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December 6, 2019

Ms. Judith Whitney, Clerk
Vermont Public Utility Commission
112 State Street
Montpelier, VT 05702

RE: 19-0855-RULE, Energy Clinic Reply Comments Regarding PUC's August 22, 2019 Request for Additional Information

Dear Commissioners:

The Energy Clinic at Vermont Law School (Energy Clinic) provides these written reply comments responding to stakeholder comments filed in Case No. 19-0855-RULE relating to the PUC's review of its net metering rules, PUC Rule 5.100.

1. Preferred Sites

Joint Letter of Support

The Energy Clinic reiterates its support for retaining the joint letter of support as a category of "preferred sites" under PUC Rule 5.103. Comments filed by a majority of stakeholders in this proceeding – including many regional planning commissions and municipalities, Renewable Energy Vermont (REV), the renewable energy development community, and the Department of Public Service – overwhelmingly support the joint letter of support as an important tool for facilitating well-sited and locally supported renewable energy projects.

The concerns put forward by stakeholders such as VEC (grid constraints) and the Agency of Natural Resources (environmental concerns) are already properly addressed during the certificate of public good process and do not warrant eliminating the joint letter of support preferred site designation. The preferred site designation does not act as a substitute for PUC, agency, and other party scrutiny under each of the applicable criteria under the certificate of public good process. Rather, it merely makes well sited, locally supported projects financially feasible. To the extent that stakeholders seek more guidelines and structure to develop a cohesive process for issuing a joint letter of support, we encourage the PUC or the Department of Public Service to make resources or training opportunities available to those municipalities and regional planning commissions seeking such guidance. However, mandatory standards, criteria, or procedures should not be imposed. Each local and regional body has their own particular concerns and priorities and the PUC should defer to their unique localized expertise in this regard. We, together with many other stakeholders who have commented in this process, urge the PUC to retain the joint letter of support and afford deference to the three local entities currently entrusted to make such determinations.

Low Income Solar

The Energy Clinic supports extending the scope the preferred siting definition to encompass residential community solar projects, as suggested by REV, and systems pairing solar with storage, as suggested by Green Mountain Power. This would achieve important social equity and grid stabilization benefits. We are especially supportive of expanding the opportunity to participate in net metering to low-to moderate-income households. Residential community solar is an important mechanisms for ensuring all Vermonters, not just the few who own their own homes with suitable rooftops or south facing properties, have an opportunity to participate in net metering. Studies estimate that up to fifty percent of U.S. households cannot take advantage of conventional net metering programs, and that low-income households are especially disadvantaged.[1] Low income households often lack sufficient savings or have low credit scores that may impede their ability to finance a system outright, they are often renters or living in multi-family housing, and many do not have the tax appetite to take advantage of federal tax incentives for solar.[2] Community solar is an important tool for addressing these barriers to entry for low-income households and can help address cost-shifting concerns. Energy efficiency programs provide an important model in this regard. Energy efficiency, like net metering, reduce total electricity sales and can impact on retail electricity prices and cause cost shifting between customers. And yet energy efficiency programs have been less susceptible to cost shifting concerns, most likely because opportunities for participation are broad and often supported by programs specifically targeted at low-income customers.[3] We urge the PUC to implement a net metering program that provides opportunities for all Vermonters, especially low-income customers who may not have had an opportunity to participate and take advantage of favorable net metering rates as early adopters.

2. Compensation Structure

Net metering brings significant value to the state of Vermont, including environmental, energy security, social, and economic. The economic benefits the solar installation industry brings to a state like Vermont cannot be overstated at a time when Vermont is trying so desperately to revitalize its workforce.

We concur with both REV and the Department of Public Service that any significant changes to the net metering compensation structure warrant further stakeholder process, including multiple workshops. We also support REV's request that the workshop process be followed by a contested proceeding to help ensure proper scrutiny of the data and evidence presented. We note

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[1] Paulos B., *Bringing the Benefits of Solar Energy to Low-Income Consumers, A Guide for States & Municipalities*, Clean Energy States Alliance, May 2017, at 10.

[2] *Id*., at 5 and 11.

[3] Barbose G., Miller J., Sigrin B., Reiter E., Cory K., McLaren J., Seel J., Mills A., Darghouth N., and Satchwell A., 2016 *On the Path to SunShot: Utility Regulatory and Business Model Reforms for Addressing the Financial Impacts of Distributed Solar on Utilities.* Golden, CO: National Renewable Energy Laboratory. NREL/TP-6A20-65670, at 64.

that utilities do not generally own or rate base distributed solar and there is a natural bias in the utility model against resources that they do not own. The PUC should apply independent expert scrutiny to data provided by the utilities and should take care to adopt best practices in methodology and inputs. In doing so, we strongly urge the PUC to recognize the climate crisis impacting all utility customers and include not only avoided costs directly incident on the utilities but also broader society benefits such as economic benefits and avoided environmental externalities.

Finally, the Energy Clinic believes that the straw proposal put forward by the Department of Public Service is not an appropriate starting point for the stakeholder workshops or a contested proceeding. The monthly netting proposal will result in under-sized systems. The proposal for monthly netting with excess generation credited at an avoided cost rate fixed for ten years is also out of step with commercial realities. The Energy Clinic's experience with facilitating community solar projects suggests that the payback period for a system installed under this rate structure will far exceed ten years, especially taking into account the sun-setting of federal tax credits. The regulatory uncertainty after ten years in circumstances where project costs cannot be recouped makes it highly unlikely that customers will invest in such systems. Further, the proposed changes to the net metering compensation structure would unfairly impact low-to moderate-income customers. The Department of Public Service's proposal to compensate all virtual net metering (community solar projects) at an avoided cost rate is especially troubling. This proposal would entrench existing inequities in the opportunity to participate in net metering by making it financially infeasible for low-to moderate-income customers to participate, exacerbating rather than resolving perceived cost shifting concerns. Overall, the Department's straw proposal would completely undermine the survival of net metering in Vermont with corresponding harm to Vermont's economy, energy security, social equity, and greenhouse gas reduction goals.

Thank you for your consideration. Please feel free to contact us if you have any questions regarding these comments.

Sincerely,

Kevin B. Jones, PhD
Director and Professor of Energy Law and Policy