

VERMONT ELECTRIC COOPERATIVE, INC.
LINE EXTENSION POLICY
RIDER FOR TIER III CLEAN AIR PROJECTS

Voluntary participants in VEC's Clean Air Program offered pursuant to its annual Tier III Plan may qualify for a discount from VEC's line extension or service upgrade rates if the line extension or service upgrade results in the reduction, displacement or avoidance of fossil fuel emissions. Eligibility for the discount will be determined by a customized analysis that takes into account the benefits that the VEC membership receives in the form of increased kWh sales and carbon reduction credits.

To be eligible for consideration in the Clean Air Program, each project must meet the following criteria:

1. The cost to VEC must be less per MWh than the applicable Alternative Compliance Payment rate established in 30 V.S.A. §8005 (a)(4).
2. Over the project's life, the project must result in a net reduction in fossil fuel consumed and a reduction in greenhouse gasses attributable to that consumption.
3. The discount provided must result in sufficient increased kWh sales to result in repayment of VEC's contribution to the project costs in less than seven years.
4. The project must not have an adverse impact on the electric grid, e.g. will not add load in areas where the grid cannot handle it without upgrades.

To participate in the program the member must:

1. Supply receipts or other evidence of past fuel purchases which will be avoided by the switch to electric power, or, if the member is opting for electric service in lieu of installing a fossil fuel source, an estimate of fuel purchases which it expects to avoid by installing electric service;
2. Commit to using energy efficiency measures to maximize the benefits of the Project and to use best efforts to consult with Efficiency Vermont in this effort;
3. Confirm that but for VEC's contribution to the line extension or service upgrade, it would have continued to use an existing fossil fuel source, or in the event that it was considering installing new generation, a newly installed fossil fuel source; and

Issue Date: August 1, 2019

Effective: September 16, 2019

4. Make an up-front payment of the customer's share of the project cost within six months of VEC's determination of its eligibility for the Clean Air Program. If the Customer has not paid within the six- month period, VEC reserves the right to change or rescind the financial terms to reflect updated costs or conditions.

VEC agrees to the following:

1. It will make best efforts to complete construction of an approved project within one year of receipt of payment from the participant of its share of the project's costs.
2. It will file notice of all accepted projects, along with its analysis supporting acceptance, within 15 days to the Public Utility Commission and the Department of Public Service and it will include a summary of all completed and pending projects in its annual Renewable Energy Standard report.

Other consideration:

1. Additional new customers who want to connect to a line extension that was constructed under this Rider will be required to compensate the project participant for their contribution to the cost of the line extension as provided in Section 4 of VEC's Line Extension Tariff.

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