



VOTE SOLAR

July 15, 2016

Judith C. Whitney, Clerk of the Board
Vermont Public Service Board
112 State Street
Montpelier, VT
05620-2701

Re: Revised Net Metering Program

Dear Clerk Whitney,

On June 30, 2016, the Vermont Public Service Board (“Board”) established a revised net metering program (“Revised Net Metering Program”) pursuant to Act 99 of 2014 (“Act 99”). In *Order Establishing A Revised Net-Metering Program Pursuant to Act 99 of 2014* (“Order”) at 2, the Board indicated that it would accept comments for 10 business days. Please accept these comments on behalf of Vote Solar. Vote Solar has participated in the processes leading to the Revised Net Metering Program and appreciates the opportunity to provide the Board with input on the Revised Net Metering Program.

Vote Solar is a non-profit grassroots organization working to foster economic opportunity, promote energy independence and address climate change by making solar a mainstream energy resource across the United States. Since 2002, Vote Solar has engaged at the state, local, and federal levels to remove regulatory barriers and implement the key policies needed to bring solar to scale. Vote Solar is not a trade group and does not have corporate members. Vote Solar is particularly focused on rate design issues related to solar distributed generation, including the billing arrangement known as net metering. Recognizing the importance of this policy for supporting customer-sited solar and other renewable energy technologies, Vote Solar is actively participating in net metering and broader rate design regulatory proceedings in states across the U.S, including: Arizona, California, Colorado, Georgia, Iowa, Kansas, Louisiana, Maine, Massachusetts, Minnesota, Nevada, New Hampshire, New Mexico, New York, North Carolina, Utah, among others.

INTRODUCTION

Vote Solar appreciates the opportunity to comment on the Revised Net Metering Program. Vote Solar is also very thankful for all of the hard work of the Board, the staff of the Board (“Staff”), and all of the interested parties that have dedicated valuable time to work on the future of net metering in Vermont.



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Nonetheless, Vote Solar does have some recommendations and observations on the Revised Net Metering Program. Vote Solar provides comments in the following areas: (1) grandfathering; (2) group net metering and low- and moderate-income households; and (3) duration of adjustors.

GRANDFATHERING

Section 5.124(C) states that grandfathered systems shall receive the previously-in-effect rate for a period of 10 years, and will receive the utility's blended residential rate for an additional 10 years.

However, the Revised Net Metering Program does not specify how (or even if) grandfathered projects will be compensated for excess generation at the conclusion of 20 years from the date of commissioning. In order to alleviate any potential confusion, Vote Solar recommends that the Revised Net Metering Program is adjusted to clarify that grandfathered systems revert to the currently-in-effect compensation rate for non-grandfathered systems.

Recommendation

Vote Solar recommends that Section 5.124(C) is amended as follows:

Applicable Rates for Grandfathered Net-Metering Systems. Customers using grandfathered net-metering systems shall, for a period of 10 years from the date of the net-metering system's commissioning, receive the incentive provided for in 30 V.S.A. §219a(k), as the statute existed on December 31, 2016. At the end of this 10-year period, for an additional 10 years, such customers using grandfathered net-metering systems shall be credited for excess generation at the electric company's blended residential rate. **Twenty years from the date of the net-metering system's commissioning, grandfathered systems shall revert to the rate pursuant to Section 5.126(A).**

GROUP NET METERING AND LMI

As Vote Solar has previously stated (Vote Solar comments on January 13, 2016 at 6-8; and Vote Solar comments on May 12, 2016 at 2-3), group net metering is a highly equitable program that allows all customers to avail themselves of the benefits of solar regardless of their living situation (*e.g.* renters, and condominium owners), financial situation (*e.g.* the ability to pay for the upfront costs of solar), or location (*e.g.* shaded roof). Vote Solar continues to strongly encourage the Board to expand access to solar for all customers, including continued removal of barriers to



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group net metering.

In particular, the Board should consider special compensation (*i.e.* an additional positive adjustor) for projects that serve low- and moderate- income households (“LMI”). For group net metering facilities, the positive adjustor would apply only when a threshold percentage of the participants in the group net metering facility are LMI. A reasonable threshold should be in the range of 20 percent. Group net metering continues to be the best vehicle to serve LMI, especially considering that many LMI do not own their domiciles.

