

VERMONT SMALL SCALE RENEWABLE ENERGY INCENTIVE PROGRAM
Draft Proposed Changes For Public Comment

Comments on these proposed changes will be accepted until January 18th at 5:00 PM. Comments can be emailed to Andrew.perchlik@state.vt.us or sent to the Clean Energy Development Fund at 112 State Street, Montpelier, VT 05620

Background

The Vermont Small Scale Renewable Energy Incentive (SSREI) Program is designed to provide funds to help overcome the up-front cost barrier of installing new renewables systems on the homes, businesses, institutions, and non-profit facilities of Vermont. Funding is provided through the Vermont Clean Energy Development Fund (CEDF).

The Public Service Department's (Department) proposed design changes would be in effect for the first six months of 2013. These proposed changes build on the success of the program and reflect current market conditions, available funds, and the strategic goals of the CEDF.

Proposed Changes to the Incentive Levels and Caps:

- Lower the kilowatt incentive cap for wind turbines from 100kW to 10kW
- Lower the kilowatt incentive cap for PV for commercial incentives from 25kW to 10kW
- Lower the kilowatt incentive cap for PV incentives for Special Customers from 50kW to 10kW
- Lower the system size cap for commercial PV incentives from 150kW to 25kW; systems 25kW and larger would thus not be eligible for any incentives under this program
- Lower the installer/lessor dollar reservation cap for wind from \$360,000 to \$100,000
- Lower the installer/ lessor dollar reservation cap for PV from \$150,000 to \$100,000
- Lower the PV incentives for:
 - residential systems from the current \$.55/W to \$.50/W
 - commercial systems from the current tiered system of \$0.55/W for the first 10kW and \$0.50/W for each additional watt between 10kW and 25kW to a non-tiered system of \$0.45/W
 - Special Customers from the current \$2.10/W for systems \leq 10kW; and \$1.40/W for each additional watt up to a 50kW max to a flat \$0.50/W
- Lower the total \$ incentive cap amounts per residential customer from \$8,500 to \$8,000 for PV and solar hot water

- Lower the total \$ incentive cap amounts per commercial and special customer to \$8,500 for PV and solar hot water
- Change the wind turbine incentive. In order to ensure that the TAP calculation for the wind turbine incentive is in line with actual expected wind production, the proposal is to lower the TAP factor from 2.5 to 1.5
- Change the incentive cap from 50% of the total installed costs for Special Customers to 20% for all incentives for all customers

Energy Efficiency Adder:

The Department is considering suspending the energy efficiency (EE) adder component of the SSREI program. The Department supports the effort to combined and connect energy efficiency and renewable energy incentives. However, to date very few customers have taken advantage of the adder and of the few that have applied for the adder approximately half had already completed the audit that the adder was designed to promote. Thus, the Department is concerned that the adder is not incentivizing home owners to have an audit done. Furthermore there is concern that the administrative costs of the adder make it an inefficient way to promote energy efficiency.

Therefore, the Department invites the public to provide comments on the EE adder and whether it should be retained and if not, suggestions for other ways the SSREI program could help to encourage and leverage energy efficiency investments.

Budget Cycles:

Given the limited funds available for the SSREI program the Department is considering implementing quarterly budget cycles for the SSREI program. There are advantages and disadvantages in operating the program budget in such a manner. The Department would like to receive public comments on whether quarterly budget amounts should be set for the SSREI program or some other budgeting system should be put in place.