October 16th, 2021

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, 4th Floor
Montpelier, VT 05602

Re: 19-0855 -Rule

Dear Clerk Anderson,

Please accept this filing as Renewable Energy Vermont's ("REV") comments on the third workshop for case 19-0855-Rule held on September 16th. The workshop covered administrative changes to Rule 5.100 and tree cutting for solar projects.

OVERVIEW:

As with each of these proceedings regarding proposed rule changes, REV believes it is important to ground these proceedings with context and goals. On the context front, the world faces a code red climate crisis. The crisis as well as Vermont statutes require significant and quick forward-thinking action. Anything less and we will fail to prevent the worst impacts from climate change.

GOALS OF THIS PROCEEDING:

With respect to goals regarding proposed changes to RULE 5.100, REV believes most Vermonters want and deserve:

- The right to participate in net metering programs as clearly stated in 30 VSA § 8010
- An understandable and straightforward compensation program that does not discourage participation
- Rules that reflect the legislative intent of statute
- Acting with urgency or at a minimum not further slowing the opportunity to offset carbon emissions caused by Vermont's electric use
- Evaluate the impact proposed changes will have on key broader strategies of electrification of the heating transportation sectors
- Regulations backed up with science that has been peer reviewed and discussed in an open process

BROADER CONTEXT OF THIS PROCEEDING:

These proceedings should be informed by the broader context of climate change and the threats it poses.

- We have less than 20 years to mitigate the worst effects of climate change
- Vermonters are already bearing the cost of climate change in local property taxes, utility bill storm fees, drought related costs, personal property damage, and wholesale changes to what we consider as “Vermont”
- We need an “ALL OF THE ABOVE” type response to address Vermont’s obligation to mitigate climate threats
- The Global Warming Solutions Act raises the bar for considering GHG reductions and makes them mandatory
- Use of RECs can mask Vermont’s true GHG electric emissions
- Synapse Energy Economics’ 2020 report “Solar Savings in New England” **clarifies new solar generation in New England displaces Natural Gas GHG emissions**
- Standard Offer is fully subscribed — we only have NM left, and it has been declining while most of the country is increasing their local renewable energy content

As with previous filings by REV regarding changes to RULE 5.100, comments in this proceeding are mindful of the Vermont legislature’s adoption, by a convincing veto override, of the 2020 Global Warming Solutions Act. For the last few years, changes to the net metering program have focused on reducing participation through rate reductions, expanding definitions of single plant, changes regarding the aesthetic criteria, imposing customer caps, and ever stricter siting. Any new proposal adding significant complexity to NM compensation threatens the existence of the net metering program and is out of step with statute and out of step with where most Vermonters want to be.

The GWSA adopts the Paris Agreement protocols (and the additionality requirement for climate mitigation) that call for actual reductions in electric sector emissions, and VT has not taken any action to address this requirement. Instead, the policymakers, regulators and utilities have embraced procurements of massive HQ carbon offsets and Class II RECs from existing NE resources to mask the true fossil fuel content of the electric sector power supply. This practice does not result in any GHG reductions and violates the Paris Agreement and GWSA. Electrification of transportation and thermal sectors with VTs current electric power supply will increase GHGs. We need to stop violating the Paris Agreement. The current net meter statutes explicitly direct the PUC to implement a net metering program that first and foremost assures that VT is meeting its GWSA GHG reduction mandates.

Ultimately and most fundamentally, VT needs to stop conflating RECs with emissions reductions.

Vermonters are frustrated with the diminishing support of NM and the lack of integrity currently used in the annual Vermont Greenhouse Gas Inventory. The failure to account for GHGs emitted outside of our borders during the production of electricity used within our state defies common sense. NM participants are often early adopters. Reducing incentives for NM and obfuscating the truth about Vermont's GHG emissions carries the very real risk of slowing the electrification of our heating and transportation sectors. While the intention of new models for compensation is to reduce the minor rate impact of net metering; the real outcome may be higher rates and energy costs for all Vermonters as electrification and new load growth is suppressed.

REV encourages the Commission to shift its focus in this workshop and beyond, to developing rules that encourage the adoption of local renewable generation and encourage a faster adoption of electrification for transportation and heating. This approach lowers rates while allowing Vermont to step up to meet its responsibility in addressing climate change.

Considerations When Updating RULE 5.100

Summary and Direct Responses to the Commission's Questions:

REV appreciates the opportunity to review and update aspects of RULE 5.100. In that context, we think it is beneficial to state upfront the principles we utilize in answering the Commission's questions:

- Avoiding narrowly looking at an issue that can misrepresent the broader benefits
- Keep It Simple: Simple has been shown to translate into participation
- Changes to NM compensation should be geared towards increasing the pace and total amount of deployment and reducing Vermont's carbon emissions
- Applying the experience of Vermont and other states that made changes to NM
    - California which has aggressively pursued and achieved a high penetration of renewables is continuing to focus on increasing penetration (see slides at end)
- Updated Rules should be forward looking to unlock new benefits for Vermont
    - California which has aggressively pursued and achieved a high penetration of renewables is continuing to focus on technologies which further increase the penetration of renewables (see slides at end)
- What do Vermonters want: NM is a proven success that provides a meaningful way for all Vermonters to directly reduce GHG emissions, save on their bills, and create broad economic benefits for VT

Specific Recommendations on Questions

Should the commission consider the value of the Distributed Generation tariff or other pricing mechanisms in general?

