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October 2, 2012

Mr. Scott Johnstone, Executive Director  
Vermont Energy Investment Corporation  
128 Lakeside Avenue – Suite 401  
Burlington, VT 05401

Dear Scott,

Thank you for agreeing to serve on the Governor's Energy Generation Siting Policy Commission. You and your fellow commissioners are respected leaders who will provide valuable insight and perspective on the challenging and complex issues surrounding statewide electric generation project siting. I have enclosed a copy of Governor Shumlin's Executive Order forming this commission.

As you know, we released a Comprehensive Energy Plan in December 2011. The Plan was developed after broad stakeholder and public input, with recognition of the important environmental and renewable energy goals put in place by our legislature. The Plan recommended greater usage of renewable energy sources in all sectors, including transportation and heating. The Plan sets forth a vision that Vermont obtain, by mid-century, ninety percent of its energy needs from renewable sources.

Governor Shumlin noted in the Plan's foreword, "there is no greater challenge and opportunity for Vermont and our world than the challenge to change the way we use and produce energy." Our climate, our energy independence, and our economic security depend upon it. To achieve that vision, we must ensure that our processes for energy generation permitting and maintain public trust. While all energy choices involve tradeoffs that can cause opposition in individual situations, continued broad public support for the processes used to approve energy projects is critical.

The Department estimates that, ten years ago, we saw less than half the number of energy generation siting applications on an annual basis than we now see filed under 30 V.S.A. § 248. The processes we presently follow for siting approval and permitting were put in place many years ago, at a time when only a few, centralized electric power plants existed in Vermont. The change toward greater use of in-state renewable electric generation in the past decade requires a fresh look at whether the processes we currently employ for review and approval of electric generation projects should be modified and improved.



Electricity is only a portion of Vermont's energy picture, but electric generation projects often engender substantial public debate. The Comprehensive Energy Plan recognized that, "we must balance what we love about Vermont—its fields, forests, and mountains—with responsibly sited electric generation projects." Since my appointment, I have had numerous conversations regarding energy generation siting with legislators, parties in Public Service Board proceedings, stakeholder groups, and other Vermonters. Groups including the Sierra Club, Vermont Land Trust, Green Mountain Club, and Vermont Natural Resources Council have suggested the creation of an independent commission to review best practices and make recommendations on this subject; I have appreciated their thoughtful views. Renewable energy developers have also raised concerns that the permitting process can be diffuse and is a longer, more difficult and expensive process than other states have employed. In addition, the chairs of the legislative committees to which you will direct your commission's report all have discussed with me Vermonters' concerns and their own regarding public participation, the Section 248 process, and the importance of environmental reviews and protections. It was in light of these many suggestions and conversations that I recommended to Governor Shumlin the establishment of a commission to look again at Vermont's siting review and approval processes – for all electric generation other than net metered or group net metered systems – to determine whether modifications or improvements to our processes should be recommended.

The Commission's charge requires it to review and compare Vermont's statewide electric generation project siting practices with those of other New England states within our regional electricity market, and to review and compare issues such as public participation, alternative dispute resolution, and coordination of all statewide permitting. You will find in your review that many of the other New England states utilize a siting review board, separate from their public utility commission, to approve electric generation projects. These boards often include membership from the public utility commission (for example, in Massachusetts, the Chair of the PUC is also a member of the siting board), as well as from other state agencies with permit oversight, so that all issues of interest to the state and public during review of these projects can be addressed in a single expert forum, decisions from which will be subject to court appeal. You will also find that some of our sister states have developed siting guidelines for various technologies, and have addressed in ways different than Vermont the need for robust public and community participation, party status, consumer advocate representation, and approval time frames. It is my hope that this Commission will review the processes elsewhere to determine whether Vermont should incorporate any of these processes into our own statewide approval system. In addition, I expect the Commission will consider whether Vermont should modify the manner of public participation, including town or regional representation, in the statewide approval process.

Meanwhile, of course, progress on projects will and should continue. Let me be clear that I believe the present process achieves its goal of promoting the public good; the question presented to your commission is whether that process should be improved. As noted in the

enclosed executive order, I will serve along with Secretary Markowitz (or our designees) in an ex officio role on the Commission, and our staff will be available to you for administrative support and resource needs. While the time frame for a report may appear ambitious, we want to address as expeditiously as possible whether Vermont's present siting approval process, which has been in place for many years, should be modified.

Thank you for your service. I look forward to meeting with you and your fellow commission members soon.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Elizabeth H. Miller', with a large, stylized flourish at the end.

Elizabeth H. Miller  
Commissioner