REQUEST FOR INFORMATION

Clean Energy Development Fund
at the
Public Service Department

Date Issued: July 19, 2021
Information Deadline: August 18, 2021

Vermont Public Service Department
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Montpelier, Vermont 05620-2601
(802) 828-2811
TTY/TTD (VT): 1-800-734-8390
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Overview

This is a request for information (RFI) regarding the design and implementation of an Affordable Community-Scale Renewable Energy Program (Program) created by the Vermont General Assembly in Act 74 of the 2021 legislative session[1]. The Act appropriates $10 million to the Department of Public Service (Department) for the Program to "support the creation of renewable energy projects for Vermonters with low-income" and stipulates that the Program shall be developed "consistent with the parameters of the Clean Energy Development Fund".

The Department, in coordination with the Clean Energy Development Board (CED Board), will design the Program in the Summer of 2021 based on the responses from this RFI, independent research, public comments, and stakeholder communications. The Department's plan is to have the Program design finalized in September and a request for proposals issued in the autumn of 2021 with the Program's renewable energy projects built in 2022 or 2023.

Responses to this request for information can be sent via email, fax, or mail to the Department at the following addresses:

Andrew Perchlik
VT Public Service Department
112 State Street
Montpelier, VT 05620-2601
Fax: (802) 828-2342
Email: Andrew.Perchlik@Vermont.gov

Questions can also be sent to the addresses above or you can call Mr. Perchlik at: (802) 828-4017.

In order to influence the issuance of the RFP responses should be received by the Department no later than Wednesday **August 18, 2021 at 4:30 p.m**.

Background:

In January of 2021 Governor Scott's proposed budget for fiscal year (FY) 2022 include a one-time appropriation to the Department of $10 million to create an "Affordable Community Clean Energy Program". The House of Representatives passed their FY 2022 budget (H.439) in March with a $10 million appropriation of federal American Recovery Plan Act (ARPA) funds to the Clean Energy Development Fund, which is housed within the Department, with a requirement that projects to be funded be reviewed by the Joint Fiscal Committee. The Senate passed its version of H.439 in May with a $9 million ARPA appropriation to the Department of Public Service "to be used on the Affordable Community-Scale Renewable Energy Program, consistent with parameters of the Clean Energy Development Fund, to support the creation of renewable

[1] Act 74 of the 2021-22 legislative session was signed by Governor Scott on June 8th.

energy projects for Vermonters with low-income." The final budget language as enacted with the Governor's signature as Act 74 included the Senate language for the Affordable Community-Scale Renewable Energy Program and was funded at the Governor's recommended $10 million amount. Here is the final language in Act 74, Section G.600 CLIMATE ACTION INVESTMENTS, sub-section (5) of the ARPA appropriation to the Department:

> "...$10,000,000 is to be used on the Affordable Community-Scale Renewable Energy Program, consistent with parameters of the Clean Energy Development Fund, to support the creation of renewable energy projects for Vermonters with low-income."

During the legislative process, the Department discussed the potential program designs with legislative committees and in outreach to stakeholders (including the CED Board). An RFI was discussed as one of the first steps the Department would take to inform its decisions on the Program's design.

Request For Information:

The Department is seeking information and comments to assist in the creation of the Program. Specifically, the PSD is interested in receiving comments on the following three items as outlined below as well as any other information or comments related to the Program's design, implementation, and/or evaluation:

1. Draft Program goals & evaluation metrics
2. ARPA Funds Eligibility
3. Straw Proposal on Program design

<u>1. Draft Program Components & Evaluation Metrics</u>

The Department is seeking comments on the following list of possible Program design components and evaluation metrics:

1. Provide a reduction of 20% to 50% in participating low-income customer's monthly utility bills.
    - Evaluation Metrics: Number of low-income households served, income level of households served, level of energy burden of households served, amount of monetary assistance provided annually, $ per participant/yr., and % discount for the average participant.

2. Include a funding mechanism that would allow the Program to receive funds for the development of additional renewable energy projects in the Program beyond the $10 million of ARPA funds.
    - Evaluation Metric: Was such a mechanism established and is it generating sufficient revenue to develop additional projects?

3. Reduce greenhouse gas (GHG) emissions from energy generation.

- Evaluation Metrics: Tons of GHG emission reduced per $ expended and tons of GHG emission reduced.

4. Increase social equity.
    - Evaluation Metrics: Energy burdens of participants related to state average; number of households of black, indigenous, and Vermonters of color participating – total and as %, $ and % of cost savings for these households compared to participant averages; number of renters vs. homeowners served; number of participants from under-resourced communities.

5. Have equitable geographic distribution of participants.
    - Evaluation Metric: geographic location of participants, updated annually.

6. Coordinate with existing low-income energy assistance programs.
    - Evaluation Metric: Survey results with participants, low-income advocates, and representatives of assistance program s.

7. Be simple and easy for those eligible to enroll.
    - Evaluation Metrics: Time it takes to enroll; % of enrollments vs. total amount eligible; # of complaints and results of participants surveys.

