

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 26-0291-INV

In re: biennial update of the net-metering program	
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Order entered: 05/29/2026

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I. INTRODUCTION

In today’s order, the Commission declines the recommendation of the Vermont Department of Public Service (“Department”) to waive this year’s biennial update process and instead adjusts net-metering compensation in accordance with Commission Rule 5.128. The result of today’s decision is that overall net-metering compensation for *new* systems will increase by \$0.0131 per kWh compared to what systems are receiving today. Most *existing* systems, however, will see their compensation increase by approximately \$0.0231/kWh because of the increase in the base value of a net-metering credit under this order.

Based on our review of the information presented in this proceeding, we have made the following adjustments to net-metering compensation:

(1) The statewide blended residential rate, which is the base value of the bill credit offered to all applicable net-metering systems, both existing and proposed, is increased to \$0.2071/kWh (an increase of \$0.0231).

(2) The renewable energy credit (“REC”) adjustor for all categories of new net-metering systems is maintained at the current value.

(3) The siting adjustor for *new* Category I and II systems is reduced by \$0.01 per kWh.¹ No changes are made for *new* Category III and IV systems.² The biennial update process does not change the value of siting adjustors that apply to *existing* systems.

The Commission recognizes that Vermont’s system for net-metering compensation is complex. Therefore, to explain these changes in practical terms, we start with a summary of how a typical net-metering customer is compensated for producing electricity.³ When a net-metering customer produces electricity at the same time the customer is consuming electricity, the energy from the net-metering system serves the customer’s load and the customer avoids purchases from their utility, saving the customer money. However, when a customer produces more electricity than the customer is consuming, the customer can export the excess generation to the grid and receive a credit on their bill to offset future electricity purchases. This second transaction is essentially a power purchase transaction, with the customer “selling” excess generation to the utility.

Since 2017, Vermont law has required the Commission to design net-metering compensation so that it balances the benefits and costs of net-metering and prevents cost shifts between participating and non-participating customers to the extent possible.⁴ At that time, the Commission adopted a rule specifying how to calculate the dollar value assigned to each kWh of excess generation produced by a net-metering system and providing a process for updating that value every two years (the “biennial update”). That is what this case is about.

¹ Category I systems are systems up to 15 kW. Category II systems are systems greater than 15 kW and up to 150 kW that are on a preferred site.

² Category III systems are systems greater than 150 kW that are and less than or equal to 500 kW and that are sited on a preferred site. Category IV systems are systems greater than 15 kW and up to 150 kW that are not on a preferred site. As discussed further below, the Commission no longer anticipates receiving applications for Category IV systems due to changes to the net-metering statute.

³ For purposes of this discussion, a “typical net-metering customer” means a customer with an individual net-metering system that is interconnected behind the customer’s retail electric meter. We recognize that this example cannot capture the level of nuance involved in determining the net-metering compensation for a particular net-metering customer, which is based on numerous factors including the customer’s utility, whether the customer has an onsite net-metering system or is part of a net-metering group, the date the customer applied for a certificate of public good for their system, the size of the system and where it is located, and whether the customer retained the renewable energy credits for their system or transferred them to the customer’s utility.

⁴ 30 V.S.A. § 8010(c)(1).

Under our rules, the compensation that a net-metering customer receives for participation in the net-metering program is calculated using three numbers: the “blended residential rate,” a “renewable energy credit (REC) adjustor,” and a “siting adjustor.” For most customers in Vermont, the blended residential rate is either the utility’s standard residential rate or an average of all the residential rates charged by Vermont utilities.⁵ Since 2024, the blended residential rate has been \$0.18398 per kWh. The blended residential rate is multiplied by the number of kWh of excess generation at the end of each month and appears as a credit on the net-metering customer’s bill.

Turning to the second component, the REC adjustor, Vermont law requires that a net-metering customer’s compensation be reduced if the customer elects to keep any RECs generated by the net-metering system.⁶ If the customer transfers the RECs to the utility, the customer’s compensation is unaffected. If the customer retains ownership of the RECs, which means that the facility does not count towards Vermont’s greenhouse gas emission requirements, the REC adjustor is negative \$0.04/kWh. The adjustor, if there is one, is applied to all kWh produced by the customer’s net-metering system, including generation used on site and exported to the grid, and it appears as a charge on the customer’s bill.

The third component is a siting adjustor that is meant to reflect differing cost structures of smaller and larger systems and is intended to incentivize customers to build net-metering systems in areas where they would not have substantial environmental impacts, such as on roofs, previously disturbed areas, and areas that do not require significant forest clearing. Additionally, the siting adjustor has been used to adjust overall net-metering compensation so that the total cost of a net-metering credit is closer to the cost of alternative sources of renewable energy in Vermont. Since 2024, the siting adjustor for small systems has been negative \$0.04/kWh while the adjustor for larger systems has been as much as negative \$0.08/kWh. Today’s decision changes the siting adjustor for new Category I and Category II systems to negative \$0.05/kWh. The siting adjustor is also applied to all kWh produced by the customer’s net-metering system,

⁵ The statewide average rate is used for customers whose utility charges above-average retail rates. This structure was chosen to put a cap on the cost of net-metering power and to reduce differences in the amount of compensation available among various utilities.

