

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 8693

Investigation into certain transmission charges )  
assessed in conjunction with standard-offer )  
projects )

Order entered: 9-2-2016

**ORDER RE: SECOND WORKSHOP ON TRANSMISSION CONSIDERATIONS**  
**IN STANDARD-OFFER PROJECTS SITING**

On March 18, 2016, the Hearing Officer convened a workshop in this proceeding. The following persons participated: Timothy Duggan for the Department of Public Service (“Department”), Thomas Lyle for Burlington Electric Department, Carolyn Anderson and Scott Anderson for Green Mountain Power Corporation (“GMP”), Carolyn Alderman, for VEPP, Inc., Patty Richards for Washington Electric Cooperative, David Mullett and Steve Farman for Vermont Public Power Supply Authority, Ellen Burt and Jeremy Hoff for the Stowe Electric Department, and Katie Orost and Vickie Brown for Vermont Electric Cooperative (“VEC”).

This proceeding was initiated by the Board “to address the issue that Standard-Offer projects have located predominantly in one service territory resulting in the generation of power far in excess of that service territory’s pro rata share which must be wheeled to other service territories.”<sup>1</sup> More broadly, as became clear during the workshop, the Standard-Offer program under 30 V.S.A. § 8005a has resulted in the development of much renewable generation. However, it has come to pass that many of the developed projects have not been sited near load, and that a disproportionately number of these projects are sited in the service territory of certain utilities (to date, GMP and VEC). In turn, this has resulted in higher costs to the interconnecting utilities and to the program as the power must be transmitted to load or must incur higher transmission costs because of the distribution of power to other utilities.

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1. Docket 8693, Order of 2/25/16 at 1.

The cost effect arises from the manner in which the distribution of power among utilities was addressed in Docket 7533, the proceeding in which the Board established the terms of the Standard Offer Program.<sup>2</sup> That Order, among other things, set forth a general approach to addressing costs associated with distributing (or wheeling) power to each of the distribution utilities (“DUs”) on a pro-rata basis with the general goal of minimizing such costs.<sup>3</sup> The Board stated:

[E]ach standard-offer generator on a utility’s system will be treated as a network resource serving that utility’s native load, up to the utility’s pro rata share of the total standard-offer generation for all utilities. For any standard-offer generation beyond the utility’s pro rata share, the SPEED Facilitator would arrange for the allocation of any wheeling costs under existing wheeling tariffs.<sup>4</sup>

Notwithstanding its acceptance of this general wheeling approach, the Board left open “the possibility that future proceedings could address improvements to the wheeling methodology approved [in that case].”<sup>5</sup>

As has become apparent in recent years, different DUs address the manner in which wheeling costs are allocated in different ways. This issue becomes more challenging when one utility ends up hosting a disproportionate number of standard-offer projects so that the utility must transmit more power (*i.e.*, the portion above the utility’s *pro rata* share), resulting in larger wheeling costs. In Docket 8492, the Board opened an investigation into the assessment of certain transmission charges for Standard-Offer projects. After discussions among the Department, the DUs and the Standard-Offer facilitator, the Vermont distribution utilities entered into a Memorandum of Understanding (“MOU”) that resolved the transmission billing disputes. (That MOU is attached to this order.) As part of the MOU, the DUs asked the Board to initiate a non-contested proceeding “to address the issue that Standard Offer projects have located

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2. *Investigation Re: Establishment of a Standard-Offer Program*, Docket No. 7533, Order of 9/30/09 (“Standard-Offer Order”)

3. Standard-Offer Order at 48-53.

4. Standard-Offer Order at 51.

5. Standard-Offer Order at 53.

predominantly in one service territory resulting in the generation of power far in excess of that service territory's pro rata share which must be wheeled to other service territories."<sup>6</sup>

The Department filed a letter of support for the MOU.<sup>7</sup> The Department emphasized that it is important to address the locational issue in a separate proceeding because it could have a direct effect on stakeholders not party to the MOU, namely project developers. For example, potential ways to address the disproportionate location of standard offer facilities in a single service territory include: (1) temporarily barring further development in that service territory; (2) adding indicative wheeling cost figures to the bids of projects proposing to locate in that territory; (3) qualitatively considering a project's location in evaluation of bids; and (4) assessing wheeling costs directly to standard offer projects.

The Board has opened this proceeding to consider questions such as whether any one of these or other approaches may be appropriate.

Therefore, in this Order, I provide notice of a further workshop to be held on September 27, 2016. I expressly invite the participation of project developers and any other interested stakeholders.<sup>8</sup> This Order is being served on the Standard Offer Electronic Service List. Recipients are encouraged to distribute to other interested stakeholders. Participants should consider the issues highlighted by the Department's letter, discussed above, as well as general issues related to incentives towards more favorable siting of projects. Building upon the Department's observations, participants should consider whether the Board should (and can) provide incentives for developers to site their projects in locations that reduce wheeling costs to both the host utility and the state as a whole. This might include adjustments to the manner in which responses to the Standard-Offer Request for Proposal are evaluated or changes to the way in which transmission costs charged to the Standard-Offer Facilitator are paid.

As a final note, this case is being conducted as a non-contested proceeding, similar to the manner in which Docket No. 7533 was conducted. Therefore, to the extent interested

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6. MOU at ¶ 10.

7. Letter from Timothy M. Duggan, Esq., to Susan Hudson, Clerk of the Board, dated September 23, 2015.

8. As the developers are the entities that determine the proposed location for Standard-Offer projects in the first instance, all parties in attendance at the workshop agreed that participation of developers and other interested stakeholders would be important.

stakeholders have questions in advance of the workshop, they may call or email the hearing officer, George Young (802-828-2358 or [george.young@vermont.gov](mailto:george.young@vermont.gov)).

SO ORDERED.

Dated at Montpelier, Vermont, this 2<sup>nd</sup> day of September, 2016.

s/George E. Young

George E. Young, Esq.  
Hearing Officer

OFFICE OF THE CLERK

FILED: September 2, 2016

ATTEST: s/Holly R. Anderson  
Deputy Clerk of the Board

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