IREC Steering Committee Meeting
March 26, 2021

Present: Doc Bagley, Strafford; Elizabeth Ferry, Barnard; Erica Ko, Thetford; Geoff Martin, IREC; Neal Leitner, Woodstock; Ryan Haac, Sharon; Doug Fraser, Fairlee.
Additionally: Jenevra Wetmore, Sustainable Woodstock; Kevin Jones, Vermont Law School

1. Additions/changes to the agenda

None.

2. REC Discussion with Kevin Jones

The group started the discussion with Elizabeth's question: What is the current status of 150 kW arrays — with or without retaining RECs?

Kevin: VLS has done lots of 150 kW projects retaining RECs. Getting more difficult. At first, the permitting and economics of 150 kW projects were incredibly favorable. The change of rules, including negative adjusters on siting and on RECs, has made the economics particularly difficult. VLS hoped that it could be successful in getting the rules changed, but it feels impossible.

VLS has been able to overcome the challenges so far by getting Joint Letters of Support, and VSECU provided VLS with a $15,000 grant used to pay for environmental permitting costs. Economics are coming in at 10-year payback.

With the new rules (starting in September), DPS advocated for another subtractor for keeping the RECs. Totally in conflict with GWSA. Legislators let this happen. When customers keep the RECs, they're pushing utilities to go beyond their minimum requirements for distributed solar. Utilities are one of the most powerful forces in the statehouse. DPS, PUC, and Scott Administration are listening to them.

With the additional penny lost on the siting adjustor starting on September 1, projects are getting very difficult. Unless solar costs keep coming down, might have to go bigger than 150 kW to achieve economies of scale. Going above 150 kW doesn't change anything with permitting a project.

Erica asked whether VLS ever gives RECs to the utility. Kevin said no, that they generally work on projects that keep the RECs.

Erica then asked why DPS advocated for penalties for keeping the RECs. Kevin believes that they have bought into the utility argument that net-metering results in cost shifting. Kevin feels that this is single-issue rate making – that DPS and the PUC are forgetting about all the benefits of distributed resources. He thinks that GMP wants control over everything (solar, batteries, etc.), and the PUC is on board.

Jenevra asked if projects are going to be financially viable after September? Kevin suggested that they may have to be greater than 150 kW. Thinking longer term, people that care about this issue need to organize better. By giving the RECs over to the utility, the net-metering program is just an income program. There should be a focus on additionality – this is necessary in order to reduce our carbon footprint. GMP's fuel mix is only a few percent solar, and the only solar that is in their mix is Tier 2 that they are required to keep. Everything else they sell out of state. Erica asked if it is still better to support solar and give the utility RECs than to not support projects at all. Kevin suggested that we have to look at what GMP is doing. They're taking RECs from net-metered solar, and then selling all of the RECs from standard offer and large scale solar. Most solar customers don't know that the RECs are going to GMP, and if they did, they would not be happy.

Kevin noted that VT is the only state that has a 4-cent negative penalty for certain net-metered projects. He argued that the PUC is structuring a program to mislead people about what's happening with their solar. There's no other way for solar companies to sell projects without being misleading.

The conversation shifted to Elizabeth's second question: How do money and RECs flow in arrays over 500 kW?

Anything over 500 kW is a power purchase agreement, which not many customers have in VT. There are not many national companies here, and it would involve a larger customer with a big appetite for power. But with virtual power agreements, it is crystal clear that the RECs go to customer.

Standard Offer projects go to the utilities. Utilities are selling virtually 100% of the RECs from these projects out of state. When confronted, most legislators say they think utilities will have to stop selling them soon in order to meet their Tier 2 requirements, but this is not the reality because utilities are taking net-metering credits from customers. Elizabeth asked whether this will continue. Kevin said that it will until the PUC changes the rule, which was designed to allow utilities to continue to sell RECs out of state. Vermont is allowing hydro and biomass RECs, which don't qualify in most states, to count towards its renewable energy standard.

Neal commented that he is seeing lots of interest in solar in Woodstock, particularly from people that are moving here from out of state. He doesn't know how to respond when people ask him about VT's net-metering program. The committee felt it is important for people to understand that they do have the choice to keep the RECs, even if it's less attractive financially. Erica suggested that the committee should help to provide people with information so they can make their own decisions.

Doc said that it's important to understand that there are different types of RECs, and that VT is selling the expensive (e.g. solar, wind) RECs and buying the cheap (e.g. hydro, biomass) ones, and still meeting its renewable energy standard. He said that RECs are a confusing issue, and that it's important for energy committees to be able to help people make informed decisions.

Kevin agreed, and said that people who are promoting their town/business as being powered by green power when they're not can be legally liable for misrepresentation. The committee suggested having a forum with GMP, and seeing what their message is to customers on this issue – how are they talking about net-metering?

Geoff will ask Kevin to put information on the issue together that the committee can put into a simple format for community members.

3. **Update on FY 22 towns/new contract/FY 22 programmatic priorities**

Geoff shared with the committee that Sharon, Strafford, Thetford, and Woodstock are all renewing the IREC contract for FY 22. Barnard will likely rejoin (has Selectboard support), but won't know until Barnard's Town Meeting in May. Fairlee will not rejoin because they could not make it work financially. Bradford and Norwich will be joining the program in July.

Geoff will have a draft contract for the committee's review at the April meeting. The contract will then go to Selectboards in May, with the hope of having a signed agreement by the beginning of June.

Elizabeth noted that she has become increasingly interested in the role of natural systems in addressing climate change. She has been reading over many materials over the last couple of months, and put together a document summarizing her findings, which she will share with the group. At the April meeting, the committee will discuss whether to include the promotion of natural systems for carbon sequestration as a programmatic priority of the IREC program, and what actionable steps could be taken through the IREC program.

4. Fuel RFP

Geoff explained that he and Elizabeth had talked again about whether an intermunicipal fuel RFP meets the objectives of the IREC program. Elizabeth reviewed the IREC contract, and there was no mention of work to lower fossil fuel costs for towns. Doc said that the more he's thought about it, the less it seems to mesh with the program, and seems to be going in the wrong direction. Elizabeth noted that many fuel companies offer pre-buy programs, and one benefit of the IREC program is that towns have baseline data which could be used to pre-buy fuel.

The committee agreed that the fuel RFP should not be an IREC program. The group suggested that Geoff include a note in the next monthly update, stating that he is not pursuing it given the IREC committee's position on it.