8. Provide economic development from the installation and operation of renewable energy plants in Vermont.
    - Evaluation Metric: Economic development impacts in dollars (state and local to the project area) and in sector market development.

9. Leverage other funds to the greatest extent possible.
    - Evaluation Metric: Ratio of dollars expended, and dollars leveraged.

10. Minimize the amount of funds spent on administration.
    - Evaluation Metric: Ratio of total dollars expended to dollars spent on administration.

Specific Questions the possible Program components & Metrics:

1. Which of these program components should be the primary goals of the Program? Which are the most important?
2. How should the Program weigh these program components when choosing among different proposed renewable energy.
3. Should there be goals regarding the siting of the renewable energy projects in the Program?
4. How should the Program be designed to collect the data needed for the evaluation metrics?
5. How should the Program identify and encourage participation of low-income Vermonters in the Program?

6. Should the Program have a specific goal to identify and encourage participation from under-served and under-resourced communities?
7. Should the Program have a goal to identify and encourage participation from Vermonters that are Black, Indigenous, or people of color?
8. Which are the most important evaluation metrics of success for this Program?

2. ARPA Funds Eligibility:

The US Treasury issued an interim rule for the eligible uses of Coronavirus State and local fiscal Recovery funds as established under ARPA[2]. The Department is proposing that the Program would meet ARPA eligibility as assistance with utility costs as a response to the negative economic impacts caused to low-income Vermonters by COVID-19[3]. The interim rule states *"Assistance to households or populations facing negative economic impacts due to COVID–19 is also an eligible use. This includes: Food assistance; rent, mortgage, or utility assistance;"*

Furthermore, the rule states that *"In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic."*

Based on the US Treasury Department's interim rule and State guidance on the use of ARPA funds the Department developed the straw proposal for the Program design that will provide utility cost assistance to low-income households through one or more renewable energy projects. The Department believes such a program design meets both the requirements of ARPA and the Vermont General Assemblies' intent and charge to the Department to develop the Program.

3. Straw Program Proposal

The Department developed this straw proposal for the Program based on its preliminary idea of what would be a desirable program and on discussions and presentations the Department was involved in with the Vermont General Assembly regarding a community renewable energy program for low-income.

The statutory appropriation states the Program is for renewable energy projects and shall be for the benefit of low-income Vermonters. By reference to the Program title and on the Department's understanding of the legislative intent the Program should include community-scale (not residential) projects.

The Department's straw proposal is to select community-scale renewable energy projects primarily based on price, and make the energy produced by these projects easily available to

[2] https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf

[3] *Sections 602(c)(1)(A) and 603(c)(1)(A) of ARPA permit use of Recovery Funds to respond to the negative economic impacts of the COVID–19 public health emergency. Eligible uses that respond to the negative economic impacts of the public health emergency must be designed to address an economic harm resulting from or exacerbated by the public health emergency.*

eligible low-income customers state-wide, with a focus on those with high energy burdens, through our Vermont electric distribution utilities.

The straw proposal is offered to solicit comments and induce further thinking on the best design for the Program and should not be taken as the only option for Program design. The Department is open and interested in all ideas for the Program, including those that do not resemble the straw proposal.

The Department's straw proposal for the Program includes the following:

1. An RFP for new renewable energy projects. The Department, possibly through a third-party contactor, would sign a long-term fixed-price contract for the energy produced by the project(s).
2. Projects would be selected based on price of energy delivered as well as the other goals of the Program and feasibility of the proposed project.
3. The renewable energy from the selected project(s) would be sold to Vermont's electric distribution utilities at a discounted rate. The utilities would use this low-cost renewable energy to credit participating customers' bills to lower the customer's energy costs.
4. Eligibility for the bill credits would be limited to low-income households defined as those with incomes less than 80% of the State-wide median income level based on household size (*current median income for a two-person household in VT is $67,300*).
5. The utilities, working with the State and other partners would identify low-income households as well as those that meet other goals of the Program to participate. The utilities would enroll these eligible customers into the Program and provide a credit on the participating customer's monthly bill.
    a. How the utilities offer, enroll, and unenroll customers in the Program under the Public Utilities Commission's rules and regulations needs to be determined.
6. The renewable energy credits (RECs) created by the renewable energy generated may be sold or retired by the utilities to reduce the cost and/or meet regulatory requirements while maximizing the financial benefit available to the Program participants.
7. Any revenue collected by the Program would go towards covering administrative costs and for the development of additional renewable energy projects within the Program.

Specific Questions on the Straw Proposal:

1. What problems do you see with the straw Program proposal?
2. What is the best mechanism to distribute benefits to participants statewide?
3. Other than price, what other project characteristics should be considered in the selection of projects?
4. Is there a better eligibility for what qualifies for low-income? Should there be a design component that provides a greater benefit to the very-low income or those with very high energy burdens?
5. How should the Program address any environmental attributes created by selected projects? For example, should the program require the retirement of renewable energy

credits created by projects in the Program, or should they be sold or retired by participating utilities to maximize the economic benefit provided to participants.

6. Should the Program include energy storage or smart grid components?
7. What other Program designs should the Department consider?

See below for a flow-chart of the Department's straw proposal for the Program design: