To: Judith C. Whitney

From: Stephen Bushman, WEC member

Date: May 20, 2019

Subject: Public Comments for Case 19-1270-TF

Attached please find my comments for the above references case.

I would also like to point out that the WEC notice posted on their website (attached) as of 9:15 am on May 20, 2019 is not complete. There is no case number or public comment due date shown in the notice although there is references made to both. This should be corrected and the public comment period extended accordingly.

Thank you.

Case No. 19-1270-TF comments

Comments on WECs proposed new rate design pertaining to net metering systems (primarily Category 1)

The proposed new rate design does not take into account any effects on existing and future net metering systems, specially the smaller Category 1 systems installed by members. Since most net metering systems offset energy costs with accumulated monetized solar credits, "non-bypassable" charges are billed by the utility and paid by the customer monthly. As proposed, increasing the customer charge (non-bypassable) to $25.00 per month from $14.19 per month is an increase of 76.2% in monthly charges to members that have made the commitment and expense of net metering systems installed after January 1, 2017. This high a non-bypassable customer charge is a disincentive to new net metering systems, especially Category 1, in the WEC service area. It also penalizes those members that have made the individual commitment to renewable energy generation, consistent with both the intent of State statutes and the State Comprehensive Energy Plan.

Individual residential net metering systems with a capacity of 15 KW or less (Category 1) are recognized in State Law as being vital towards relieving supply constraints in the transmission and distribution systems and to reduce consumption of fossil fuels, and to ensure that all customers who want to participate in net metering will have the opportunity to do so. The State energy plan also recognizes that "Solar PV can also be extremely distributed, meaning it can produce power throughout the electric distribution system close to the houses and businesses where the electricity is used. This distributed nature of solar PV lowers line losses for the utility, as less power needs to be transported through its lines, adding another element of cost savings," and "Solar PV provides utilities with increased diversity and grid resiliency. A fleet of small solar PV generators limits the financial and technical risks of relying too heavily on any one power technology or facility."

Category 1 net metering systems, especially those installed after January 1, 2017, are also impacted by the proposed new rate design energy charges relative to accumulated monetized solar credits and payback period. Having such a dramatic change in both the energy rates and tier structure means that many net metering systems could have a lower energy cost (bypassable) on those months where solar production does not exceed total energy consumption. While by itself lower energy costs are a commendable goal, the combination of high customer charge (non-bypassable) and lower energy costs (bypassable) means many Category 1 installed net metering systems could lose accumulated credits since they expire in 12 months. Also, since only bypassable energy costs are used to determine the payback period for an individual net metering system, lower energy costs will increase the payback period. The new rate design penalizes those members who already made the commitment to distributed renewable energy under WECs current rate structure by increasing monthly non-bypassable charges by 76.2%, by creating an energy cost and tier structure that could lead more solar energy credits being expired and increases the payback period for systems installed after January 1, 2017.

It is interesting to note that "Customer charge" is not defined in PUC Rule 5.100 but a "customer charge" is considered a "non-bypassable" charge in the same rule. WECs Net Metering Tariff (Part C, section 5a) states "For net metering members who had a completed CPG application filed with the PUC after January 1, 2017, the credit shall be applied to all charges on a member's electricity bill other than non-bypassable charges as defined in PUC Rule 5.100 et seq. <u>or applicable PUC Orders</u>. (Underline added).

The non-bypassable customer charge should not be allowed to increase to such an amount that residential solar is no longer viable. Based on Exhibit WEC-4-PR-4 the current average non-bypassable customer charge for Vermont electric utilities is $10.95 while the median is $9.89. WECs proposed non-bypassable customer charge is more than twice the average. Since the installation of small net metering systems is still robust, it would seem that the current non-bypassable customer charges are reasonable

as they are. It is recommended that for Category 1 net metering system installed after January 1, 2017, any order issued by PUC approving an increase in customer charge include the condition that any portion of a customer charge above $14.19 (the rate in effect at the time of the WECs petition) is considered bypassable and shall be eligible for payment with existing monetized credits. This will insure that small net metering systems continue to be a vital component of Vermont's renewable energy portfolio, accumulated credits are used before they expire, and reasonable payback periods are maintained. The practice of bypassable fixed charges is not new to WEC. WEC already has a $2.85 per month net metering account management fee. This fixed cost is bypassable and paid for with monetized credits. Older net metering systems can also use accumulated credits to offset all customer charges.

