



## UPDATED RENEWABLE ENERGY STANDARD REFORM BILL (H.289)

### Overview

- Moves the overall renewable energy requirement for utilities from 75% to 100% (between 2030-2035, year varies by utility)
- Moves the in state renewable energy requirement for utilities from 10% to 20% (between 2032-2035, year varies by utility)
- Creates a new requirement for utilities to purchase new in region renewables like offshore wind (quantity and year vary by utility)
- For utilities who are already 100% renewable (WEC, Burlington, Swanton), they must procure an increasing amount of their new load from new renewables each year
- Gives all utilities except GMP access to valuable RECs from pre 2017 net metering projects as economic assistance to their ratepayers
- Effectively bans new biomass electricity
- New large hydro, expansions of existing large hydro and expansions of existing biomass are not counted as new renewables
- Continues to allow utilities the option of purchasing nuclear power

### Updated Costs & Fiscal Note

- JFO now estimates the overall costs to be between \$150 million and \$450 million over 10 years, down from the original \$1billion estimate from the Public Service Department (PSD)
- REV used PSD's model to calculate the additional cost energy cost outlined in JFO's fiscal note and found it would add between \$2.24/mo-\$3.73/mo to the average ratepayer's bill in 2030
- REV's modeling found:
  - no rate impact from H.289 in 2025 from energy costs;
  - a75% of energy costs from H.289 occur after 2030;
  - a rate impact from energy costs between \$1.49/mo-\$2.49/mo in 2027
- **Any cost increase from moving to 100% renewable energy under H.289 occurs in the context of the \$14.5 billion PSD projects Vermonters will spend on electricity between 2025-2035**
- The fiscal note only considers how H.289 impacts electricity rates and not the larger societal benefits such as avoided climate damages. Based on DPS modeling, H.289 provides \$560m in overall net benefits above costs, i.e. \$400m in the savings from reducing GHG emissions and \$51m in health benefits from reduced local pollutants
- In 2021 Vermont spent \$1.8b on natural gas and petroleum fuels

- Even at the high end of the JFO estimate, the cost of H.289 is similar in magnitude to our investments in efficiency through the EEU charge
- Important to note the fiscal note now includes a zero-dollar possibility for extra transmission costs
- The new fiscal note is more accurate because it now specifically models the new renewable energy requirements of H.289. The first draft fiscal note relied on rough estimates drawn from “one size fits all” scenarios created by the PSD
- The fiscal note now relies on detailed input from established experts in the field including VELCO, Regulatory Action Project and SEA in refining the original fiscal note’s estimate
- The final fiscal note adds important context to the cost estimate: “to the extent that the higher RES requirement leads to a faster electrification in the buildings and transportation sectors households would experience savings on total energy costs over time.”
- The fiscal note now acknowledges that there are unknowns that may drive their cost projections down including, “potential technological advances, changes in demand for electricity, adaptations in ISO-NE grid, actions by VT utilities in future years, etc” (p1)
- This \$150m-\$450m cost range should be considered a high end forecast because of several shortcomings in the PSD model that the fiscal note relies on. The PSD model:
  - does not incorporate storage or load flexibility, technologies being deployed with increasing frequency, which decrease the relative cost of solar.
  - undervalues savings from in state solar by not counting the majority of the grid upgrades paid for by in state solar projects
  - estimates the cost of the RES based on a 12 year forecast of the market price of electricity. If this forecast is too low, because it underestimates the cost of natural gas (which sets the market prices for electricity) **the cost of H.289 could even represent a source of net-savings relative to business as usual**
- If PSD’s model assumed that market prices for electricity are flat rather than declining from 2030 to 2035, it would cut the energy cost of H.289 by more than \$100 million

### **About the Public Service Department’s RES Reform Proposal**

- Increases Vermont’s reliance on nuclear power
- Removes less GHG from the region’s grid than H.289
- Brings on less new renewables than H.289
- Does not ban new electricity generated by biomass
- \$70m in savings come from cutting the compensation the approximately 20,000 Vermont who currently net meter receive