STATE OF VERMONT
PUBLIC UTILITY COMMISSION

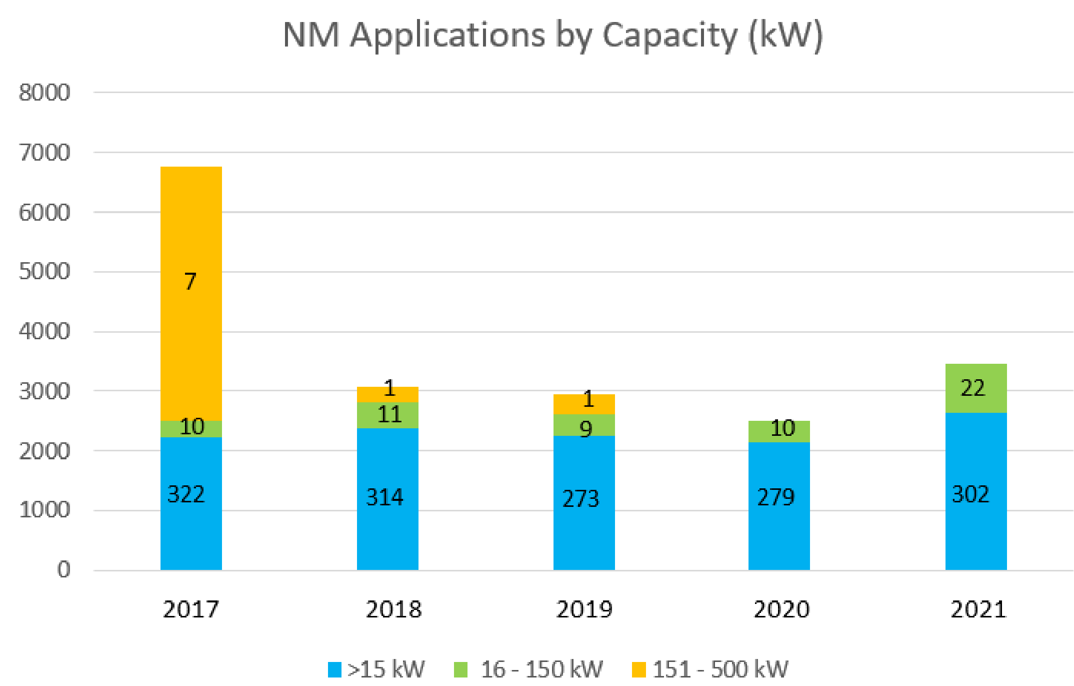
Case No. 19-0855-Rule
Proposed revisions to Vermont Public Utility Commission Rule 5.100
October 29, 2021

<u>VEC'S REPLY COMMENTS REGARDING NET METERING COMPENSATION</u>

This document has been filed via ePUC

Vermont Electric Cooperative (VEC) submits the following response to the comments submitted by various parties on October 15, 2021 in the ongoing case regarding net metering compensation. This response supplements VEC's October 15, 2021 comments.

Five years into the current compensation structure, net metering growth remains steady in VEC's service territory. The total capacity of net metering systems has more than doubled from 10 MW pre-2017 to a current total of over 23 MW. Rather than declining, the number of 2021 net metering applications is on track to exceed any previous year, including those under the pre-2017 rates. The chart below shows the total capacity of net metering systems applied for, with the number of applications written on each section of the bar.



Some parties have proposed creating an entirely new compensation model. VEC would argue that the current rate structure with REC and siting adjustors works. It is flexible and has been an effective way to gradually adjust compensation while keeping one framework in place. VEC urges the Commission to continue with the current structure rather than designing an entirely new model. However, if a new model is adopted, simplicity should be a high priority. The more complex the program is, the more difficult it is to implement and the more difficult it is for potential participants to understand. This could create barriers to participation as well as consumer protection concerns if customers are signing up for a program without understanding all the details.

VEC argues that projects over 150 kW that are not co-located with load should either be excluded from net metering or receive a rate comparable what they would under the Standard Offer Program or through a negotiated power purchase agreement. The current rate, including the Category III siting adjustor and with RECs transferred, is still two to three cents higher than it would be if the exact same project were developed under a different program. Ratepayers should not be forced to pay more for a resource that has identical attributes to other resources that are being developed more cost-effectively and in locations better-suited to the grid.

The state of Vermont has reduced electric sector emissions through a comprehensive renewable energy strategy with the Renewable Energy Standard at its center. Within this successful framework, least-cost principles must guide state policy and utility decision-making in order for the state to add to our renewable energy portfolio and reduce emissions from other sectors through electrification.

VEC appreciates the opportunity to comment on this important matter.