General Comments on the new rate design

Notwithstanding the State and WECs goal of replacing fossil fuels with renewable electricity, it is quite shocking and frustrating to see a rate structure that rewards high electrical energy use while penalizing those that have strived to become electrical energy efficient. Many members have made this commitment to energy efficiency through significant cash outlays (with and without incentives) for efficient appliances, lighting, smart thermostats, smart power strips, and weatherization. All of these efficiency measures are encouraged by WEC, the State, and other utilities. The reward for this effort was lower electric bills which helped offset the cost of the efficiency improvements. That cost savings will be negated by WECs proposed new rate design. The penalty for energy efficiency, in the new rate design, are increases of 76.2% for 0 monthly kWh users (most Category 1 net meter members), 45.9% increase for members that use 50 kWh per month, 29.2% increase for members that use 100 kWh per month , 37.7% increase for members that use 150 kWh per month, 43.6% increase for members that use 200 kWh per month, 27.0% increase for members that use 250 kWh per month, 17.2% increase for members that use 300 kWh per month, 10.7% increase for members that use 350 kWh per month, 6.1% increase for members that use 400 kWh per month, and 2.6% increase for members that use 450 kWh per month. WEC claims 42% of its members will see a rate increase. That means almost 5000 of the 11,280 members will see <u>significant</u> rate increases (for example members that use 200 kWh per month will see an increase of about 24 times the current rate of inflation of 1.8%). Energy usage above 500 kWh per month will see a cost savings, which could create a disincentive for some WEC members to become more efficient.

The current WECs rate structure appears to be competitive with other Vermont utilities up to about the 300-350 kWh per month billing. The proposed new rate design means that WEC customers will have the highest electrical bills in the State for all levels of power consumption. WECs petition for a new rate design with a significant increase in customer charge is driven by their high fixed cost. Most utilities are able to hold the line at about $10 per month to cover the fixed costs associated with billing, metering, and customer assistance. The remaining revenue is generated from energy sales. The question needs to be asked why are the fixed costs so high for a relatively small electrical utility and why can't WEC cover remaining costs from energy sales in today's flat to declining energy market (which should have overall positive benefits for the consumer and environment).

[PROPOSED]

NOTICE TO MEMBERS OF WASHINGTON ELECTRIC COOPERATIVE OF PROPOSED RATE DESIGN CHANGE

On May 1, 2019, Washington Electric Cooperative, Inc. filed a proposed rate design change with the Vermont Public Utility Commission (PUC). The Cooperative requested that this new rate design become effective on June 17, 2019. However, the Cooperative will suspend implementation of the proposed rate design if the PUC opens an investigation, and will not implement the rate design change until approved by the PUC.

The proposed rate design is revenue neutral, meaning the Cooperative collects the same revenue under existing rates as it would collect using the proposed rate design change. However, some members will see lower bills and others will see increased bills. This proposed rate design lowers the energy portion of rates to encourage members to use WEC's 100% renewable electricity to displace fossil fuel energy use. The fixed monthly customer charge will increase while the variable energy rate will decrease. The proposed rate design's purpose is to meet various legislative and regulatory mandates including Act 56 Renewable Energy Standard, the Vermont Comprehensive Energy Plan, and to continue promoting efficient use of energy.

Any interested person may examine the proposed rate design filing via ePUC at: https://epuc.vermont.gov/?q=node/87 and searching case number __________. The filing is also available at the Vermont Public Utility Commission and the Washington Electric Cooperative office during normal business hours. Comments regarding the proposed rate design may be submitted to the Public Utility Commission by [DATE] via mail at 112 State Street, Montpelier, VT 05620-2701 or via email at puc.clerk@vermont.gov. Comments may also be filed through e-PUC under the same case number at https://epuc.vermont.gov/?q=node/32 or by visiting ePUC and searching case number __________ and selecting "Add Public Comment."

[placeholder for any public hearing]