

VERMONT SYSTEM PLANNING COMMITTEE

September 27, 2013

Mrs. Susan Hudson, Clerk
Vermont Public Service Board
112 State Street
Montpelier, VT 05620

RE: Docket 7873/7874 distribution-level screening
framework and guidelines

Dear Mrs. Hudson:

On August 8, 2013, the Public Service Board issued a memo regarding follow-up proceedings for implementation of 30 V.S.A. § 8005a(d)(2). The memo required a filing by the Vermont System Planning Committee (VSPC), or one of its members, by September 27, proposing a screening framework and guidelines to address distribution-level constraints.

At its September 11, 2013, quarterly meeting, the VSPC voted to submit the attached proposal for incorporating distribution constraints into the process established in Docket 7873/7874 for implementing the "sufficient benefit" provisions of the standard offer program. The form of this proposal is a series of amendments to the Dockets 7873 & 7874 Attachment II Screening Framework & Guidelines previously approved by the Board. Changes are shown in redline/strikeout format.

The proposed changes:

- Incorporate distribution into the existing framework that already addresses transmission and subtransmission.
- Utilize the screening tool established in Docket 6290, Distributed Utility Planning, for initial screening of distribution constraints.
- Provide utilities with the choice of screening subtransmission deficiencies with either the Docket 7081 screening tool or the Docket 6290 screening tool, and provides that they must justify their choice in presenting their screening to the VSPC.
- Correct a grammatical error and inconsistencies in references to SPEED standard offer.

We look forward to discussion of this proposal at the workshop on October 8.

Sincerely,

 on behalf of
Deena Frankel

Deena L. Frankel, Secretary
Vermont System Planning Committee

cc. Docket 7873/7874 distribution list (electronically)

**Screening Framework and Guidelines for
Implementation of 30 V.S.A. § 8005a(d)(2)**

1. The Vermont System Planning Committee ("VSPC") processes, reporting mechanisms, public engagement, and subcommittees shall be utilized for the purpose of making recommendations to the Public Service Board ("Board") regarding constraints within the electric grid, and the potential for non-transmission alternatives ("NTAs")¹ including new Sustainably Priced Energy Enterprise Development ("SPEED") standard offer plants, to ~~mitigation-mitigate~~ those constraints, ~~including new SPEED standard-offer plants~~, pursuant to 30 V.S.A. § 8005a(d)(2). Generation developers may participate in all VSPC processes and subcommittees subject to applicable procedures for access to Critical Energy Infrastructure Information and consistent with Federal Energy Regulatory Commission Standards of Conduct. The VSPC shall make its recommendations to the Board no later than January 1 of each year, or more frequently if constraints are identified or analysis is completed mid-year.
2. Bulk transmission, ~~and~~ predominantly bulk transmission and subtransmission constraints shall be identified in the latest version of Vermont Electric Power Company's Long Range Transmission Plan ("LRTP"). Recognizing that the LRTP is updated on a three-year cycle, utilities may come forward with additional bulk transmission, ~~and~~ predominantly bulk transmission and subtransmission constraints in intervening years. In addition, studies or other action by ISO-New England ("ISO-NE") may result in the identification of constraints in the intervening years. Distribution constraints shall be identified by utilities in their Integrated Resource Plans ("IRPs"), or in intervening years by the utilities via the VSPC "Geotargeting" processes. Subtransmission constraints may be identified by utilities in their IRPs or via the VSPC "Geotargeting" processes.
3. ~~Using the processes approved by the Board in Docket No. 7081, for each~~ bulk transmission and predominantly bulk transmission constraint identified through the processes described in ¶2, utilities shall:
 - a. Define the constraint;
 - b. Identify the preferred transmission, subtransmission or distribution solution, including the estimated cost and year of need;
 - c. Perform preliminary screening using the applicable screening tool; ~~the NTA screening tool established in accordance with ¶ 21 of the Docket No. 7081 Memorandum of Understanding ("MOU")~~ to determine whether the constraint has a reasonable likelihood of being cost-effectively addressed by NTAs, including but not limited to the development of new Sustainably Priced Energy Enterprise Development

¹ For the purposes of this document, the term NTA shall refer to alternatives that could address constraints on either transmission, subtransmission or distribution systems.

(“SPEED”)SPEED standard offer plants. For bulk and predominantly bulk constraints, utilities shall use the NTA screening tool established in accordance with ¶ 21 of the Docket No. 7081 Memorandum of Understanding (“MOU”). For distribution constraints, the utilities shall use the screening tool approved by the Board in Docket 6290. For subtransmission and predominantly subtransmission constraints, the affected utilities shall select whether to use the Docket 7081 screening tool or the Docket 6290 screening tool, and shall explain the selection, which may be challenged through the VSPC process.