Low- and moderate-income households face specific economic barriers to installing distributed generation, especially in regard to access to financing. In order to facilitate access to distributed generation for this community, the Board should provide an additional incentive to overcome the economic barriers. Distributed generation can help this community reduce their economic exposure to energy costs, and thereby empower this community to otherwise prioritize their scant resources.

Although Vote Solar does not have the necessary data to calculate the incentive level necessary to empower low- and moderate-income households, we suggest the Board set a temporary incentive level in the short term in order to allow for a robust analysis in the future. This approach is consistent with the Board’s approach to setting the REC and Site Adjustors. As a starting position, Vote Solar proposes two cents per kilowatt-hour as an incentive.

Recommendation

Vote Solar recommends that the Board continue to remove barriers to the access of solar by all customers, including through group net metering. Furthermore, Vote Solar proposes that the Board include a low- and moderate-income household adjustor—including for group net metering—in order to promote distributed generation in these communities.

DURATION OF ADJUSTORS

Environmental Attributes

As Vote Solar previously stated in our prior comments

Unfortunately, the [Revised Net Metering Program] outlines a punitive structure for customers that retain the [renewable energy certificates (“RECs”)] that they create.... If customers don’t want to transfer their RECs to the utility (and thereby require the utility to



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obtain RECs elsewhere to meet their obligation), that should be their choice.... The end result is that the Board is proposing to limit customer choice. Customers should not be penalized for choosing to retain their RECs. If a customer wants to reduce their environmental impact by generating and using clean electricity that should be the customer's choice. (Vote Solar comments on May 12, 2016 at 4-5)

Vote Solar once again reiterates that the Board should not penalize customers for retaining their RECs. Vote Solar urges the Board to remain neutral on the subject of whether customers retain or sell their RECs. The REC adjustor duration should be the same for all distributed generation customers, regardless of whether they retain or sell their RECs. A positive adjustor that lasts ten years, and a negative adjustor that does not expire, results in an uncompensated taking from customers. Vote Solar notes that RECs are not an incentive; RECs are a commodity. As a commodity, customers should be free to choose the fate of their commodity without unjust bias.

Recommendation

Vote Solar continues to recommend that the Board treat all DG customers equally. If the Board elects to keep the positive/negative adjustor approach, the duration of *both* of the adjustors should be for the life of the project.

Applicability of Adjustors

Currently, the Revised Net Metering Program does not specify if the adjustors are fixed once a project comes online, or if the adjustors uniformly apply to all projects¹ if/when they are changed. If the adjustors are meant to uniformly apply to all projects if/when they are changed, then the end result is a highly destabilized market. While most customers understand that their electric rate will change over time, an adjustor that could change every two years will create significant uncertainty in the net metering market. The outcome of such a scenario is retroactively punishing (or rewarding) each net metering customer for changes in the distributed generation market; changes that have no impact on previously-installed projects.

Instead of creating uncertainty in the net metering market, Vote Solar recommends that the adjustors be fixed—for the life of the project—for each project. In this

¹ Pursuant to Section 5.124(D), the adjustors do not apply grandfathered systems. As such, for the purposes of this discussion, "all projects" refers to non-grandfathered systems.



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regard, the adjustors that are in effect at the time of the project's commissioning would remain unchanged for that project. Such an approach would provide certainty about the adjustors to the distributed generation market.

Recommendation

Vote Solar recommends that the adjustors in effect as of the date of the net metering system's commissioning remain fixed for the life of the net metering system.

CONCLUSION

Vote Solar appreciates the opportunity to comment on the Revised Net Metering Program. With the goal of improving the Revised Net Metering Program, Vote Solar hopes that the Board will consider the recommendations included in these comments. Specifically, Vote Solar recommends that the Board:

- Amend the definition of Section 5.124(C) Applicable Rates for Grandfathered Net-Metering Systems;
- Continue to remove barriers to the access of solar by all customers, including through group net metering;
- Include an LMI adjustor;
- Treat all DG customers equally; and
- Implement project lifetime durations for the adjustors.

Thank you for your time.

Sincerely,

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