⁶ 30 V.S.A. § 8010(c)(1)(H)(i) (“if the customer retains the attributes, [the Commission must] reduce[] the value of the credit provided under this section for electricity generated by the customer’s net metering system by an appropriate amount.”).

including generation used on site and exported to the grid, and it appears as a charge on the customer's bill.

Once the tariffs implementing today's decision are in place, the sum of the three components for a residential system will be \$0.153/kWh, which is still significantly high — about 5 cents more per kWh (46% higher) — compared to what utilities would pay to purchase power from other sources of distributed solar power in Vermont.⁷ The Commission considered a larger reduction but recognizes that the loss of the federal residential Investment Tax Credit (“ITC”) will increase the cost of installing a new net-metering system for most customers. However, it is unrealistic to ask Vermont ratepayers to bear the entire cost of significant changes to federal tax code, such as the loss of the ITC, especially as many Vermonters would not have been able to take advantage of the ITC in the first place. Net-metering increases the electric bills of customers who are unable or choose not to spend \$32,500 on a residential net-metering system because non-participating customers are paying for the additional cost of the utility purchasing power from net-metering customers.⁸ In the discussion below, we respond to arguments that this cost shift is insignificant. To the contrary, we find that the cost shift is material and will increase over time without additional adjustments to the net-metering program.

The Commission has also carefully considered Vermont's greenhouse gas emission reduction requirements under the Global Warming Solutions Act (“GWSA”). The electricity sector currently accounts for less than 3% of Vermont's emissions.⁹ And as Vermont's electric distribution utilities procure greater amounts of renewable energy to satisfy Vermont's Renewable Energy Standard (“RES”), which requires all utilities to meet a 100% renewable standard by 2035, electricity sector emissions will continue to decline. Utilities have a legal obligation to obtain renewable power regardless of the amount of net-metering. Thus, adding net-metering capacity simply displaces lower-cost sources of renewable energy, increasing the

⁷ The contract price for distributed solar generation in 2025 was approximately \$0.105/kWh. Green Mountain Power Corporation Comments at 2.

⁸ See REV Comments at 18 (stating that the approximate cost of 10 kW system is \$32,500).

⁹ Vermont Greenhouse Gas Emissions Inventory and Forecast: 1990 – 2022 at 8. Available at: https://outside.vermont.gov/agency/anr/climatecouncil/Shared%20Documents/_Vermont_Greenhouse_Gas_Emissions_Inventory_Update_1990-2022_20251024.pdf?_gl=1*12n7j9d*_ga*MTkyMzkwMTIyOS4xNzEwMDg4NDYx*_ga_V9WQH77KLW*cze3NzcxMTI5NDUkbzQ0NiRnMSR0MTc3OTExMjk4MSRqMjQkbDAkaDA.

costs of complying with the GWSA and the RES. The higher electric rates resulting from the net-metering program also reduce the economic benefits of implementing beneficial electrification measures (*e.g.*, heat pumps, electric vehicles, and high-efficiency electric appliances). This is inconsistent with goals and policies expressed in the Vermont Comprehensive Energy Plan (“CEP”) and Climate Action Plan. The information presented in this proceeding has shown that as the pace of net-metering installations has moderated, the pace of deployment of competitively priced distributed solar has increased to meet what is required under the RES.

No information has been presented to the Commission demonstrating that the benefits of net-metering — including decreased line losses, potential avoided system upgrades, pollution mitigation, and other benefits — justify setting net-metering compensation at a level substantially more than the cost of alternative sources of distributed solar. The Commission has received persuasive information showing that adding new net-metering capacity has limited system benefits and may contribute to system constraints that will be costly to address. Solar in Vermont has grown from 5 MW of installed capacity in 2009 to over 600 MW in 2025. Approximately 390 MW of this capacity is net-metered. Solar’s success has led to diminishing returns for new investments in solar as Vermont’s peak electric usage moves to after sunset,¹⁰ when additional net-metered solar cannot provide a benefit unless paired with a battery and deployed strategically.

The Commission has been clear in past biennial update proceedings that we would decrease net-metering compensation over time. However, in this proceeding we have not accepted the Department’s proposal to freeze the blended residential rate. While we understand that increasing the blended residential rate increases net-metering costs, we are mindful that our rule created an expectation that rates would be adjusted every two years.¹¹ Although the

¹⁰ See Vermont Long-Range Transmission Plan at 24 (“[T]he contribution of solar PV resources is already nearly 0 MW at the Vermont peak hour because solar PV has moved the Vermont peak hour to after sundown.”) Available at: https://www.velco.com/sites/default/files/2024-06/2024%20VLRTP%20to%20PUC_FINAL.pdf.

