

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 26-1786-RULE

Rulemaking to update Commission Rule 5.100, Regulations Pertaining to Construction and Operation of Net-Metering Systems	
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Order entered: 09/09/2026

ORDER OPENING RULEMAKING TO UPDATE THE NET-METERING RULE

The Vermont Public Utility Commission (“Commission”) is opening this investigation to update Commission Rule 5.100 – *Regulations Pertaining to Construction and Operation of Net-Metering Systems* (the “Net-metering Rule”). In its May 29, 2026, Biennial Update Order, the Commission identified the need to update 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.¹

Vermont’s net-metering program, which has been in place for almost three decades, has resulted in the construction of more than 390 MW of net-metered generation capacity, representing a significant majority of the more than 600 MW of distributed solar generation built in Vermont.² This means that the theoretical maximum output of distributed solar is greater than half of Vermont’s current peak load (greatest amount of energy demand), which is approximately 1,000 MW.³ On certain sunny days when the demand for energy is low, Vermont meets the majority of its electricity needs during the middle of the day through distributed renewable

¹ *In re: biennial update of the net-metering program*, Case No. 26-0291-INV, Order of 5/29/26 at 6.

² *In re: biennial update of the net-metering program*, Case No. 26-0291-INV, Department Comments, filed 4/1/26 at 16.

³ VELCO 2024 Vermont Long-Range Transmission Plan, at 38, available at <https://www.velco.com/2024-vermont-long-range-transmission-plan>.

generation.⁴ Additionally, Vermont far outpaces the other New England states when it comes to the amount of distributed solar that Vermont hosts compared to its peak load: Vermont at 71.7%, Connecticut at 22.1%, Maine at 58.3%, Massachusetts at 35%, New Hampshire at 13.2%, and Rhode Island at 27.3%.⁵

The proliferation of distributed solar generation across the state requires a reexamination of the compensation framework for net-metering systems to ensure that these systems provide the maximum benefit to all Vermonters. This proceeding provides an opportunity to make changes to the Net-metering Rule that will avoid increased costs for all Vermont ratepayers by: compensating net-metering systems based on the value they provide, encouraging net-metering systems to offset load at times when they can provide the greatest value to Vermont utilities and ratepayers, and encouraging the siting of net-metering systems in locations where the grid can accommodate additional distributed energy resources.

Presently, the most cost-effective way to meet Vermont's Renewable Energy Standard⁶ is for utilities to invest in utility-scale renewable generation, which is less costly than generation from net-metering systems. For example, under the present net-metering compensation framework, a residential-scale net-metering system that applies for a certificate of public good in 2026 will be compensated for generation that exceeds monthly usage at a rate of approximately \$0.1571/kWh, while a utility-scale distributed solar facility would likely receive approximately \$0.105/kWh (approximately 5 cents or one-third less than a residential system).⁷ Consequently, this investigation will examine whether this cost differential is justified and what value should be assigned to generation from net-metering systems.

For example, behind-the-meter resources deployed in Vermont can reduce regional costs borne by all Vermonters. Because net-metering systems and other behind-the-meter renewable

⁴ VELCO 2024 Vermont Long-Range Transmission Plan, at 31-32, available at <https://www.velco.com/2024-vermont-long-range-transmission-plan>; Vermont Department of Public Service's 2026 Annual Energy Report: Vermont's Energy Supply and Demand: Key Insights, Recommendations, and Data on Vermont's Energy Sectors (Jan. 15, 2026) at 23, available at <https://publicservice.vermont.gov/document/2026-annual-energy-report>.

⁵ *In re: biennial update of the net-metering program*, Case No. 26-0291-INV, Department Comments, filed 4/1/26 at 21.

⁶ The Vermont Legislature amended state statute in 2024 to require all electric distribution utilities to meet a 100% renewable energy standard by 2035, with many having to meet the standard as soon as 2030. 30 V.S.A. § 8005(a)(1)(B).

⁷ *In re: biennial update of the net-metering program*, Case No. 26-0291-INV, Order of 5/29/26 at 4 and Memorandum Re: Technical Correction of 6/5/26.

generation facilities act as load reducers, the generation from these systems can reduce the amount of capacity that a utility must procure to ensure that sufficient resources are available to meet the annual peak load in New England. In addition, because the costs paid by Vermonters for regional transmission service are tied to monthly peak loads, the peak reductions achieved by behind-the-meter distributed generation can reduce transmission costs. However, deployment of behind-the-meter distributed solar generation in Vermont is so substantial that it has shifted Vermont's peak load to after sundown, when solar resources are no longer generating,⁸ thereby reducing the value of additional behind-the-meter resources. Through this investigation, the Commission will explore ways in which net-metering systems may provide system-wide benefits going forward.

