

From: Springer, Darren [Darren.Springer@state.vt.us]
Sent: Wednesday, February 25, 2015 11:50 PM
To: Kevin Ellis
CC: John Warshow; Bryan Mills
Subject: Re: Hydro policy follow-up

Thanks Kevin,
I will review with our team and get back to you.
Darren

Sent from my iPhone

On Feb 25, 2015, at 9:15 PM, Kevin Ellis <kevin@ellis-mills.com> wrote:

Darren

First, thanks for meeting with John Warshow and me in the Statehouse to discuss ways in which we can give small hydro dams some surety in the world under H. 40. The Vermont Independent Power Producers understand your goal of keeping downward pressure on rates. We want to be part of the new system in a way that keeps these dams operating as they have been such important facilities for the communities where they are located.

To that end, we propose below some concepts that we hope are acceptable to you and the administration.

1) Move the 5Mw cap up to 30 Mw to include all VEPPI projects.

The only reason it was there was due to a now settled arbitration between Burlington Electric concerning future power prices with respect to the value of Winooski One.

2) LIHI certification.

This seems to be worked out in the House bill. Thank you for any help you lent on this. To be an eligible project, one has to be either LIHI certified OR have a valid VT 401 certification. VIPPA supports this.

3) Remove the cap on the energy and capacity annual adjustment.

The notion is to have a market based price. We believe this is the main reason no one has signed up under this program.

4) Reduced Line loss/transmission savings/distributed generation

The board has long recognized the multiple benefits of having these projects located in the distribution system, thereby decreasing transmission and distribution losses and providing distributed generation. There are numerous dockets and orders dating back to docket 4804, including dockets to justify SPEED rates and the value of energy efficiency programs. The credit for losses at interconnection at 13.kv should be set at 5% and determined on a case-by-case basis for projects at a higher interconnection voltage. The burden of proof for a lower percentage should be on the utilities or the department to prove otherwise.

Once again, thank you for working with us on this issue. We hope we can reach a consensus that works for all. Let's be in touch as the process works through the House and the Senate.

Best,

Kevin Ellis on behalf of VIPPA

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