¹¹ We recognize that under our current rule customers have a reasonable expectation that a biennial update to recalculate the blended residential rate will occur every two years. However, we note that some commenters expressed an expectation that a net-metering credit will also escalate in value and that the escalation is necessary to achieve a particular investment result. The Commission is required by law to ensure that utility rates and utility rate design are just and reasonable. 30 V.S.A. §§ 225-227. The proper allocation of costs among different classes of

Commission has used its waiver authority to modify the schedule of previous biennial updates due to exceptional circumstances, we find no persuasive reason to cancel the update outright.¹²

The Commission acknowledges the significant issues with the existing net-metering compensation framework embodied in Commission Rule 5.100 that have been raised in this proceeding by the Department, the utilities, and other commenters. Of particular concern to the Commission is the public's confusion about the function of the REC and siting adjusters. The Commission understands that the current version of Commission Rule 5.100 may have run its course and we will be issuing an order in the next few months announcing a process for making changes to the net-metering rule. Net-metering has its place in Vermont's energy landscape, and we want to make sure that there is a structure that can provide a meaningful opportunity for customers to self-generate power without causing a significant cost shift. The Commission sees a rulemaking as an opportunity to create better incentives for customers to align their generation with their consumption and to increase simplicity and transparency in the billing calculation. The energy sector has evolved considerably since the current net-metering program was designed, and many other states have redesigned their net-metering programs to address the issues described above. More information about this future rulemaking will be made available in the coming months.

For these reasons and based on our detailed review of the information presented in this proceeding, the Commission has determined that the changes to net-metering compensation announced in today's order are reasonable.

customers and the appropriate method of recovering those costs (e.g., through kWh charges, fixed charges, or other mechanisms) may change over time in response to evolving circumstances. While the Commission will consider the financial impact of any rulemaking or ratemaking on net-metering customers, net-metering customers' investment expectations must be balanced against the interests of all utility customers in setting just and reasonable rates. For example, the changes to the net-metering program announced in our 2016 rulemaking did not apply to existing net-metering customers until ten years after a net-metering system was installed. Accordingly, we note that net-metering customers have always been and will continue to be subject to future changes in underlying utility rates and rate structures that could affect the value of a net-metering credit.

¹² See *In re: biennial update of the net-metering program*, Case No. 20-0097-INV, Order of 11/12/20 (delaying biennial update due to issues related to the COVID-19 pandemic).

II. PROCEDURAL HISTORY

On or before March 1, 2026, the Vermont electric distribution utilities (collectively the “distribution utilities”) filed the information and data on the net-metering program required by Commission Rule 5.128(D).

On April 1, 2026, the Department filed proposed updates to the items specified in Rule 5.128(A)(1)-(4) and the reasons for its proposal.

Comments on the Department’s recommendations were required to be filed no later than May 1, 2026. The Commission acknowledges the approximately 900 public comments filed in this proceeding. Almost all of these comments opposed the recommendations of the Department and addressed the need to mitigate the impacts of climate change and support the economic benefits associated with developing solar in Vermont. Many specifically opposed the Department’s request to waive this update proceeding. The Commission also received comments from the Agency of Natural Resources; Green Mountain Power Corporation (“GMP”); Vermont Electric Cooperative, Inc. (“VEC”); Washington Electric Cooperative, Inc. (“WEC”); the Town of Stowe Electric Department; the City of Burlington Electric Department; All Earth Renewables; Norwich Technologies; Conservation Law Foundation; and Renewable Energy Vermont (“REV”).

No other filings were received.

III. STANDARD OF REVIEW

Commission Rule 5.128 requires the Commission to conduct a biennial update to review the following topics: (1) REC adjustors, (2) siting adjustors, (3) the statewide blended residential rate, and (4) the eligibility criteria applicable to Category I, II, III, and IV net-metering systems. The Commission must consider the following factors when updating the REC adjustors:

- (1) the pace of renewable energy deployment necessary to be consistent with the Renewable Energy Standard program, the Comprehensive Energy Plan, and any other relevant State program;
- (2) the total amount of renewable energy capacity commissioned in Vermont in the most recent two years;
- (3) the disposition of RECs generated by net-metering systems commissioned in the past two years; and

(4) any other information deemed appropriate by the Commission.¹³

The Commission must consider the following factors when updating the siting adjustors:

- (1) the number and capacity of net-metering systems receiving certificates of public good (“CPGs”) in the most recent two years;
- (2) the extent to which the current siting adjustors are affecting siting decisions;
- (3) whether changes to the qualifying criteria of the categories are necessary;
- (4) the overall pace of net-metering deployment; and
- (5) any other information deemed appropriate by the Commission.¹⁴

The Commission must consider the above-listed factors and set any revised adjustor values “to ensure that net-metering deployment occurs at a reasonable pace and in furtherance of State energy goals.”¹⁵

IV. REC ADJUSTOR FACTORS

In this section, the Commission discusses each of the factors that the Commission must consider in determining the appropriate value of the REC adjustors and responds to the comments and filings that are relevant to the consideration of these factors.

(1) The pace of renewable energy deployment necessary to be consistent with the Renewable Energy Standard, the Comprehensive Energy Plan, and any other relevant State program

Under this factor, the Commission must consider the pace of renewable deployment that is necessary to be consistent with the CEP and the RES. We also address the GWSA and its interplay with the CEP and RES. Finally, we discuss what role net-metering should play in meeting the applicable goals and requirements of these interrelated programs.

The CEP is a 20-year plan, updated every six years by the Department, that must contain an analysis of “the use, cost, supply, and environmental effects of all forms of energy resources used within Vermont.”¹⁶ A fundamental purpose of the CEP is to implement Vermont’s general policy to “meet its energy service needs in a manner that is adequate, reliable, secure, and

¹³ Commission Rule 5.128(B)(1)-(4). The most recent CEP was published on January 15, 2022.