Finally, the proliferation of distributed generation across Vermont necessitates investigating compensation frameworks that encourage the siting of net-metering systems in locations where the grid can accommodate additional distributed energy resources. Vermont Electric Power Company's ("VELCO") 2024 Long Range Transmission Plan ("2024 LRTP") includes a detailed analysis of potential constraints and costly impacts to Vermont's transmission and subtransmission system if growth in distributed generation continues to follow the same geographic distribution pattern it has historically followed.⁹ Without measures to direct distributed generation to locations on the grid that can accommodate such facilities, transmission and subtransmission lines and transformers may be affected or overloaded, requiring the curtailment of existing distributed generation facilities (*i.e.*, requiring certain renewable facilities to stop generating at certain times)¹⁰ and leading to system constraints and the need for costly upgrades.¹¹ To avoid these costly impacts, VELCO explicitly recommends that an incentive/penalty system be put in place to encourage generation in areas where sufficient grid capacity exists.¹² This proceeding will provide an opportunity to investigate compensation frameworks that would align with that recommendation.

⁸ VELCO 2024 Vermont Long-Range Transmission Plan, at 12, available at <https://www.velco.com/2024-vermont-long-range-transmission-plan>.

⁹ *Id.* at 56-71.

¹⁰ This is not just a future issue. Areas like the Sheffield-Highgate Export Interface in northern Vermont are already constrained and require curtailment of existing renewable generation resources.

¹¹ VELCO 2024 Vermont Long-Range Transmission Plan, at 59-63, available at <https://www.velco.com/2024-vermont-long-range-transmission-plan>.

¹² *Id.* at 71.

In investigating potential compensation frameworks to address these issues, the Commission is also mindful that any new compensation framework should be easy to understand and provide a transition for pre-existing net-metering systems that reflects those system owners' reasonable investment-backed expectations based on the compensation structure that existed at the time they filed a complete application.

Additionally, to inform this investigation, the Commission seeks to gather up-to-date information on the current deployment of net-metering systems; the benefits and costs of net-metered generation to Vermont ratepayers; and the societal considerations related to net-metering, including greenhouse gas reductions, economic development and employment, land use, and environmental justice. To that end, to begin this rulemaking, the Commission will hold a virtual workshop on October 2, 2026, starting at 9:30 A.M.

Participants and members of the public may [access the workshop online at this link](https://teams.microsoft.com/join/2103726101583?p=c7dC4HfYIwRTfSdBIV) on October 2, 2026: <https://teams.microsoft.com/meet/2103726101583?p=c7dC4HfYIwRTfSdBIV>

Participants and members of the public may also use the following information to attend the workshop: Meeting ID: 210 372 610 158 3; Passcode: kg3GC2hd; or call in by telephone using the following information: [phone number & conference id](tel:+18028287667): +1 802-828-7667,,770039360#

Participants may wish to review [guidance on how to join the meeting and system requirements](https://support.microsoft.com/en-us/office/join-a-meeting-in-microsoft-teams-1613bb53-f3fa-431e-85a9-d6a91e3468c9) (<https://support.microsoft.com/en-us/office/join-a-meeting-in-microsoft-teams-1613bb53-f3fa-431e-85a9-d6a91e3468c9>).

At the workshop the Commission requests that VELCO provide an overview of its 2024 LRTP (with a focus on the section discussing distributed generation) as well as relevant updates since that plan was issued. In particular, the Commission is interested in updates related to:

- Vermont's portion of each annual ISO-NE peak load since the 2024 LRTP was issued, the date and time of the annual peak, whether solar resources were generating during the peak, and if solar resources were generating, the extent of their contribution towards reducing Vermont's portion of the load;
- Vermont's monthly peak loads since the 2024 LRTP was issued, the date and time of those peaks, whether solar resources were generating during those peaks, and if

solar resources were generating, the extent of their contribution towards reducing the monthly peak;

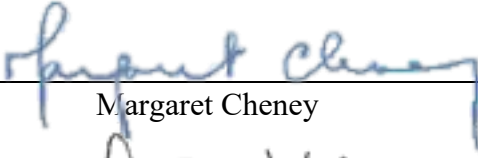
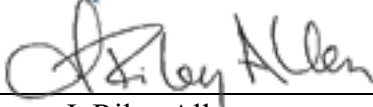
- Changes to Vermont's Renewable Energy Standard (in particular Tier II) since the 2024 LRTP was issued and the potential effects of those changes on Vermont's transmission system; and
- Current and projected system constraints.

The Commission anticipates holding additional workshops but believes a presentation on the 2024 LRTP will provide a useful starting point to understand the system benefits and impacts of behind-the-meter resources.

Finally, while the focus of this proceeding will initially be the net-metering compensation framework, the Commission will consider amendments or updates to other aspects of the Net-metering Rule later in this proceeding. However, to keep this proceeding focused, the Commission will not address proposed changes to other aspects of the rule until later in this proceeding.

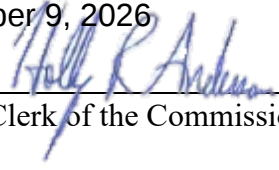
SO ORDERED.

Dated at Montpelier, Vermont, this 9th day of September, 2026.

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)	
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Margaret Cheney)	
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OFFICE OF THE CLERK

Filed: September 9, 2026

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Clerk of the Commission

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