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Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
Clerk of the Commission
112 State Street
Montpelier, VT 05620-2701

RE: 19-0855 Rulemaking 5.100; WEC comments

Dear Ms. Anderson:

WEC herein provides its comments to the PUC request in 19-0855, the net metering rulemaking. WEC has seen its installed capacity of net metering generation increase to a current level of approximately 40% of its historic system peak demand.

WEC has provided the PUC with its earlier answers and comments (November 1, 2019) in this docket updated with more recent data.

WEC repeats those comments, excerpted here.

Is the current net-metering compensation system causing a cost shift between customers who net-meter and those who do not?

Yes, there is cost shifting between customers from those that net meter to those that do not. The costs are summarized into two areas; power supply related costs and administrative costs.

Please quantify the effect of current net-metering compensation on your retail rates. Please provide all calculations and information supporting your response.

WEC estimates its retail rates are 6.3% higher due to net metering or a loss of \$883,422 per year. (2020).

If current net-metering compensation is having a significant effect on retail rates, please describe how compensation should be changed so that the net-metering program does not have a significant effect on retail rates.

WEC supports net metering and believes the state should continue offering this successful program. However, the rates of compensation paid for net metering are far too generous as measured by the effect of cost shifting to non-net metered members (for WEC this equates to a cost shift of \$883,422). WEC notes the requirements of Act 99 as identified in 30 V.S.A. §§ 8010(c)(1)(A) through (G) address the need for net metering programs to meet certain criteria. The requirements of the law call for, among other things, that future net metering programs achieve the following elements:

- avoid cost shifting,
- account for all cost and benefits of net metering,

- ensure everyone has an opportunity to participate,
- balance the pace of installations over time,
- balance the impacts on rates, and
- account for technology cost changes.

When estimating the value of the benefits of net-metering, what time horizon should the Commission consider?

The Commission should be looking at the net value of solar today and also what it is worth into the future when valuing benefits. The value of the next increment of net metering changes relative to its impacts on the grid and energy market system. As WEC notes in response to Q3, the more solar that is installed, the less of an effect it has to reduce transmission and other peak related savings. This is due to the fact that peak periods for transmission and other peak driven markets are moving to later hours in the day (night and evening hours) when solar is producing very little if any energy.

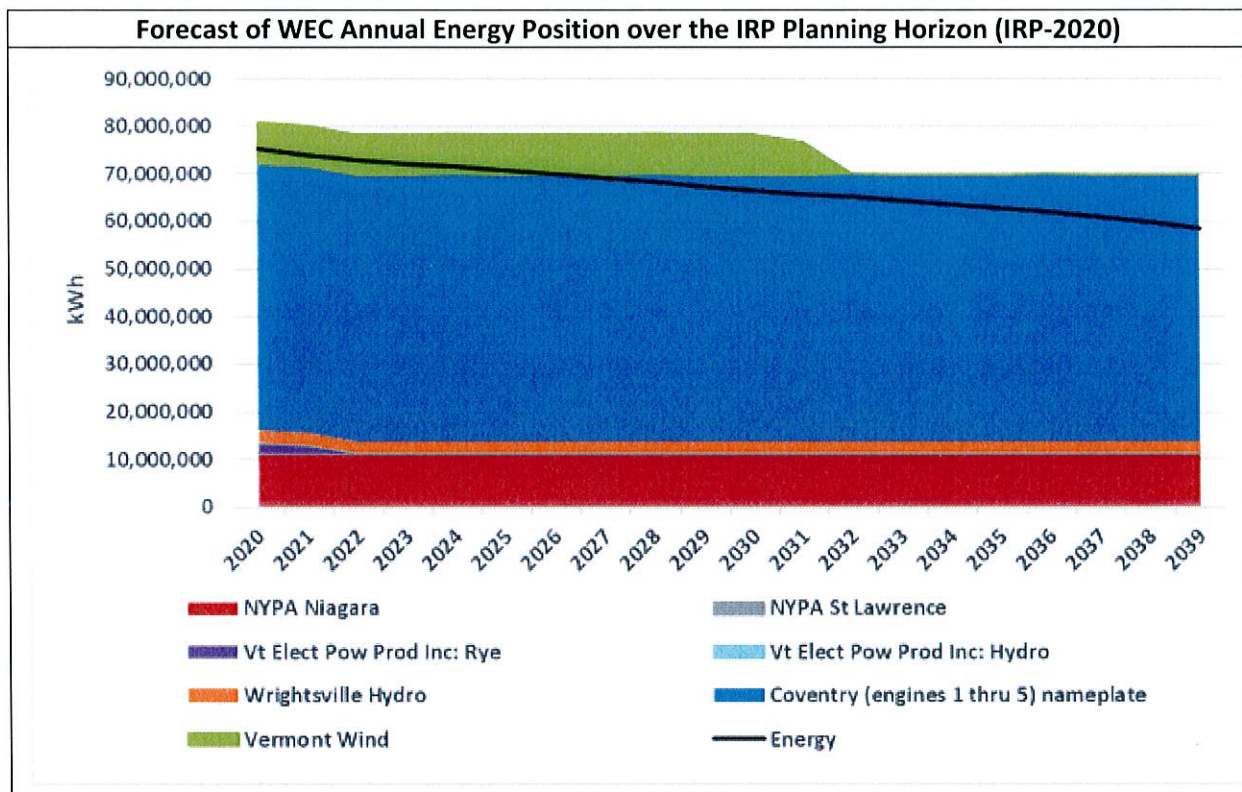
Therefore, the value of the next increment of solar is worth less than that which was installed previously. As transmission savings benefits decrease it will further reduce the power supply savings as more solar is installed. The PUC should consider lowering the rates paid for net metering due to the decline in benefits. If the PUC does not lower the rates utilities pay, the net cost of net metering to the utility will increase which causes more cost shifting to WEC's non-net metered membership.

If the current net-metering compensation system does not balance the costs and benefits of net-metering, please describe how the compensation system could be changed to better balance costs and benefits.

WEC supports paying its net metering customers at a rate that is aligned with what the power is worth in terms of avoided power supply expenses. Savings to WEC from avoided power supply expenses (as measured by energy, capacity, transmission, and ancillary market charges) equates to \$0.0710 per kWh in 2020. WEC supports paying the true savings to net metering members and this value has ranged from \$0.0702 to \$0.0957 per kWh over the past four years.

Should the Commission allow utilities that provide their customers 100% renewable energy to propose alternative net-metering tariffs? If so, what minimum requirements should the Commission adopt for such tariffs?

WEC's power supply mix is 100% renewable and WEC has more renewable power than it needs to meet its membership's energy load requirements over the course of a year. As noted in WEC's last IRP and summarized in the following graphic, WEC is excess renewable power for the foreseeable future.



Should the Commission adopt a limit on the amount of new net-metering resources? If so, how should the Commission determine the amount?

Yes. WEC asserts that a cap for net metering systems is appropriate and warranted due to the magnitude and number of installed systems. WEC currently has over 6 MW of installed net meter systems while WEC's peak is 16 MW of load. Therefore, WEC has 38% of its peak in installed net metering systems. WEC supports reinstituting a cap to the program.

Some larger new systems coming online are causing WEC to charge interconnection costs due to transmission ground fault over voltage (TGFOV) issues on the lines and equipment. Rather than creating savings relative to infrastructure costs, we are finding more net metering systems are triggering and causing expensive upgrades to the distribution system grid.

Please contact me if there are questions.

Sincerely,

William Powell

William Powell
Director, Products & Services
Filed via ePUC