¹⁴ Commission Rule 5.128(C)(1)-(5).

¹⁵ Commission Rule 5.128(G).

¹⁶ 30 V.S.A. § 202b(a)(1).

sustainable; that ensures affordability and encourages the State’s economic vitality, the efficient use of energy resources, and cost-effective demand-side management; and that is environmentally sound.”¹⁷ Accordingly, the CEP is meant to guide how to best “identify and evaluate . . . resources that will meet Vermont’s energy service needs in accordance with the principles of least-cost integrated planning, including efficiency, conservation, and load management alternatives, wise use of renewable resources, and environmentally sound energy supply.”¹⁸

The CEP establishes an ambitious goal of sourcing 90% of Vermont’s energy from renewable resources by 2050.¹⁹ It also explores various strategies to satisfy the statewide greenhouse gas reduction requirements included in the GWSA, which calls for a 26% reduction from 2005 levels by 2025; a 40% reduction from 1990 levels by 2030; and an 80% reduction from 1990 levels by 2050.²⁰ The CEP acknowledges that “[t]hese targets will not be easy to reach, particularly in the transportation and thermal sectors.”²¹ The CEP also recognizes that “the burdens and benefits of energy policy in Vermont have not been equitably distributed across the state or its citizens” and includes a series of strategies to “consider both the historical distribution of impacts and those impacts that will occur with energy policy action.”²²

The CEP recognizes that the consideration of future electricity supply acquisitions will be directed by the requirements of the RES. Under the RES, a utility “shall not sell or otherwise provide or offer to sell or provide electricity in the State of Vermont without ownership of sufficient energy produced by renewable energy plants or sufficient tradeable renewable energy credits from plants whose energy is capable of delivery in New England.”²³ The structure of the RES is nuanced and sets different requirements for Vermont’s utilities, but ultimately requires all utilities to meet a 100% renewable standard by 2035. The RES establishes categories of compliance requirements, which are commonly referred to as “Tiers.” Net-metering systems qualify under all Tiers of the RES, and under State law, larger utilities must retire RECs received

¹⁷ 30 V.S.A. § 202a(1).

¹⁸ 30 V.S.A. § 202a(2); *id.* § 202b(a).

¹⁹ CEP at 10.

²⁰ *Id.* at 11.

²¹ *Id.* at 11.

²² *Id.* at 11.

²³ 30 V.S.A. § 8004(a).

from net-metering systems toward compliance with the RES.²⁴ For the portion of a utility's RES requirements that are not satisfied by net-metering, the utility must plan and procure sufficient renewable energy or RECs to meet its obligations.

In summary, the CEP, RES, and GWSA require moving toward a carbon-free energy future and expressly mandate that the Commission consider the cost impact on ratepayers in developing energy policy. The Department estimates that, beginning in 2025, up to 56 MW of new distributed generation will be needed annually to comply with the recently increased Tier II requirements.²⁵ Solar development in the past two years has been robust, and development in 2025 – the first year of the increased Tier II requirements – was sufficient to meet these requirements.²⁶ The comments suggesting that net-metering compensation must be increased to support solar in order to meet our renewable energy requirements are not supported by the data regarding what renewable generation is being built. These comments fail to recognize the strong market for merchant solar projects in Vermont that is being driven by the RES. It is true that the pace of net-metering development has decreased, but this has been offset by increased development of larger solar projects. Net-metering is just one way to develop solar power. Even as the pace of net-metering development moderates, we expect continued and sustained solar development in the future.

(2) Total renewable energy capacity commissioned in Vermont in the most recent two years

The amount of renewable energy capacity commissioned in Vermont in 2024 and 2025 is summarized in the following table.

²⁴ Pursuant to Section 6 of Act 179 of 2024, utilities with fewer than 75,000 customers do not need to retire RECs from net metering systems to comply with RES.

²⁵ Department Comments at 4. The Department states that this figure may be reduced by recent changes in law that allow certain categories of existing hydro facilities to count towards Tier II.

²⁶ Department Comments at 31.

Table 1. Amount of renewable energy capacity commissioned in 2024 and 2025 (MW)²⁷

	2024	2025
Net-Metering	14.7 MW	16.8 MW
Standard Offer	12.0 MW	14.2 MW
Utility-Owned and PPAs	8 MW	25 MW
Total	35 MW	56 MW

These figures show the amount of renewable energy resources commissioned in Vermont in the past two years. For the first time in a biennial update proceeding, the amount of net-metering has not exceeded the other sources of new renewable energy. The 2025 figure is the most solar commissioned in a year since 2019.²⁸ As the Commission has previously stated, “[a] net-metering-heavy renewable energy portfolio mix is not optimal given the fact that net-metering is the most expensive of the resources shown above.”²⁹ The slower pace in the commissioning of net-metering capacity has been offset by the development of other sources of solar. This is a positive trend. Additionally, the reduction in new net-metering capacity is partly attributable to the changes to group net-metering pursuant to Act 179 of 2024 that removed the ability to construct net-metering systems not physically connected to customer load and also deleted the requirement that the Commission’s net-metering rule “ensures that all customers who want to participate in net metering have the opportunity to do so.”³⁰

As the Commission has previously stated, “the incentive system for net-metering is not failing if net-metering applications, CPGs, or total capacity commissioned do not increase as rapidly in the next year as [they] did in previous years.”³¹ One purpose of these biennial update proceedings is to strike the appropriate balance between the pace of net-metering development and the cost to ratepayers. Although the pace of net-metering applications has slowed from its peak, overall solar development has continued through the growth of other, less expensive forms

²⁷ Department’s Comments at 31.

