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October 15, 2021

Holly R. Anderson, Clerk
Public Utilities Commission
112 State Street, 4th Floor
Montpelier, Vermont 05620-2701

Subject: Proposed changes to PUC rule 5.100, pertaining to construction and operation of net-metering systems

Case number 19-0855-RULE

Comments on rates

Dear Ms. Anderson:

Thank you for the opportunity to comment on the proposed changes to rule 5.100. I am the owner of a small, individual, roof-mounted net metering system (3 kW) with battery back-up.

The Public Utilities Commission has requested that these comments focus on the workshop of September 16, which was on compensation to net metering systems. A few of these comments might stray into the cost side of the equation. As was raised by comments and questions at that session, it is useful to know the costs as one factor in setting the compensation.

There are no positive adjustors

Rule 5.126 (A) (2)(a)(iii) preserves what has become a fiction of the adjustors. There are now no positive adjustors. It seems that perhaps the utilities are no longer willing to provide positive adjustors and have convinced the Public Utilities Commission to eliminate all positive adjustors. I base this comment on a comparison of the cited subdivision with Green Mountain Power's adjustors effective February 2, 2021. Positive adjustors only last 10 years. Negative adjustors go on for the life of the system.

I would think that negative adjustors act to discourage net metering. Positive adjustors would encourage net metering. The discouragement will be stronger for owners of smaller systems who do not have the economies of scale of larger systems.

I suggest that adjustors be revised to provide more encouragement to the original types of net-metering systems: small and behind-the-meter.

REC adjustor

Utilities are required to have a certain amount of renewable energy. The amount is a fraction of retail sales and is set by the renewable energy standards (§8005). The amount of renewable energy is determined by Renewable Energy Certificates.

Statute requires a negative REC adjustor for those systems that retain the REC's. Statute does not specify the amount of the adjustor.

A net metering system that retains its REC's does not require a utility to obtain REC's on the generation that it uses behind the meter. That generation reduces retail sales and actually reduces the number of REC's a utility must have, compared to if the generation were not there.

I acknowledge that perhaps the utility needs REC's for the electricity that a net-metering system sends to the utility in the higher-sun months. Those months are April through September at my system. During those months, my system sends about 28% of my annual use (which is also 28% of my annual production) to the utility. The utility does need REC's for that electricity as retail sales to other customers. I believe the total renewable requirement is now 59%. That means that the utility needs REC's to cover 59% of 28% of a system's production. That amounts to about 1/6 of the production.

The present penalty for retaining REC's is 4¢ / kWh. I believe that number is based on the market value of REC's. So the true "cost" to the utility of the electricity from behind-the-meter systems is about 1/6 of 4¢ / kWh. That amount is about 0.67¢ / kWh. I suggest that is an appropriate value to charge those who retain their REC's. To the extent that utilities do not need high-priced solar REC's to meet the renewable energy standard, the negative REC adjustor would be even closer to zero.

I suggest that the REC adjustor should be no more than 1/6 of its current value.

Discouraging differential between exporting months and importing months

Perhaps it is time to consider reverting to true net metering as was the case with the original net metering program. The current net metering program is using a penalized net metering program. I use penalized, because net metering monetary credits may only be used to offset electricity costs. The net metering monetary credits may no longer be used for what are now called non-bypassable charges. Creating non-bypassable charges, goes a long ways to reverting to netting the energy.

The only portion of the bill which can use those credits is the electricity component. And those charges are stacked against the customer with a small, individual system. I believe it is now impossible for a new, small net-metering customer to pay a minimum bill consisting of only the non-bypassable charges. I believe there will always be some amount of bypassable electricity charge that the customer cannot eliminate: negative adjustor or in-and-out differential).

Until 2012, net metering was done on the basis of netting energy, so all customers paid a base charge, I believe. Converting the energy credits to money credits, allowed customers to have systems large enough so they did not have to pay any electric bill. This accelerated the installation of renewable electricity by encouraging systems to be larger than needed for a balanced system.

GMP's net metering 2.0 rate is clear that a new net-metering customer receives a credit of only \$0.16413 in those months when the customer sends more electricity to GMP than GMP supplies. If I read the conditions correctly, the customer pays the full rate of \$0.17650 / kWh for those months in which GMP supplies more electricity than the customer sends to GMP. (I come to that conclusion because net metering applies terms and conditions of the underlying rate, in my case Rate 1, unless modified. (And GMP's net-metering 2.0 rate does not modify that portion.)

I suggest that the differential of price between exporting months and importing months be eliminated. I suggest imports and exports be returned to the same value as the electricity rate in the underlying rate.

Keeping net metering "net"

Compensation needs to be simple, particularly for small, behind the meter systems. That means a simple net of the in and the out.

Time of day rates, demand charges, and differential in-and-out rates have been brought up during the workshops. According to the statute (§8002) net metering is merely the difference between what goes in and what goes out, measured with the meter applicable for the rate. For the many owners on a simple rate, one price at all times, the more complex rate structures are inappropriate.

I suggest that the simple structure be retained for all small systems.

Rule 5.109

This comment does not fit into the category of compensation. When I re-read the proposed rule to prepare these comments, I found the phrase in (A) confusing: "(A) Amendments to Approved Systems that Meet the Eligibility Criteria for a Section 5.105 CPG."

- If the eligibility relates to the amendment, then it might be clearer if it is "(A) Amendments that Meet the Eligibility Criteria for a Section 5.105 CPG. Any amendment that meets the eligibility criteria . . ."
- If the eligibility relates to the approved system, then it might be clearer if it is "(A) Approved Systems that Meet the Eligibility Criteria for a Section 5.105 CPG. Any amendment must be accomplished . . ."

Conclusion

Please simplify the compensation structure for net metering simple. Compensation over the years has become more complex. The complexity and the terms now provide less incentive for small systems than previously. Small systems lack economies of scale to participate. I have made suggestions relating to compensation in each section above. I ask that you consider all of them carefully and implement them.

Thank you for taking the time to read these comments.

Sincerely,
Thomas Weiss