December 6, 2019

Judith C. Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05620-2701

Re: Case No. 19-0855-RULE- Proposed revisions to Vermont Public Utility Commission Rule 5.100

Dear Ms. Whitney,

In response to the August 22, 2019 Public Utility Commission ("PUC") Order requesting additional information relating to its Rule 5.100 rulemaking in Case No. 19-0855-RULE, and subsequent orders extending the reply comment period through December 6, 2019, Burlington Electric Department ("BED") submits the following reply comments. Please note that due to some potential differences in recommendations for the pace and scope of net-metering program changes, BED and VPPSA have chosen to separately file these final reply comments.

As stated in our previous November 1, 2019 comment letter which we jointly filed with Vermont Public Power Supply Authority ("VPPSA"), the current net-metering compensation system is causing a cost shift between customers who net-meter and those who do not. The benefits of net-metered solar to the distribution utility ("DU") range from $0.08-$0.09 cents/kWh while the costs of the program for BED are $0.153 cents/kWh, resulting in an estimated rate impact of 0.2%. While the cost shift appears significant on a per kWh basis, it is moderated by the relatively low energy production of solar resources.

BED reiterates at this time that compensating net-metering customers at a rate that is better aligned with the value this net-metering provides to the utility is the best way to eliminate this cost shift. However, BED does not believe that the mechanism for aligning these values needs to change at this time, nor does the alignment of the cost and value streams need to be drastic or immediate in order to move in the right direction. Gradual changes in the compensation rates may be the best option.

We note that the Department of Public Service ("the Department") offers a straw proposal in its November 1, 2019 comments for eliminating this cost shift between net-metered and non-net-metered customers, including a new credit system for generation based on a monthly instead of an annual period, and customer compensation in the form of deduction of the retail price of any generation consumed on site and compensation for excess generation on a monthly basis through a bill credit at the system value of that exported energy. As reiterated above, BED agrees with the Department that the current net-metering compensation structure creates cost shifts and that the best way to address this is to better align net-metering compensation with the value it provides to the utility. However, BED is uncertain of whether the Department's proposal to create another new net-metering compensation structure is the best and most cost-efficient way to eliminate these cost shifts.

The Department's straw proposal raises a number of unanswered questions for BED, including the following:

- Would the Department's proposed monthly credit system incentivize oversizing new net-metering systems in an attempt to zero out bills during less productive solar months?
- What would the costs of implementing such a new net-metering compensation system be for DU's in comparison with DU's current net-metering cost shifts?
- What would the costs be for DUs and customers that would need to install any metering infrastructure necessary to differentiate between the generation used on site and excess generation in order to calculate bill credits at a different rate (particularly if this is done on a time-of-use basis)?
- Under the Department's proposal, how would DU's accommodate billing mechanisms for "pre-existing net-metering systems" as defined in PUC Rule 5.103, which will need to stay in place for 10 years from the date of each system's commissioning?

As BED is in the process of updating several key technology systems, changes to the current net-metering structure (which is already uniquely complex) could be very difficult to implement in the near-term and could create additional costs for BED and the DUs to implement. In the absence of additional data, it is unclear whether these costs will be sufficiently offset by elimination of the net-metering cost shifts under the current compensation system. In the absence of answers to these questions, BED would prefer further incremental adjustment by the Commission of current net-metering program adjustors as the mechanism for aligning the net-metering compensation system with the value that generation provides to the DUs.

The PUC's August 22, 2019 order indicates that a series of workshops may be held subsequent to this information gathering stage of the rulemaking. BED requests that the scope of such workshops remain focused on the best methods and timing for aligning the level of net-metering compensation with the value it provides, within the existing framework of the net-metering program, rather than facilitating an open-ended series of discussions of potential new net-metering program structures. Additionally BED would request that the number of workshops be limited to the greatest extent possible.

We appreciate the opportunity to submit these comments. Should you have any questions or concerns, please feel free to contact us at any time.

Sincerely,

Amber Widmayer
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Burlington Electric Department
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