²⁸ Case No. 24-0248-INV, Order of 5/30/24 at 28; Case No. 22-0334-INV, Order of 6/17/22, at 28; and Case No. 20-0097-INV, Order of 11/12/20 at 22.

²⁹ Case No. 24-0248-INV, Order of 5/30/24 at 28. See GMP Comments at 2 (stating that price of competitively bid solar projects is approximately \$0.105/kWh).

³⁰ Act 179 of 2024, Section 6.

³¹ *In re: biennial update of the net-metering program*, Case No. 18-0086-INV, Order of 5/1/18 at 39.

of solar generation. As a result, this moderation in net-metering development remains consistent with the CEP, RES, and GWSA while reducing the cost impact on ratepayers. As discussed further below, the Commission remains concerned about the cost of net-metering resources as compared to other Tier II resources.

(3) The disposition of RECs generated by net-metering systems commissioned in the past two years

The disposition of RECs generated by net-metering systems is summarized below. The results are sorted by the successive iterations of incentive levels.

Table 2. Net-Metering Deployment (MW) REC Dispositions.³²

	NM 2.1	NM 2.3	NM 2.4	NM 2.5	NM 2.6	Total
Retained						
2024				0.03		0.03
2025					0.06	0.06
Transferred						
2024	0.01	0.02	2.31	10.90	1.43	14.67
2025			0.33	6.27	10.17	16.77
Total	0.01	0.02	2.64	17.20	11.66	31.53

This table shows that the current REC adjustor differential of \$0.04 continues to effectively encourage net-metering customers to transfer their RECs to their utility to be retired, in furtherance of State renewable energy requirements.

(4) Any other information deemed appropriate by the Commission

No party filed any other comments or information that the Commission found pertinent to its determination regarding the appropriate value of the REC adjustor.

³² Department Comments at 36.

REC Adjustor Conclusion

The Department recommended no changes to the REC adjustor.³³ REV and other solar developers advocated for increases to net-metering compensation through increasing the siting adjustor and not the REC adjustor.³⁴ Based on the information discussed above, the Commission finds that the REC adjustor continues to serve its statutorily mandated purpose of “reduc[ing] the value of the credit . . . for electricity generated by the customer’s net metering system by an appropriate amount.”³⁵ The REC adjustors also effectively encourage net-metering customers to transfer their RECs to their utility, which supports compliance with the RES and the GWSA. Accordingly, both current REC adjustors (positive and negative) will be maintained at \$0.00/kWh and negative \$0.04/kWh, respectively.

V. SITING ADJUSTOR FACTORS

(1) The number and capacity of net-metering systems receiving certificates of public good (“CPGs”) in the most recent two years

The following table summarizes the Commission’s records with respect to the number and capacity of net-metering systems that received a CPG in 2024 and 2025.³⁶

Table 3. Annual Number and Capacity of Systems Receiving CPGs in 2024 and 2025³⁷

System Capacity	2024 CPGs	2024 Capacity (kW)	2025 CPGs	2025 Capacity (kW)
0-15 kW	1,971	17,842	1,431	13,304
>15 - 150 kW	210	9,554	228	7,044
>150 – 500 kW	12	5,520	3	1,200
Cumulative	2,193	32,916	1,662	21,548

³³ Department Comments at 37.

³⁴ See REV Comments at 18 (recommending two-cent increase to siting adjustor).

³⁵ 30 V.S.A. § 8010(c)(1)(H)(i).

³⁶ The number of CPG applications received is different from the number of CPGs issued because a portion of CPG applications are withdrawn before a decision is made on whether to issue a CPG.

³⁷ All data concerning net-metering CPGs were retrieved from ePUC. The data included in this table are based on the year an application was initially filed. The table includes the total capacity of all applications by size that were filed in 2024 or 2025 and ultimately received a CPG. The capacity of applications that were withdrawn, denied, or remain pending before the Commission was excluded.

When considering these data, it is also important to acknowledge that there is a lag between when an application is filed and when it is approved, though this lag has diminished as the number of applications for large facilities has decreased. Still, these figures are more backward-looking. It is also important to remember that some number of these systems will not be constructed despite receiving a CPG.

For the same reasons discussed above related to REC adjustors, the Commission finds that the current pace of net-metering deployment, coupled with other sources of Tier II RECs, is adequate to meet the State's renewable energy requirements. It is not consistent with Vermont's energy policy to have net-metering systems displace more cost-effective Tier II resources. Accordingly, it is appropriate to reduce compensation for new net-metering systems to ensure that the program does not cause an undue cost shift between customers who net-meter and those who do not. As we have stated in past biennial update proceedings, the Commission expects that net-metering compensation will become more in line with other Tier II resources through the adjustments in this order and our future rulemaking.

