recommend the following to the Appropriations Committees:

Increase the General Fund transfer to the Education Fund by \$2.1 million (the current amount going to the Education Fund).

Create an ongoing base General Fund appropriation to the Clean Energy Development Fund of \$5 million.

In FY13, appropriate \$2.5 million to the SOA for use by the Vermont State Colleges for new and improved CCV and VTC facilities in Brattleboro.

That will leave the current \$2.9 million raised by the existing GF generating tax for the General Fund.

Further recommend that starting in FY14, \$1.5 million be reserved for economic development activities in Windham County as outlined by ACCD in a separate document.

Jeb Spaulding, Secretary of Administration
State of Vermont
Pavilion Office Building
109 State Street
Montpelier, VT 05609

People are our greatest asset

Current landscape on VY Generation taxes and MOU payments:

In FY11, VY paid \$2,128,074 under §5402a, deposited into the EF. They paid a similar amount in FY10.

In FY 11, VY paid \$2,921,398 under §8661, deposited into the GF. They paid a similar amount in FY10.

So, the total currently raised from generation taxes is approximately \$5 million. In addition, VY has been making \$ 4 to 5 million in MOU payments in recent years.

Administration proposal consolidates the current two taxes into one and taxes Entergy at a rate of \$.0025 per kilowatt of electrical energy produced and sends all revenues to the GF.

- Wind is taxed at \$.003. Our proposed rate is comparable to wind after accounting for differences between the two, such as size and the intermittency of wind.
- \$.0025 is also the generating tax rate on CT's nuclear plant, Millstone.

Entergy's total generation tax payments go from approximately 5M to approximately \$12.5M a year. The \$4-5 million in MOU payments will no longer be in place. New available revenues will be approximately \$7.5M a year.

Recommend the following to the Appropriations Committees:

Increase the General Fund transfer to the Education Fund by \$2.1 million (the current amount going to the Education Fund).

Create an ongoing base General Fund appropriation to the Clean Energy Development Fund of \$5 million.

In FY13, appropriate \$2.5 million to the SOA for use by the Vermont State Colleges for new and improved CCV and VTC facilities in Brattleboro.

That will leave the current \$2.9 million raised by the existing GF generating tax for the General Fund.

Further recommend that starting in FY14, \$1.5 million be reserved for economic development activities in Windham County as outlined by ACCD in a separate document.