



VERMONT NET METERING 2.0:

PSB must Advance Renewable Energy Fairly and Efficiently

Overview of PSB’s March Draft Final Net Metering Rule 5.100

The large majority of Vermonters want more renewable energy in their communities.¹ Unfortunately, the Public Service Board’s draft net metering rule would impede Vermont homeowners, farms, schools, towns, and businesses’ ability to choose affordable renewable energy on their own property or with their neighbors as part of a community project – forcing more utility scale, monopoly utility owned projects. The proposed rule undermines the State’s commitment to help Vermonters increase their self-reliance, decrease dependence on foreign oil, gas and out of state energy, and ability to do their part to reduce climate pollution. On March 7, 2016, the Public Service Board issued a new draft net metering rule that:

- ✘ Fails to fully grandfather current solar value and rates for existing net metering customers who filed CPG applications prior to January 1, 2017.
- ✘ Discourages Vermonters from purchasing renewable energy by permanently penalizing net metering customers who retain their Renewable Energy Credits (RECs);
- ✘ Existing net metered customers are prohibited from selling their RECs at market rates and may only sell them to utilities for 10 years or face a rate penalty;
- ✘ Infringes Vermonters’ ability to choose their own energy future, particularly farmers, schools, and small businesses, and folks who don’t own property or whose property isn’t suitable for renewables;
- ✘ Diminishes the value of distributed renewable energy and disregards grid stability, transmission cost savings, and other benefits provided to utilities and ratepayers by customers who personally invest in renewables; and
- ✘ Threatens to derail sustainable, local job creating renewable energy progress in our state.

Rule Changes Needed:

- 1) Set fair rates for projects that support the State’s comprehensive renewable energy goals. Customers should have access to more affordable community renewable projects. Eliminating the negative REC penalty would encourage Vermonters to generate and purchase renewable energy.
- 2) Allow customers to use their self-generated renewable energy over an 18 month time period to account for seasonal weather and home use shifts, transition periods before installation of efficient heat pumps, or utilization of electric vehicles, etc.
- 3) Encourage well-sited projects by reducing their permitting and hearing burdens.
- 4) Prohibit monopoly utilities from targeting renewable net-metered customers with new fees or other costly mandates (such as 3rd party audits) before choosing renewable energy.

The proposed rule cuts net-metered renewable electricity value by 20 to 50%, threatening to eliminate affordable community and small business solar projects. The current siting “adjusters” unrelated to electricity generation or transmission costs combined with – 3¢ penalties for retaining RECs, strain project economics and will stall Vermont’s clean energy progress and economic growth.

Project Type	Current Rate ²	PSB Proposed Rate	PSB Proposed Reduction
Residential (under 15 kW)	retail + 5.3¢	retail + 1¢ (reduced from 3¢ in last draft) – 3¢ REC penalty	↓ 21% - 36%
"Well sited" ³ community group 15 to 150 kW	retail + 4.3¢	retail + 1¢ - 3¢ REC penalty	↓ 17% - 33%
"Well sited" community group 150 to 500 kW	retail + 4.3¢	retail – 3¢ REC penalty	↓ 22% - 38%
Other located community group 15 to 150 kW	retail + 4.3¢	2¢ below retail – 3¢ REC penalty	↓ 33% - 48%
Other located community group 150 to 500 kW	retail + 4.3¢	3¢ below retail – 3¢ REC penalty	↓ 38% - 53%

The proposed significant net metering rate cuts mean that individual Vermonters, businesses, and towns will not be able to choose affordable renewable electricity to increase their own self-reliance, reduce dependence on fossil fuels, and do their part to combat climate change. These low proposed rates represent:

- ☛ 20 to 40% reduction in residential utilization of renewables anticipated after a 10% net metering credit cut. Additionally a \$10-20/monthly charge in grid fees would double or triple that reduction.
- ☛ Sets rates for just 10 years, exposing net metering customers to unnecessary risk and uncertain future due to the likelihood of future rate cuts and fees and prolonging project pay back periods. Uncertainty within the grandfathering provisions discourage private investment in Vermont.
- ☛ Government defined preferred projects with no financial support to make the projects possible (carports, shade canopies, etc.).

Fix: Additional incentives should apply for well-sited or hard to build renewable projects. Farmers, schools, small businesses, and towns should not be penalized for investing in renewable energy generation on their property to support their operations. Incentivize individuals and businesses to invest in Vermont renewable energy by encouraging and rewarding retention of RECs.

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 should be based on substantive challenges, and occur with increasing efficiency by requiring the presentation of facts to support the need for costly and lengthy hearings.

Fix: Ensure new permitting provisions don't impose drastic new time and/or financial costs on renewable customers and 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.

WHAT YOU CAN DO:

- Attend a public hearing:
 - **Wednesday, May 4 @ 7 p.m. - Montpelier High School Cafeteria**, 5 High School Drive
 - **Thursday, May 5 @ 10 a.m. - PSB Hearing Room**, 112 State Street 3rd floor, Montpelier
- Email comments to psb.clerk@vermont.gov by **May 12, 2016**.

Renewable Energy Vermont represents businesses, non-profits, 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. Together, we will achieve 90% total renewable energy (electric, thermal, transportation) by 2050.

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.

² Reflects GMP net metering rates. Each utility has a slightly different net metering rate.

³ Well-sited projects are limited by the PSB to a rooftop, parking canopy, brownfield, landfill, quarry/gravel pit, previously developed site, and where the majority of the electricity generated is consumed by the landowner (under these categories), or on a site approved by the town.

See the PSB's full draft rule at: psb.vermont.gov/statutesrulesandguidelines/proposedrules/rule5100

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