

**From:** Hopkins, Asa

**Sent:** Friday, August 19, 2016 9:36 AM

**To:** Jerry, Donna <Donna.Jerry@vermont.gov>

**Cc:** Trimarchi, James (James.Trimarchi@svhealthcare.org) <James.Trimarchi@svhealthcare.org>; 'Jeff Forward' <jeffrey.w.forward@gmail.com>; Hudson, Noel <Noel.Hudson@vermont.gov>; Henkin, Judy <Judy.Henkin@vermont.gov>; Perchlik, Andrew <Andrew.Perchlik@vermont.gov>; 'olivia@revermont.org' <olivia@revermont.org>; 'Wil Smith' <wil@revermont.org>

**Subject:** RE: Southwestern Vermont medical Center, Replacement of three Boilers

Dear Ms. Jerry,

Thank you for your question. I hope that this email helps answer questions regarding the legal status of Vermont's energy plan and policies, as well as relevant statutes. The Department of Public Service is not taking the position that any part of SVMC's proposal is in violation of energy-related statutory or regulatory requirements.

Vermont's energy plan:

- Title 30, sections 202 and 202b, describe the requirements for the electric energy plan (202) and comprehensive energy plan (202b).
- These plans are based on two core approaches to energy planning:
  - State energy policy, as codified in 30 VSA 202a:
    - It is the general policy of the state of Vermont:
      - (1) To assure, to the greatest extent practicable, that Vermont can meet its energy service needs in a manner that is adequate, reliable, secure and sustainable; that assures affordability and encourages the state's economic vitality, the efficient use of energy resources and cost effective demand side management; and that is environmentally sound.
      - (2) To identify and evaluate on an ongoing basis, resources that will meet Vermont's energy service needs in accordance with the principles of least cost integrated planning; including efficiency, conservation and load management alternatives, wise use of renewable resources and environmentally sound energy supply.
  - The principles of least cost integrated planning, as codified in 30 VSA 218c:
    - A "least cost integrated plan" for a regulated electric or gas utility is a plan for meeting the public's need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy supply, transmission, and distribution capacity, transmission and distribution efficiency, and comprehensive energy efficiency programs. Economic costs shall be assessed with due regard to:
      - (A) the greenhouse gas inventory developed under the provisions of 10 V.S.A. § 582;

- (B) the State's progress in meeting its greenhouse gas reduction goals;
  - (C) the value of the financial risks associated with greenhouse gas emissions from various power sources; and
  - (D) consistency with section 8001 (renewable energy goals) of this title.
- The energy plans have regulatory authority in the processes of the Public Service Board. Most particularly, in the 30 VSA 248 “certificate of public good” process, where the Board must find that electric proposals are consistent with the electric plan (248(b)(7)), and that any jurisdictional project is in the general good of the state (248(a)(1)(B)). Typically, consistency with the Comprehensive Energy Plan is looked for in a “general good” finding.
- With the passage of Act 174 of 2016, consistency with the energy plan and the various other goals detailed below has now become a path for regional and town plans to receive greater deference in section 248 proceedings before the Public Service Board. The Department will publish standards for determining “energy compliance” by such plans by November 1, 2016.

Relevant energy and greenhouse gas goals:

- Vermont statutes establish a number of relevant goals that inform energy choices:
  - 30 VSA 8001 establishes 8 renewable energy goals that promote the state energy policy in 30 VSA 202a.
  - Act 56 of 2015 established a Renewable Energy Standard for electric utilities, now codified in 30 VS 8005 and 8005a. This includes requiring utilities to reduce fossil fuel use attributable to their customers, as well as acquiring renewable electric energy.
  - 10 VSA 578 establishes greenhouse gas reduction goals.
  - 10 VSA 580 establishes the goal of “by the year 2025, to produce 25 percent of the energy consumed within the state through the use of renewable energy sources, particularly from Vermont's farms and forests.”
  - 10 VSA 581 establishes building efficiency goals.
- The 2016 Comprehensive Energy Plan synthesized these goals into other, energy-specific goals, including:
  - Reducing total energy consumption per capita by 15% by 2025 and by more than one third by 2050
  - Meet 25% of the remaining energy need from renewable sources by 2025, 40% by 2035, and 90% by 2050
  - Three end-use sector goals for 2025: 10% renewable transportation, 30% renewable buildings, and 67% renewable electric power.
  - Double wood’s share of building heating by 2035.

I hope that this summary is valuable and helps to answer your questions. We stand ready to provide any further clarification or details.

Best,

Asa Hopkins

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**Asa S. Hopkins, PhD**

Director of Energy Policy and Planning  
Planning and Energy Resources Division  
Vermont Public Service Department

802-828-4082

[asa.hopkins@vermont.gov](mailto:asa.hopkins@vermont.gov)

**From:** Jerry, Donna

**Sent:** Thursday, August 18, 2016 9:49 AM

**To:** Hopkins, Asa <[Asa.Hopkins@vermont.gov](mailto:Asa.Hopkins@vermont.gov)>

**Cc:** Trimarchi, James (<[James.Trimarchi@svhealthcare.org](mailto:James.Trimarchi@svhealthcare.org)> <[James.Trimarchi@svhealthcare.org](mailto:James.Trimarchi@svhealthcare.org)>); 'Jeff Forward' <[jeffrey.w.forward@gmail.com](mailto:jeffrey.w.forward@gmail.com)>; Hudson, Noel <[Noel.Hudson@vermont.gov](mailto:Noel.Hudson@vermont.gov)>; Henkin, Judy <[Judy.Henkin@vermont.gov](mailto:Judy.Henkin@vermont.gov)>; Perchlik, Andrew <[Andrew.Perchlik@vermont.gov](mailto:Andrew.Perchlik@vermont.gov)>; 'olivia@revermont.org' <[olivia@revermont.org](mailto:olivia@revermont.org)>; 'Wil Smith' <[wil@revermont.org](mailto:wil@revermont.org)>; Jerry, Donna <[Donna.Jerry@vermont.gov](mailto:Donna.Jerry@vermont.gov)>

**Subject:** Southwestern Vermont medical Center, Replacement of three Boilers

Good morning Asa. Thank you for the questions (July 22, 2016) you posed for the Board to consider asking the Applicant. At this juncture, it would be helpful if you could provide us with more information regarding the legal status of Vermont's energy plan or policies, provisions of such documents that have been adopted into statute or regulation and whether the Department of Public Service is taking the position that any part of SVMC's proposal is in violation of existing statutory or regulatory requirements. Thank you in advance for addressing this question.

Donna Jerry

Senior Health Policy Analyst

Green Mountain Care Board

89 Main St., City Center

Montpelier, VT 05620

802-828-2918

[donna.jerry@vermont.gov](mailto:donna.jerry@vermont.gov)