

**ORDER RE STANDARD OFFER PRICE DETERMINATIONS FOR SPEED  
RESOURCES**

**DOCKET: 7533**

**DATE: January 15, 2010**

**TOPIC: Establishment of Price for Standard Offer under the SPEED Program**

---

I.	Introduction	4
II.	Statutory and Procedural History	5
	A. Background	5
	B. Procedural History	7
III.	Context for Price Determinations Required under Act 45	8
	A. Least Cost Principles/Assumptions Regarding Efficient Inputs	8
	B. Experience to Date with Applications for Standard Offer Prices	14
	C. Establishment of Separate Categories	15
IV.	Issues of General Applications	17
	A. Model Designation	17
	B. Inflation Rate	19
	C. Standard Offer Price Escalation for Inflation	21
	D. Debt Service Reserve	23
	E. Working Capital and Maintenance Reserves	26
	F. Debt Tenor (Debt Tail and Mini-Perm Loans)	27
	G. Interest Rates/Cost of Debt	31
	H. Financing Costs and Interest During Construction ("IDC")	32
	I. Clean Energy Development Grants and Loans	34
	J. Property Taxes and Insurance	35
	K. Tax Depreciation	36
	L. Interconnection Costs	38
	M. Federal Investment Tax Credit	39
	N. Vermont Investment Tax Credit	41
	O. Operation and Maintenance Costs	42
	P. Debt-Equity Structure and Minimum Debt Service Coverage	44

V. Resource-Specific Issues	45
A. Solar	45
(1) Response to Interim Price Determinations	46
(2) Inverter Replacement	48
(3) Vermont Business Solar Tax Credit	48
(4) Solar Degradation Factor	50
(5) Solar Capacity Factor and Inverter Efficiency	51
(6) Solar Capital Costs	54
B. Wind	57
(1) Small Wind	57
(2) Large Wind	61
C. Landfill Methane	64
D. Farm Methane	70
E. Biomass	73
F. Hydroelectric	75
VI. Conclusion and Summary of Assumptions for Modeling	76
VII. Board Discussion	78
VIII. Order	90