- i. Results of the screening analysis shall be made publicly available consistent with current VSPC practices.
 - ii. If a constraint screens in to full NTA analysis, then the affected utilities will develop a least-cost plan (the "Reliability Plan" or "Plan") to resolve the constraint including consideration of the use of new SPEED standard offer plants as described in steps 3(d) through 3(f) below.
- d. Define the characteristics or "equivalency" that NTAs, including new SPEED standard offer plants, must possess to mitigate the constraint (e.g., cost-effectively avoid or defer the need for the construction of the preferred transmission, subtransmission or distribution solution). Equivalency determinations shall recognize then-prevailing ISO-NE, North American Electric Reliability Corporation and other applicable reliability planning criteria and the ability of NTAs to adequately address those criteria.
- e. Perform analysis that considers a role for ~~non-transmission resources~~ NTAs including new SPEED standard offer plants, other distributed resources, and demand-side management (including energy efficiency and demand response) in the resolution of the identified constraint. Analysis shall include a societal cost-effectiveness test and a ratepayer impact test. The analysis may include consideration of:
- i. the relative rate and bill impacts on Vermont ratepayers (analyzed both with and without Vermont's share of any applicable regional pool transmission facility cost allocation, and taking into account renewable energy credits and tax credits), assessed on a life-cycle basis using a utility/rate impact test over the life of each alternative;
 - ii. the relative financial feasibility of each alternative, including viability as a standalone project;
 - iii. the ability of each alternative to be implemented in a timely manner to address the problem, including but not limited to issues relating to siting, local environmental impacts, obtaining necessary property rights, securing required governmental approvals, and existence of or necessity to construct supporting

infrastructure;

iv. the relative economic benefits to the state, including access to other power markets and furtherance of the goals described in 30 V.S.A. §§ 202a, 218c, and 8001; or

v. other significant relevant costs and benefits particular to the set of alternatives under consideration; and

f. Develop a Reliability Plan that identifies resources or combination(s) of resources likely to cost-effectively resolve the constraint. Such Plan shall include the project-specific action plan prepared in accordance with the Docket No. 7081 MOU;

i. The Reliability Plan shall identify the selection criteria to be employed in decision making and shall include sufficient information to enable an interested new SPEED standard-offer plant developer to determine when, where and what operating characteristics are required for the development of a conforming distributed generation proposal. The Reliability Plan shall also include proposed values, or methods for deriving the values for the variables to be included in the formulaic analysis of "sufficient benefit" described below; and

ii. All information developed and described in this section shall be filed annually no later than April 1, or more frequently if a constraint is identified or analysis is completed mid-year, and shall be made publicly available by the VSPC, the affected utilities, the Board, and the SPEED Facilitator.

4. Once a Reliability Plan is filed, stakeholders shall be afforded the opportunity to comment on the methodology and the definition of the Reliability Gap to be filled through the issuance of standard-offer contracts to new SPEED plants, and on the proposed values or methods for deriving the values for the variables to be included in the formulaic analysis of "sufficient benefit" described below. Any such comments shall be filed with the Board no later than May 1 of each year, or one month following the filing of a Reliability Plan should one be developed mid-year. Based on stakeholder input, the Board shall make a determination as to the reliability gap, if any, to be filled with new SPEED standard offer plants, no later than June 1 of each year, or two months following the filing of a Reliability Plan should one be developed mid-year. The Board shall make its determination regarding the values to be included in the formulaic analysis of "sufficient benefit" described below consistent with this schedule.

5. When the Board determines that standard-offer contracts will be issued to new SPEED standard offer plants pursuant to Section 8005a(d)(2), an objective, predetermined, transparent formulaic analysis shall be performed to determine whether a proposed plant provides "sufficient benefit" to the grid.

- a. When information is made available about proposed new SPEED standard-offer plants through the Request for Proposal ("RFP") called for in Step 6, the formulaic analysis can be completed to help determine whether a proposed project is expected to provide "sufficient benefits".
6. In any year that the Board determines in step 5 that new SPEED standard-offer plants are called for to address a Reliability Gap, the Board or its designee shall issue an RFP no later than July 1 seeking proposals from interested developers.
 - a. The RFP should provide "necessary information" to inform interested developers of the applicable equivalence criteria, including any critical information concerning the quantity of power sought, operating requirements for needed plants, feeder locations for necessary interconnections, date of need, any special contract terms or conditions, and other information specific to the identified constraint.
 - b. Recognizing that the evaluation of responses will require the exercise of expert judgment, the RFP shall disclose the primary selection criteria and scoring standards.
 - c. The RFP shall be made available in such manner as determined to be effective by the Board.
 - d. All qualified developers of new SPEED plants seeking a standard-offer contract shall be eligible to participate in the RFP, including utility-owned projects.
 - e. The affected utility(ies) should be afforded the opportunity to evaluate RFP responses and provide comment, including identifying proposed plants that would not satisfy the requirements listed in 6.a., above. Where there is more than one affected utility, evaluation shall be performed using mechanisms established by the Docket 7081 MOU.
 - f. To the extent that administrative efficiencies can be achieved, the issuance of required RFPs to solve multiple constraints may be combined.
 - g. The formulaic analysis described in Step 6 can be used to help rank and evaluate the results of the RFP.
7. The Board shall determine which RFP responses will provide sufficient benefits to the operation and management of the grid, or a provider's portion thereof, and authorize the SPEED Facilitator to issue standard-offer contracts.
 - a. The Board shall review RFP resource selection recommendations.
 - b. Plants that are identified through the RFP review process and are expected to mitigate a subject constraint as called for under these guidelines shall be deemed to

provide "sufficient benefit" pursuant to the formulaic analysis, and pursuant to Section 8005a(d)(2) shall not count toward the SPEED standard_-offer program's cumulative capacity.

d. The Board shall authorize the SPEED Facilitator to issue standard_-offer contracts to developers of selected plants. The standard_-offer contracts may contain supplemental conditions to assure that the plant's performance addresses critical equivalence criteria. Such supplemental conditions shall be disclosed in the reliability Plan and RFP.

e. The affected utility(ies) shall monitor any system constraint, and the efficacy of the Reliability Plan in addressing the constraint, including any development under standard_-offer contracts.

8. All disputes concerning the formation of new standard_-offer contracts arising under these guidelines may be resolved by the Board.

**Screening Framework and Guidelines for
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