(2) The extent to which the current siting adjustors are affecting siting decisions

Based on our review of the Commission's records for CPG applications filed in 2024 and 2025, it appears that the siting adjustors continue to function as intended. There remains strong participation in the smaller-scale, residential-sized systems that generally are collocated with their load. Based on these data, the siting adjustors are accomplishing the goal of steering development to better locations.

The Department recommends that net-metering compensation could be modified to account for a project's impacts on the electric grid. The Commission has adopted rules that permit utilities to propose locational adjustor fees.³⁸ To date, no utilities have proposed locational adjustor fees. The Department urges the Commission to consider how compensation can incorporate grid impact as part of any rulemaking.

³⁸ Commission Rule 5.136.

(3) Whether changes to the qualifying criteria of the categories are necessary

Pursuant to Commission Rule 5.128(A), the Commission may make changes to the eligibility criteria for Category I, II, III, and IV net-metering systems.³⁹ The Department recommends changing the eligibility criteria for the net-metering categories to align with the limitations placed on group net-metering as part of a rulemaking.

The Commission has recently modified its interconnection application forms to reflect the changes in Act 179 of 2024.⁴⁰ The Commission will also modify its net-metering CPG application form to make sure that applicants are aware of these statutory changes. Further changes to Rule 5.100 in response to Act 179 will be considered in a rulemaking.

(4) The overall pace of net-metering deployment

As discussed above, the overall pace of net-metering has slowed since its peak in 2018. The Commission views this as an appropriate adjustment given the high price of net-metered power compared to other renewable energy sources. The reduction in the pace of net-metering deployment has caused the utilities to either develop or contract with less-expensive sources of new renewable energy to meet their statutory renewable energy requirements. Therefore, we find it is appropriate to continue to reduce the difference between the cost of net-metered power and the cost of other sources of new renewable energy.

(5) Any other information deemed appropriate by the Commission

Changes in the Cost of Solar Installations

REV provided detailed information showing the impacts of recent changes to the federal ITC on a residential customer installing a net-metering system.⁴¹ The Commission recognizes that the changes to the ITC may have a significant impact on the residential solar market. As a result, while the Commission finds the comments about the need to reduce net-metering compensation persuasive, the Commission will reduce net-metering compensation more

³⁹ Eligibility criteria include, for example, that ground-mounted Category I systems must have a capacity of 15 kW or less.

⁴⁰ *Proposed Revisions to Vermont Public Utility Commission Rule 5.500 Interconnection Application Forms*, Case No. 26-0673-INV, Order of 5/28/26.

⁴¹ REV Comments at 12.

gradually – by one cent this year – to mitigate potential shocks to the solar market. The Commission can reevaluate this decision if the pace of solar deployment changes significantly.

While the Commission has decided to take a more gradual approach to reducing the cost difference between net-metered power and competitively priced renewable generation, companies that install net-metering systems should anticipate that the Commission will continue to reduce net-metering compensation until the cost of net-metering is better matched with the value of its benefits.

Cost Shift Caused by Net-Metering, and the Benefits of Solar

REV argues that the adjustments to net-metering compensation considered in this proceeding will have a minimal impact on customer bills.⁴² REV's cost shift calculation quantifies the incremental cost of one year of anticipated new net-metering installations. REV's calculation also assumes a significant decrease in the capacity of new net-metering systems installed in the future.⁴³ However, REV's calculation does not measure the total cost of all current and future net-metering installations. Approximately 390 MW of net-metering has been installed to date, and the cumulative impact of the program is more significant than REV's estimate.⁴⁴ In 2019, the Commission investigated the cost shift and found that net-metering was increasing utility rates by up to 5%.⁴⁵ The cost shift has increased since then, albeit at a slower rate as the pace of net-metering has slowed and the compensation to new net-metering customers has been reduced. On top of these cumulative effects of additional capacity, the cost of net-metering escalates over a net-metering system's life because the foundation of a net-metering credit, the blended residential rate, increases over time. REV's model does not account for this cost inflation.

⁴² *Id.* at 19. REV's model calculates a potential cost shift of as little as 9.6 cents a month, up to 30 cents a month if the Commission had adopted REV's proposal to set the siting adjustor at negative \$0.02/kWh.

⁴³ REV's model analyzes scenarios where net-metering deployment decreases by 20% to 50%. The model would predict greater costs if the pace of deployment is static or increases.

⁴⁴ Department Comments at 16.

⁴⁵ *See e.g.*, Case No. 19-0855-RULE, Filing of Green Mountain Power Corporation dated 11/1/19 at 2, Filing of Vermont Electric Cooperative, Inc. dated 11/1/19 at 2-3, Filing of Washington Electric Cooperative, Inc. dated 11/1/19 at 1.

Accordingly, the Commission finds REV's calculation of the cost shift to be of limited use because it does not consider the costs of past or future years, or the growth in costs resulting from future upward adjustments to residential rates. REV's analysis also does not address the fact that Vermont's grid has significant amounts of solar power interconnected and that the future value of additional solar will likely decline.⁴⁶

The Commission shares the Department's concern that the benefits of net-metering flow to customers who tend to be wealthier. According to the Department, "a household in a town with a higher median household income is more likely to have solar installed than a household in a low-income earning town."⁴⁷ Intuitively, this makes sense because of the significant capital usually needed to install a net-metering system. This heightens our concerns about even a moderate cost shift because it is inherently inequitable to raise costs for lower-income customers to confer a benefit on higher-income customers.

