

November 18, 2015

Donna Jerry, Senior Health Policy Analyst  
Green Mountain Care Board  
89 Main Street  
Montpelier, VT 05620

Re: Certificate of Need Application  
Southwestern Vermont Medical Center, Boiler Replacement Project  
Docket No. GMCB-017-15con

Dear Ms. Jerry:

Please accept this letter as comments provided by the Bennington County Regional Commission (BCRC), through its Regional Energy Committee, on the above-referenced Certificate of Need application for a boiler replacement project at the Southwestern Vermont Medical Center (SVMC). The Regional Energy Committee is familiar with the proposed project, having reviewed the CON application online and discussed the project with SVMC's Director of Planning and Chief of Engineering at a committee meeting. It also should be noted that the BCRC has corresponded and met with SVMC concerning its campus energy needs periodically since 2008 and many of the issues raised in this letter have been raised previously.

The BCRC maintains an active energy planning program. A recently adopted comprehensive regional plan includes an extensive discussion of energy issues and also incorporates by reference a previously approved stand-alone regional energy plan. The BCRC also is leading a regional energy planning project involving three of the state's regional planning commissions, funded by the Department of Public Service, which is intended to identify changes in all sectors (thermal, transportation, electricity distribution and use) that will be needed to achieve Vermont's stated goal of obtaining 90 percent of all energy used in state from renewable sources by 2050.

Regarding the subject project and application, the BCRC would first like to state that it recognizes the great importance of SVMC to the region's economy and to the quality of life of its residents. The Commission and its Regional Energy Committee strongly support plans to implement improvements that will increase the reliability and efficiency of SVMC campus infrastructure while reducing costs. There is no question that the aging boilers, burning #6 heating oil, are in need of replacement and that the proposed compressed natural gas (CNG) boilers would be a significant improvement. At the same time, the BCRC has consistently advocated for thorough consideration of a biomass fuel (wood chips or pellets) based system as a primary energy system at the hospital campus.

The BCRC's interest in careful exploration of biomass options results from several factors. First of all, the cost of biomass fuel is significantly less than oil, propane, or CNG options, and the reliability of

biomass facilities has been proven locally at two of Bennington's secondary schools, at Bennington College, and regionally at numerous college campuses and at several hospitals, including Cooley-Dickinson (Massachusetts) and North Country (Newport, Vermont). Moreover, these two hospital biomass heating plants also employ co-generation (combined heat and power, or "CHP") systems to greatly improve overall operating efficiency (because of their steady demand for steam, hospitals are generally considered strong candidates for integration of CHP systems). The economic value of biomass is another issue that the BCRC has raised in the past: direct employment at SVMC and with biomass fuel suppliers in addition to the considerable economic benefit of investing in locally available renewable energy rather than continually exporting dollars to purchase nonrenewable fuels from outside the state and country. The fact that biomass fuel is a locally abundant resource also makes it less likely to be subject to severe fluctuations in cost and potential disruptions in supply.

Vermont state energy policies, covering renewable energy and greenhouse gas emission goals, set forth in both the Comprehensive Energy Plan and in legislation, strongly argue for a move from fossil fuels to renewable fuels in all sectors, including space heating and cooling. Analyses completed by the Vermont Energy Investment Corporation and the BCRC reflect conclusions similar to those contained in the Total Energy Study (developed by the Department of Public Service) -- to achieve the primary goal of obtaining "90% of energy used in Vermont from renewable sources by 2050," nearly all oil, propane, and natural gas (including CNG) fuels will need to be replaced with biomass, sustainably produced liquid biofuels, and air and ground based heat pumps.

These reasons for pursuing biomass alternatives do not necessarily mean that SVMC should not install the proposed CNG facility, but they do suggest that the project should explicitly include planning for integration of a primary biomass system in the future. The SVMC staff who presented the CNG project plans to the Regional Energy Committee indicated that there are attractive features to biomass and that they are hopeful that the CNG project "is a step toward a system that includes both biomass and CNG." The Regional Energy Committee agreed that the CNG project would represent a significant improvement over the current situation, but felt that biomass should be more carefully considered as a primary alternative. In the event that the CNG project does go forward, the Regional Energy Committee feels that it is essential to incorporate planning for the future addition of a biomass facility. Specific findings and recommendations of the BCRC's Regional Energy Committee include:

- Request that the Green Mountain Care Board and the District Environmental Commission (if an Act 250 permit is needed) require that the approved site plan and facility design include adequate space, necessary infrastructure, and proper orientation for efficient future integration of a primary biomass facility with the proposed CNG facility. At that point, the biomass could be become the principal system and the 100% CNG backup desired by SVMC would already be in place.
- The biomass feasibility studies prepared for SVMC several years ago noted that one option for development of a biomass facility would be to utilize an energy performance contractor who would construct, own, and operate a turnkey biomass facility on-site, at no cost to SVMC, and sell the steam (energy) to SVMC. This option would allow SVMC to dedicate its financing to an alternate/backup system, potentially the CNG facility being proposed. Alternatively, SVMC could invest some of its energy savings into a fund that would eventually cover the cost of constructing a new biomass facility integrated with the CNG plant.

- CHP options should not be ruled out. Experience has shown that hospitals are excellent candidates for co-generation and the efficiency gains could potentially be significant.
- The biomass feasibility studies completed for SVMC previously (GDS Associates, February 2009 and BEREC, February 2012) should be revisited and the assumptions and conclusions from those reports updated and fully vetted prior to making a final decision.
- Acknowledge the local and regional economic benefits of biomass in terms of direct employment and investing in regional energy resources rather than exporting dollars from the region and state for the purchase of nonrenewable fuels.
- Actions that would lead to long-term reliance on fossil fuels for space heating and cooling solutions are inconsistent with Vermont energy policy and goals, as reflected in the regional energy planning study and scenario modeling being conducted at this time. The Regional Energy Committee feels that, at the very least, a commitment should be made to implementing a biomass solution within the lifetime of the proposed CNG project.

Thank you for your consideration of these comments. Please feel free to contact me for any additional information or to clarify any of the issues raised in this letter.

Sincerely,

James D. Sullivan  
BCRC Executive Director  
on behalf of the Bennington Regional Energy Committee