

From: Copans, Jon [Jon.Copans@vermont.gov]
Sent: Wednesday, March 30, 2016 11:23 AM
To: Springer, Darren
Subject: Fwd: NM Rule - House Natural Testimony

FYI - see tony and Margaret comments on customer charge or grid service fee.

Sent from my iPhone

Begin forwarded message:

From: "Duggan, Tim" <Tim.Duggan@vermont.gov>
Date: March 30, 2016 at 10:53:14 AM EDT
To: "Copans, Jon" <Jon.Copans@vermont.gov>
Cc: "Hopkins, Asa" <Asa.Hopkins@vermont.gov>, "Margolis, Anne" <Anne.Margolis@vermont.gov>
Subject: NM Rule - House Natural Testimony

Testimony of Boardmember Cheney in House Natural Committee – 3/30 at 9am

Began with brief recognition of two major concerns re the Board

1. Process is hard to navigate – C stated that the NM rule is meant to make some improvements on that issue
2. Rubber Stamp Projects over town concerns – C pointed to Bennington Solar and North Springfield Biomass to rebut

NM Rule

1. C emphasized the lengthy process with still more to come
 - a. Two public hearings May 4 and 5
 - b. Public comments by May 12
2. Klein emphasized that most NM is sub 15kw (specifically wanted to focus on # of apps; not overall capacity) to indicate that this is a customer driven program. Does not want to lose sight of that
3. Moved on to give a summary of the rule.

Major issues Discussed

1. Cost Shift
 - a. Hebert wanted to focus on cost shift. Pointed to an Eversource (I think) presentation to ISO (not provided) that showed a \$33/customer subsidy to NM customers. Point was to focus on grid service fee
 - b. Klein stated that he will go to the public hearing and testify to the following:
 - i. NM should be able to zero out full bill – customer charge and efficiency charge should remain
 - ii. NM should zero out only usage
 - iii. NM rule should make sure that NM customers pay customer charge and efficiency charge (maybe others along the same line)

- c. C stated that the Draft rule did not get this issue quite right and that Board will be revisiting grid service fee
- 2. Types of generators
 - a. Chestnut asked if NM rule and siting adjustors applied to wind/biomass
 - b. Some confusion in response
 - c. Bottom line was that if non-solar can be NM, the siting adjustors should intentionally account for this
 - d. C recognized the point and thought it was a good one to revisit
- 3. Locally preferred
 - a. Hebert concerned about how something is determined to be locally preferred for siting adjustor – i.e., what if town council and planning commission disagree
 - b. C and Marren indicated that it was up to the town to decide
- 4. RECs – lot of talk on this topic, some of which drifted more toward RES issues
 - a. Klein concerned about folks who retain RECs – how do we KNOW they retained them (emphasized knowing versus the right to claim renewability)
 - b. Klein raised a conundrum – if only renewable eligible to NM and they sell RECS, then aren't they no longer renewable and therefore cannot NM
 - i. Some discussion of definition but this issue kind of fizzled out
 - c. Gamache also concerned about REC accounting
 - d. It got a little muddled when Fink was discussing the intricacies of the NEPOOL GIS system
- 5. Pricing – back and forth between Klein and Van Wyck re pricing
 - a. Van Wyck pulled up ISO website and showed wholesale energy at \$.02 – argued that NM too expensive
 - b. Klein responded that delivered energy, not wholesale is the relevant comparison
 - c. C responded that the rules move from a range of 19-20 cents to 9 to 19 cents

Meeting ended with Klein indicating that they would invite C back for S. 230 and that it would be for more than the hour this hearing went on.

That's what I took from the hearing. Happy to discuss further. Thanks,
Tim