Some commenters have criticized the Department's "overly narrow cost-shift calculations" and urged us to "quantify the many benefits of solar."⁴⁸ The Commission has investigated these issues extensively over the past several years. No information has been presented to the Commission demonstrating that the benefits of net-metering — including decreased line losses, potential avoided system upgrades, pollution mitigation, and other benefits — justify paying substantially more than the cost of alternative sources of distributed solar. The Commission has received persuasive information showing that additional net-metering has limited system benefits compared to its cost and is contributing to system constraints in some areas that will be costly to address. Solar is a victim of its own success, with diminishing returns as Vermont's peak moves to after dark.

Changes in the Net-Metering Statute

Under Act 179 of 2024, all new net-metering systems must now serve customers located on the same or an adjacent parcel of land.⁴⁹ This change has had a significant impact on the

⁴⁶ Department Comments at 18-25. *See also*, Vermont Long-Range Transmission Plan, at 56-71 (Discussion of DG Solar PV Results).

⁴⁷ Department Comments at 26.

⁴⁸ Letter from Rep. Kathleen James, dated May 1, 2026, at 2.

⁴⁹ 30 V.S.A. § 8002(10).

number and size of new net-metering systems participating in the program. As stated by the Department, “[t]he impacts of the termination of virtual group net-metering will persist and should be viewed as a permanent downscaling implemented by the General Assembly to [the] expected deployment from net-metering.”⁵⁰ In calendar year 2024, the Commission received 10 applications for net-metering systems with a capacity of 500 kW. In 2025, the Commission received two applications for systems with a capacity of 500 kW. This change in applications for large systems is attributable to the statutory changes to group net-metering. The Commission observes that six of the seven net-metering applications for systems greater than 150 kW filed in 2025 were proposed to be located on the roof of a building. The Commission has not received any applications for Category III systems so far in 2026.

The current siting adjustor for Category III net-metering systems (greater than 150 kW and located on a preferred site) is negative \$0.07/kWh. When paired with the new blended residential rate, the effective compensation for a Category III net-metering system will be approximately \$0.1371/kWh. The Commission does not find this price differential between Category III projects and competitive non-net-metered solar projects to be unreasonable given the environmental benefits of using existing roofs for larger facilities and the relatively low volume of anticipated applications for Category III facilities. In addition, the Commission does not anticipate receiving applications for Category IV net-metering systems (ground-mounted systems *not* located on a preferred site) in the future, because they are effectively disallowed under Act 179 of 2024. Therefore, the Commission has not made any changes to the siting adjustors for Category III or IV systems.

The Importance of Addressing Climate Change

Many of the public comments focus on the acute need to address climate change as a reason for maintaining or even increasing the incentives for net-metering. Regulatory action to address climate change is crucial. However, maintaining net-metering at high levels of compensation does not further the greenhouse gas reductions that Vermont needs to achieve. Electrification of the transportation and thermal sectors is critical to reaching Vermont’s GWSA

⁵⁰ Department Comments at 35.

requirements, and Vermonters must be able to afford to transition to electric vehicles and heat pumps. As the Commission stated in its 2024 Biennial Order,

Vermonters have a number of ways to take individual action to address climate change – including installing weatherization measures and heat pumps or switching to hybrid and fully electric vehicles. Given that only 2.2% of Vermont’s 2020 greenhouse gas emissions came from the electric sector and 87% of Vermont’s electric power supply mix already consists of renewable or noncarbon electricity, net-metering is one of the least effective actions that Vermonters can take to lower the state’s greenhouse gas emissions.⁵¹

Given the statutory changes to Vermont’s RES, the electric power supply will increasingly be low carbon even if no additional net-metering systems were built; the primary concern associated with adding the necessary additional renewable supply will be to keep such additions affordable. For this reason, high-priced net-metering is counter-productive to addressing climate change. As the Commission has previously stated, “net-metering has only a minor impact on greenhouse gas emissions, because . . . Vermont’s electric supply is already largely carbon-free and under the RES framework excess net-metering generation displaces the acquisition of other lower-cost, renewable sources.”⁵² The Commission will continue to ensure that Vermont utilities strictly adhere to their renewable energy and greenhouse gas mandates.

Siting Adjustor Conclusion

Having considered the factors discussed above, the Commission determines that it is appropriate to change the siting adjustor applicable to new Category I and II net-metering systems from negative \$0.04/kWh to negative \$0.05/kWh. This change for new systems will be more than offset by the increase in the statewide blended residential rate and therefore nets to an increase in net-metering compensation. No changes are made to the siting adjustors for Category III and IV systems. The Commission continues to be concerned about the price differential between net-metering systems (~\$0.153/kWh) and competitively procured solar (~\$0.105/kWh). Pursuant to Commission Rule 5.128(I), the Commission may conduct another update in the near

⁵¹ Case No. 24-0248-INV, Order of 5/30/24 at 6.

