

The Town of _____ should identify at least __ acres of Preferred Sites to be certified by BCRC for Act 174 compliance.

What is Act 174?

Act 174 is a Vermont law passed in 2016 to enhance regional and municipal energy planning and to grant municipalities more say in the siting of renewable electric generation facilities in the state. The Act established standards that –if met by a regional or municipal plan—give their land conservation measures or specific policies ‘substantial deference’ in Section 248 proceedings of the Public Utility Commission regarding the siting of electric generation facilities. The Town of _____ is currently preparing an energy plan, which will be reviewed by the Bennington County Regional Commission for compliance with Act 174 standards.

Under the new net-metering (NM) regulations of 2017, the only way to build a net-metered facility larger than 150 kW is on a preferred site. This makes the identification of preferred sites critical to the future of renewable electricity generation in the state.



What is a Preferred Site?

Preferred sites are locations that have been identified by the state or a regional or municipal plan to encourage renewable energy development in areas seen as strategic and beneficial to the local community. Preferred sites incentivize development through a financial benefit in the form of a favorable purchase rate for every kilowatt hour (kWh) of electricity generated at the site and a streamlined regulatory process. In other words, renewable energy developers will find it easier to develop on a preferred site and will receive higher reimbursement for the power they produce there. This incentive can apply to residential roof-mounted solar arrays as well.

The Vermont Legislature outlined areas it considers preferred sites for the Standard Offer program, and the PUC (Public Utility Commission) has established a similar list for NM projects in the state. One of the simplest ways for locations to be identified as preferred sites is for towns to identify them in their municipal plans or through letter of support. For sites that do not fall into categories already identified in the NM program, town identification is critical for a site to be developed – especially in the case of greenfields (previously undeveloped areas). With this option, towns have considerable power to decide where and how renewable energy facilities will be sited locally.

- Preferred Sites identified under NM Rules**
- A specific location designated in a duly adopted municipal plan for the siting of a renewable energy facility
 - A new or existing structure whose primary use is not the generation of electricity
 - A parking lot canopy over a paved parking lot
 - A tract previously developed for a use other than siting a plant on which a structure or impervious surface was lawfully in existence prior to July 1 of the year preceding the year in which an application for a Certificate of Public Good was filed
 - A brownfield – as certified by ANR
 - A sanitary landfill – as certified by ANR
 - The disturbed portion of a gravel pit, quarry, or similar site for extraction of a mineral resource
 - A site listed on the National Priorities List (a.k.a. Superfund Sites) as confirmed by the EPA, provided development will not compromise or interfere with remedial action on the site and the site is suitable for development of the facility
 - The same parcel as, or directly adjacent to, a customer that has been allocated more than 50% of the NM system's electrical output.

Net-Metering (NM): a system in which a renewable energy generator is connected to a public-utility power grid and surplus power is transferred onto the grid, allowing customers to offset the cost of power drawn from the utility.

Standard-Offer Program: pursuant to 30 VSA §8005a, this state program promotes the rapid deployment of renewable generation facilities with a capacity of 2.2 MW or less through a competitive bid process.

How are Preferred Sites identified?

Preferred sites are identified through a rigorous mapping exercise and municipal vetting process. Potential sites are identified from areas that have sufficient renewable resource (such as solar radiation or wind velocities) and are not likely constrained by environmental barriers to development (such as the presence of wetlands or rare species habitat). The Town of _____ is currently contacting landowners of potential sites to inform them of the process and get input on the value of their property as a preferred site for renewable energy development. Property owners interested in their land being available for renewable energy development at some point in the future are encouraged to consider this designation to make their interest known to the town and neighbors.

Does being a Preferred Site require me to develop my land for renewable energy?

No, but it makes it more likely that you will be contacted by developers looking to site renewable energy facilities in the area. If you are contacted by a developer, but do not wish to develop your land, you will NOT be legally or otherwise bound to do so. Ideally, however, a preferred site designation indicates openness on the part of the town and property owners to future development at the site.

How will being a Preferred Site affect my property’s value?

Not clear. Given that Act 174 and enhanced energy planning has only begun to develop since the end of 2016, there is insufficient experience to say how property values will be impacted. It may be helpful, though, to think of a preferred site designation as one would a municipal zoning change. The designation alters what development possibilities prospective buyers may see at the property, but it does not alter its inherent value.

Must towns obtain landowner consent to designate a Preferred Site?

No, but it is highly recommended that towns contact landowners about the designation and obtain consent when possible. A town may proceed with a preferred site designation without the consent of the landowner in the interest of granting any future owners of the site the benefits of the designation. Again, property owners retain all development rights of their properties and are not obligated to develop their property.

Are Preferred Sites only for solar projects?

No, town-identified preferred sites can be designated for various types and scales of renewable technologies. The types of projects allowed should be indicated in the municipal plan. For example, the plan may stipulate that certain preferred sites as mapped and/or listed are only appropriate for solar arrays up to 150 kW of capacity, whereas another type of preferred site is only suitable for residential-scale wind turbines. Preferred sites may include solar, wind, biomass, hydro, or farm- or food-based methane facilities.

How does the Preferred Site financial incentive work?

Incentives for the development of renewable energy facilities take the form of *siting adjustors and REC adjustors*, which are financial adjustments to the rate at which a utility purchases each kWh of electricity from a site for distribution through the electric grid. NM rules grant siting adjustors according to type and scale of facility. For example, the owner of the following NM facilities who transfers their RECs (Renewable Energy Credits) to a utility would receive these adjustors and final purchase rates*:

Net-Metered (NM) System (non-hydro)	Statewide Average Rate (in ¢ per kWh)	Siting Adjustor	REC Adjustor (if customer transfers REC to utility)	Final Rate with Adjustors (in ¢ per kWh)
< 15 kW, anywhere	14.9	+ 1	+ 3	18.9
15 – 150 kW, preferred site	14.9	+1	+3	18.9
150 – 500 kW, preferred site	14.9	- 1	+3	16.9
15 – 150 kW, not on a preferred site	14.9	- 3	+3	14.9

*Rates and adjustors are scheduled for review and revision mid-2018