

**CONFIDENTIAL**  
**LEGISLATIVE BILL REVIEW FORM: 2015**

Bill Number: S. 16 Name of Bill: Siting Charges for Energy Transmission Facilities

Agency/ Dept: Public Service Dept. Author of Bill Review: Geoff Commons

Date of Bill Review: Feb. 1, 2015 Related Bills and Key Players \_\_\_\_\_

Status of Bill: (check one): ☒ Upon Introduction ☐ As passed by 1<sup>st</sup> body ☐ As passed by both

**Recommended Position:**

☐ Support ☒ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

**Analysis of Bill**

1. **Summary of bill and issue it addresses.** *Describe what the bill is intended to accomplish and why.*  
Bill would impose an annual tax ("siting charge") on energy (electric, gas, or oil) transmission facilities, payable to the host town(s), based on the cost of constructing the facilities located in the town. Town could use proceeds for any purpose, or may accept energy-related projects in lieu of the tax payment.
2. **Is there a need for this bill?** *Please explain why or why not.*  
Not from the PSD perspective. Energy projects are already subject to local property tax. The burden on local infrastructure and services are considered in the sec. 248 and Act 250 processes, and mitigation can be required if burdens are significant.
3. **What are likely to be the fiscal and programmatic implications of this bill for this Department?**  
The cost of transmission projects will increase. For VT utilities this will put upward pressure on rates; for merchants, VT projects may become less attractive or economically feasible. It may make towns more amenable to hosting transmission projects, potentially reducing contentiousness of permit proceedings. To the extent that towns use the proceeds for energy-related projects, attainment of CEP goals may be advanced.
4. **What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**  
Public Service Board also affected by utility rate pressures and contentious permit proceedings, and may favor this bill in order to reduce municipal opposition to projects. No other apparent effects on state agencies.
5. **What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?** *(for example, public, municipalities, organizations, business, regulated entities, etc)*  
Municipalities (and VLCT) are likely to favor a new revenue source that does not impact residents. Utilities and especially merchant developers are likely to oppose increased costs. Utility ratepayers (residential and business) and their advocates are likely to oppose increased costs.

Please return this bill review as a Microsoft Word document to [laura.gray@state.vt.us](mailto:laura.gray@state.vt.us) and [jessica.mishaan@state.vt.us](mailto:jessica.mishaan@state.vt.us)

**6. Other Stakeholders:**

**6.1 Who else is likely to support the proposal and why?**

Opponents of proposed projects may support the bill, since increasing project costs tends to decrease the prospects for approval. Town energy committees may support, to increase funds available for local energy projects such as energy efficiency.

**6.2 Who else is likely to oppose the proposal and why?**

Business groups may oppose based on rate impacts for utility service. AARP may oppose for the same reason, although this bill would raise the cost (thereby decreasing the likelihood) of the ANGP pipeline – a project already opposed by AARP.

**7. Rationale for recommendation:** *Justify recommendation stated above.*

This bill would increase the cost of energy projects without any finding of impacts to justify the new tax. Energy companies already pay local property tax but place little incremental demand on municipal services. Where towns believe that an energy project will impose undue burdens, they are free to participate in permit proceedings to advocate for mitigation of those impacts (financial or otherwise).

**8. Specific modifications that would be needed to recommend support of this bill:** *Not meant to rewrite bill, but rather, an opportunity to identify simple modifications that would change recommended position.*  
Bill currently allows towns to use proceeds of tax for any purpose they deem appropriate. If use was limited to local energy projects such as weatherization or efficiency the bill would have a more positive impact on CEP goals.

**9. Gubernatorial appointments to board or commission?** No.

*Secretary/Commissioner has reviewed this document:*



*Date:* 3/6/15