



NET METERING 2.0:

VT PSB must Advance Renewable Energy Fairly and Efficiently

Overview of PSB Draft Final Net Metering Rule 5.100

The large majority of Vermonters want more solar in their communities.¹ Disturbingly, the draft net metering rule would impede Vermont farms, homeowners, towns, businesses and institutions' right to choose renewables on their own property – forcing more utility scale, monopoly utility owned projects. Such a drastic shift in policy undermines the State's commitment to help Vermonters increase their self-reliance, decrease dependence on foreign oil and out of state energy, and ability to do their part to reduce climate pollution. The Public Service Board's draft rule released on February 19, 2016:

- ✗ retroactively punishes citizens and local businesses with existing installed net metered projects;
- ✗ infringes upon the statutory right of Vermonters to determine their own energy future;
- ✗ unfairly diminishes the value of renewable energy and disregards grid stability and other benefits provided to utilities and non-renewable energy consumers; and
- ✗ threatens to derail sustainable, local job creating renewable energy progress in our state.

Major Rule Changes Needed:

- 1) Honor commitments to past customers and protect future customers through grandfathering provisions of at least 25 years.
- 2) Provide necessary predictability by removing administration and grid fees, and unilateral utility authority to undermine a customer's support of renewables through fees that exclusively and unfairly target renewable energy customers; and
- 3) Set fair rates for projects that support the State's comprehensive renewable energy goals. Customers should have access to more affordable community renewable projects, as well as the right to and compensation for their Renewable Energy Credits (RECs).

Correct punitive grandfathering provisions for early renewable net metering adopters. As drafted, net metering systems would revert to the future tariff of the interconnecting utility after 10 years from commissioning. This reversion means customers who were guaranteed through Vermont law to get retail value for their solar after the 10 year solar adder expires could face very different economics for their long-term investments, penalizing early-adopters. Vermont should not be a state that reneges on agreements with and promises to its citizens and businesses, nor where policy for long term investments changes abruptly. Customers moving forward in 2017 and beyond deserve certainty that their investment in their energy future is not going to be undermined. If greater predictability is not provided, residential, commercial and business investments will not be possible and progress on achieving 90% total renewable energy by 2050 will be imperiled.

Fix: Provide necessary predictability through grandfathering renewable projects for 25 years.

Enfettered fees leave customers vulnerable to monopoly utilities unfairly charging costs to renewable net metering Vermonters whom contribute value to the grid/utility. The current draft authorizes utilities to charge baseless administrative and grid service fees to net metering customers. An unjustified net metering tax will make Vermonters vulnerable to utility whims and penalize customers who take the initiative in moving Vermont towards its renewable energy goals. Administrative costs were never raised as a major issue throughout the Act 99 workshop process. Renewable projects, not the utilities, already pay for grid upgrades when necessary.

Fix: Provide necessary predictability by eliminating Admin and Grid fees that undermine Vermont's renewable energy goals.



Proposed initial rate structure, with RECs being given to the utility for *no compensation*, yields rates that will eliminate affordable community and business solar projects. The current siting “adjusters” unrelated to electricity transmission costs combined with no value for RECs yield unbuildable project economics:

- Residential would get ~18 cents (but subject to fees)
- ☛ "Well sited" 150 kW would get ~16 cents (LIKELY KILLS 90% of projects)
- ☛ "Well sited" 500 kW would get ~15 cents (LIKELY KILLS 90% of projects)
- ☛ Non-"well sited" 150 would get ~13 cents (LIKELY KILLS 100% of projects)
- ☛ Non-"well sited" 500 would get ~12 cents (LIKELY KILLS 100% of projects)

These rate adjustments mean that individual Vermonters, businesses, and towns will not be able to choose solar power to increase their own self-reliance, reduce dependence on fossil fuels and do their part to combat climate change. These proposed rates represent:

- ☛ 10 to 30% reduction in residential utilization of support of solar. The decrease from 20 cent/kWh to 18 = 10%, but even \$10-20/month in fees would double or triple that reduction for many customers.
- ☛ 40 to 50% reduction for the majority of the existing net metered solar capacity installed or permitted in Vermont; decreasing from 24 cents (19+REC) to ~12-13 cents with no compensated REC value.
- ☛ Government defined preferred projects with no financial support to make the projects possible (carports, shade canopies, etc.)

Fix: Customers should continue to retain the right to their RECs. Rates should be based on residential retail, a +3/-3 adjuster should be in place for RECs. Additional incentives should apply for well-sited or hard to build renewable projects. Fees should be eliminated.

Permitting Issues. New provisions for permitting, without modest changes, threaten to add more cost and complexity to the permitting process for renewable projects. The proposed process and permitting provisions impede a project based on a party's whim, rather than substantive basis and increasing efficacy and efficiency by requiring the presentation of facts, which would support the need for hearings.

Fix: Ensure new permitting provisions don't impose drastic new time and/or financial costs on renewable projects. Rely on existing, effective permitting processes and improved communication with the public and parties by the PSB and permittee.

Vermonters need and want more clean, local, and reliable energy. The latest net metering draft rule would force Vermonters to continue to rely on energy from far away, rather than being able to increase their own self-reliance, decrease dependence on foreign oil, and do their part to reduce climate pollution and meet the State's clean energy goals.

Renewable Energy Vermont represents nearly 300 businesses, individuals, and utilities committed to reducing our reliance on dirty fossil fuels by increasing clean renewable energy and energy efficiency in Vermont. Vermont's clean energy industry supports at least 16, 231 sustainable jobs at 2,519 businesses, representing approximately 5% of Vermont's economy.

¹ Two independent polls by Vermont Public Radio and Renewable Energy Vermont Education Fund found that more than 70% of Vermonters support more solar in their communities.