⁵² *In Re: Biennial Update of the Net-Metering Program*, Case No. 22-0334-INV, Order of 6/17/22 at 29.

term on its own discretion or upon petition by the Department in the event that there are future changes to the ITC or the pace of net-metering deployment changes unexpectedly.

VI. DETERMINATION OF THE STATEWIDE BLENDED RESIDENTIAL RATE

Commission Rule 5.103 states that the blended residential rate for an electric company is either its general residential service rate or, for companies that use inclining block rates, is calculated “by adding together all of the revenues to the company during the most recent calendar year from kWh sold . . . and dividing the sum by the total kWh sold by the company . . . during the same year.” The rule further defines the statewide blended residential rate as a “weighted average of all electric company blended residential retail rates.”⁵³ Each utility filed a calculation of its blended residential rate on March 1, 2026. The Department provided worksheets showing its calculation of the statewide blended residential rate consistent with the methodology required by the rule on April 1, 2026. The Department recommends an increase of \$0.0231/kWh, for a new statewide blended residential rate of \$0.2071/kWh. No commenter has objected to the Department’s calculation and we find the Department’s calculation to be consistent with the requirements of Rule 5.103. Therefore, it is adopted. It will replace the existing blended residential rate for all — both existing and new — net-metering customers, increasing the overall cost of the net-metering program and increasing the compensation received by most existing net-metering customers.

Table 4, below, illustrates the cumulative effect of the changes described in this Order. The figures in this table reflect the experience of a net-metering customer located in the service territory of a distribution utility that applies the statewide blended residential rate. Actual experiences may vary if the retail rates offered by a customer’s utility are less than the blended residential rate. The figures are also based on the customer choosing to transfer RECs to the utility. The timing of these changes is discussed in more detail in the next section of this Order.

⁵³ Commission Rule 5.103.

Table 4. Summary of Changes to Net-Metering Compensation for New Facilities⁵⁴

Category	Current	August 1, 2026 - July 31, 2028
Category I (up to 15 kW)	\$0.14398	\$0.1571
Category II (>15 to 150 kW on preferred site)	\$0.14398	\$0.1571
Category III (>150 to 500 kW on preferred site)	\$0.11398	\$0.1371
Category IV (>15 to 150 kW on non-preferred site)	\$0.10398	\$0.1271

VII. TIMING OF THE CHANGES ANNOUNCED IN THIS ORDER

Rule 5.128 specifies timeframes for the adoption of tariffs that would implement the changes announced in a biennial update. The Commission directs the electric distribution utilities to file tariffs no later than June 15, 2026, to take effect on August 1, 2026.⁵⁵ That means that a complete CPG application must be filed on or before July 31, 2026, to qualify for the net-metering incentives that are available today.

⁵⁴ This assumes that the customer's utility uses the statewide blended residential rate; some utilities' rates will differ if their residential rate is less than the statewide blended residential rate.


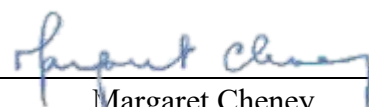
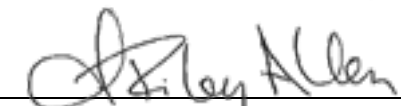
⁵⁵ These compliance tariffs should reflect only the changes directed in today's order. Any other changes to a company's net-metering tariff should be filed in a separate tariff proceeding.

VIII. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Vermont Public Utility Commission (“Commission”) that:

1. The statewide blended residential rate will be \$0.2071/kWh, effective August 1, 2026.
2. The renewable energy credit (“REC”) adjustor applicable to customers who elect to transfer RECs to their utility shall remain at \$0.00/kWh for the period beginning August 1, 2026.
3. The REC adjustor applicable to customers who elect to retain RECs shall remain at negative \$0.04/kWh for the period beginning August 1, 2026.
4. The siting adjustor for Category I net-metering systems shall be negative \$0.05/kWh for the period beginning August 1, 2026.
5. The siting adjustor for Category II net-metering systems shall be negative \$0.05/kWh for the period beginning August 1, 2026.
6. The siting adjustor for Category III net-metering systems shall be negative \$0.07/kWh for the period beginning August 1, 2026.
7. The siting adjustor for Category IV net-metering systems shall be negative \$0.08/kWh for the period beginning August 1, 2026.
8. The REC and siting adjustors ordered in Paragraphs 2 through 7 above shall be applicable to all new net-metering systems for which a complete certificate of public good application is filed with the Commission on or after August 1, 2026, unless otherwise ordered by the Commission.
9. The Commission makes no changes to the eligibility criteria for Category I, II, III, or IV net-metering systems.

Dated at Montpelier, Vermont, this 29th day of May, 2026.

 _____)) PUBLIC UTILITY))
Edward McNamara)	
_____)	
 _____)) COMMISSION))
Margaret Cheney)	
_____)	
 _____)) OF VERMONT))
J. Riley Allen)	
_____)	

OFFICE OF THE CLERK

Filed: May 29, 2026

Attest: 
_____)
Clerk of the Commission

Notice to Parties: Appeal of this decision to the Supreme Court of Vermont must be filed with the Commission within 30 days. Appeal will not stay the effect of this order, absent further order by this Commission or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Commission within 28 days of the date of this order.

PUC Case No. 26-0291-INV - SERVICE LIST

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