Vermont State Biomass Policies and Instruments

- Clean Energy Development Fund (CEDF) Loan Program (Disbursement)
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- Biomass Electricity Production Incentive (Cost-Share & Grants)
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Vermont State Biomass Policies and Instruments, 2000 – 2013

Tax Policy:

Sales Tax Exemption (1999) – Vermont’s sales tax exemption for renewable-energy systems, originally enacted as part of the Miscellaneous Tax Reduction Act of 1999 (H. 0548), initially applied only to net-metered systems. The exemption now generally applies to systems up to 250 kilowatts (kW) in capacity that generate electricity using eligible "renewable energy" resources (as defined under 30 V.S.A. § 8002), to micro-combined heat and power (CHP) systems up to 20 kW, and to solar water-heating systems.

Local Option for Property Tax Exemption (1975) – Vermont allows municipalities the option of offering exemption from real and personal property taxes for certain renewable energy systems. Eligible systems include, but are not limited to, "windmills, facilities for the collection of solar energy or the conversion of organic matter to methane, net-metered systems and all component parts thereof including land upon which the facility is located, not to exceed one-half acre." Adoption of this exemption varies by municipality, but the exemption generally applies to the total value of the qualifying renewable energy system and can be applied to residential, commercial, and industrial real and personal property.

Market Activity:

Vermont Net Metering (1998) – Net metering is generally available to systems up to 250 kilowatts (kW) in capacity that generate electricity using eligible renewable-energy resources, and to micro-combined heat and power (CHP) systems up to 20 kW. “Renewable energy” is defined as “energy produced using a technology that relies on a resource that is being consumed at a harvest rate at or below its natural regeneration rate.

Disbursements:

Clean Energy Development Fund (CEDF) Loan Program – The Clean Energy Development Fund (CEDF) Loan Program seeks to promote the development of clean electric-energy technologies by providing funding for purchasing land and buildings (when specific to qualifying projects), purchasing and installing machinery and equipment, and working capital. Low-interest loans with a fixed rate of 4% are available to individuals, companies, nonprofits and municipalities. Eligible clean electric-energy technologies generally include solar, wind, biomass, fuel cells and combined heat and power (CHP). The minimum loan amount is $50,000; the maximum amount is $250,000. Loans may not be used for more than 90% of the cost of a project.

Government Services:

Agricultural Economic Development Plan for Biofuels – Include teams of experts to assist farmers in areas such as assessing farm resources and potential, diversifying, adopting new technologies, improving product quality, developing value-added products, and lowering costs of production for Vermont’s agricultural sector. The teams may include farm business management specialists, University of Vermont extension service professionals, veterinarians, and other experts to deliver the informational and technological services. Encourage agricultural economic development through investing in improvements to essential infrastructure and the promotion of farm businesses in Vermont.

Biomass District Energy Program - The Biomass District Energy Program provided assistance to two Vermont municipalities and potential clients for wood-fueled district energy system. It contracted with the Biomass District Energy Clearinghouse to provide information to communities on district energy.
Cost-Share and Grants:

**Biomass Electricity Production Incentive** – Central Vermont Public Service Corporation (CVPS), Vermont’s largest electric utility, offers a production incentive to farmers who own systems utilizing anaerobic digestion of agricultural products, byproducts or wastes to generate electricity. CVPS purchases electricity and renewable energy credits at 95% of the Locational Marginal Price of generation published by ISO Northeast (roughly avoided cost), plus an additional $0.04 per kWh. CVPS sells the renewable energy credits generated under this arrangement as part of CVPS Cow Power, the utility’s green power program. This program offers customers the opportunity to purchase renewable energy for $0.04 per kWh above the retail cost of electricity.

**Clean Energy Development Fund Grant Program** – (10 V.S.A. § 6523) - Allows manufacturers of alternative energy products and components to receive a tax rebate. The credit is limited to 5 percent of the taxpayer's qualified expenditures, such as manufacturing equipment, that were purchased after July 1, 2006. Any remaining portion of the tax credit can be carried forward for up to 5 years.

Rules and Regulations: