Vt., Quebec announce details of power deal

DAVE GRAM - Associated Press Writer - Associated Press

Vermont electric utilities and the provincial energy company Hydro-Quebec joined Thursday in signing a 26-year contract under which Vermont will buy enough Canadian hydropower for about 200,000 homes beginning in 2012.

The midday signing at an inn outside of Burlington marked a renewed effort by Quebec to increase power sales to the northeastern United States and a milestone in its efforts to get states in the region to recognize large-scale hydropower as renewable and eligible to fetch a higher price because it is low in carbon emissions.

Gov. Jim Douglas said the deal will provide "stable, renewable power at a competitive price" and will "help Vermont's power supply remain arguably the nation's cleanest."

The deal follows legislation Vermont passed this year declaring for the first time that large-scale hydropower should be classified as renewable. If other states follow suit, that could enable Quebec power to fetch a premium price around the region because, depending on how laws are crafted, it could be seen as satisfying state requirements that utilities get a certain percentage of their power from renewable sources.

Supporters of the change fought off arguments from some environmentalists and renewable energy advocates that the state renewable requirements were designed to foster development of small-scale wind, solar and other sources, and that calling big new imports of Canadian power renewable could squeeze the other sources out of the market.

With passage of the legislation, Vermont became "the first state in North America not to discriminate against large-scale hydroelectric power," said Quebec Premier Jean Charest, who traveled south for the signing ceremony.

Mary Powell, president of Vermont's Green Mountain Power Corp., said the environmentalists' concerns could be addressed by setting up different incentive structures that might still favor small wind-power and solar-power developers. "These things do not have to be directly competing," she said. "There can be different classes of renewables."

Bob Young, president and CEO of Central Vermont Public Service Corp., said the new contract replaces a larger, ongoing contract due to expire in 2016. The difference in size will leave the utilities room to buy more renewable power from other sources, he said.

The deal still needs approval from the state Public Service Board, and some of Vermont's small municipal and cooperative utilities need to have their members

vote on whether to take shares.

Officials said the price of the power will begin at about 6 cents per kilowatt-hour. That's a bit better than the 6.8 cents Vermont utilities are paying under an existing contract with Hydro-Quebec running from 1991 to 2016. The new contract's price will fluctuate with the New England wholesale power market, but also contains a "price-smoothing mechanism" to dampen volatility in those prices.

Young said the deal "will ensure that the cost of this renewable power from Quebec remains linked to sustained market prices over time, while ironing out the highest of the highs and the lowest of the lows" in the regional wholesale power market.

Hydro-Quebec has been active recently in looking to boost power sales to New York state and elsewhere in New England, along with its work in Vermont. One of those efforts involves the proposed construction of a new 1,200-megawatt power line through New Hampshire to carry power to that state and southern New England.

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