Keep it Simple and Financeable

- REV recommends that the existing structure of connecting NM to retail rates is best for Vermonters.
- REV recommends following the conclusion of other state's successful response to this question be reviewed, which is to keep small Distributed Generation (<1MW) tied to retail rates.
- REV recommends keeping NM compensation tied to retail rates as it scales appropriately over time and is understood by lending institutions. Disconnecting from retail rates and introducing complexity around future revenues will make borrowing money to install solar difficult if not impossible.

Steps the Commission can take to ensure equitable participation in NM and other programs.

Create a compensation structure to incentivizes Low Income Participation

- REV recommends a regulatory process be established to determine appropriate upward adjustments to compensation that would encourage more low- and moderate-income participation
- The complexity and uncertainty of TOU compensations will discourage participation

Should the Commission consider "minimum bills"?

Who would be most impacted by minimum bills?

- NM customers already have several charges and fees on their bills that cannot be offset through net metering credits. REV does not believe creating a minimum bill would lead to increased deployment and thinks it will most likely adversely impact the most vulnerable.

How can the Commission improve the current compensation structure?

Under current NM compensation, removing the Renewable Energy Credits (RECs) on the larger systems places NM compensation at around 50% of retail rates. Reductions in compensation must be coupled with reduction in "soft costs"

- REV recommends eliminating the customer cap. With compensation at a fraction of retail rates, concerns over cross subsidies between sectors is gone.
- REV recommends a cost–benefit review of regulatory processes / requirements and the value they deliver.
- REV recommends that co-location be allowed on preferred sites as it reduces the number of sites needed and minimizes concerns over tree clearing

Create a compensation structure that incentivizes community solar for residential and small commercial

- REV recommends a regulatory process be established to determine appropriate upward adjustments to compensation to encourage more community participation REV can share cost data that demonstrates why these projects are no longer viable.

Explicitly removing the REC value from compensation

- REV recommends the Commission separate out the REC value in the NM compensation, and appropriately value the RECs for the entire life of the project.
- REV recommends that customers be provided the assurance that their RECs are retired in-state.

Should the Commission change Rates to reflect avoided cost?

NO. Avoided cost alone is not the metric and completely misses the principles of Least Cost Planning" that Vermont has adopted. Least Cost Planning does not mean lowest utility bill impact planning.

- REV notes the statutory framework requires a full societal benefit analysis - avoided cost is but one consideration in a much more comprehensive analysis that should be taking place.
- Vermont statute now requires that any rules for NM compensation shall advance the GHG reductions mandated by the GWSA.

Are there other Strategies the Commission should be considering with respect to NM?

REV thinks the context of how NM compares with other measures should be consistent.

- REV recommends NM be viewed in the broader context of regulatory tools and benefits in a similar way to other measures:

  As an example: The "lost sales" impact on rates for a single year of efficient residential lighting installations (no resource acquisition costs included) in VT is equivalent to the impact on rates from 50MW of NM Solar. We all know efficiency benefits VT. The benefits of NM should be equally considered.

REV supports calibrating NM Compensation to increase deployment

- REV recommends that for small scale projects (<1MW) compensation be calibrated to accelerate deployment of desired projects (including adders for parking canopies, community solar, landfills, and energy storage). REV can share cost data that demonstrates why these projects are not viable

REV and most Vermonters feel the focus should be on decarbonization

- REV recommends that our collective primary focus should be on decarbonization, and NM is a critical tool to decarbonizing the heating and transportation sectors
- **REV notes that for every kWh of new NM generation that comes online – a corresponding kWh from NG/GHG generation facility is offset.**
- REV respectfully notes that the Commission's recent changes to NM compensation has severely impacted deployment rates, at a time when we need to be rapidly deploying tools to reduce GHG

In Respect to Comments raised in the Hearing and Filed Comments

There was considerable discussion on data behind the ability for an acre of solar to offset > 50 times the amount of carbon an acre of trees can sequester on an annual basis.

Filed as Appendix A are specific calculations for Vermont on how solar offsets > 50 times more carbon than a typical stand of Vermont trees can sequester.

Grabbing the Wheel

REV would like to conclude with a recent excerpt from a column Bill McKibben wrote for the New Yorker:

The eventual outcome is not in doubt: eventually, the planet will run on renewable energy. But how long that transition takes will determine what kind of shape we leave the planet in. At the moment, the bankers and politicians in the driver's seat are taking us for a very long, very dangerous, and very expensive ride. We didn't ask for Hell when we climbed in the cab, but that may well be where we end up, unless we figure out how to grab the wheel.

How can changes to RULE 5.100 support "grabbing the wheel"?

- **Immediate, meaningful, and comprehensive actions are needed to address our climate crisis** – NM is available now, with a workforce ready to implement — but we must keep it simple
- **Vermont Statutes require us to consider climate** when making decisions, and we should be incorporating climate into our decisions
- **Recognizing that the total societal benefits of NM exceed any rate impacts**, our discussion should be on how we can encourage more NM / DG
- **We should be focused on pairing decarbonization through electrification** with in-state renewables to maximize benefits to Vermonters

REV appreciates the Commission's focus on these issues.

Peter Sterling

Peter Sterling
Executive Director
Renewable Energy Vermont (REV)

California’s Commitment Slides