

**STATE OF VERMONT  
PUBLIC UTILITY COMMISSION**

Case No. 22-0334-INV

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In re: biennial update of the net metering program

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**COMMENTS OF ALLEARTH RENEWABLES, INC.**

AllEarth Renewables, Inc. (“AER”) offers these comments in response to the April 7, 2022 *Comments and Recommendations of the Department of Public Service Re: Biennial Update of the Net-Metering Program* (“the DPS filing”) in this matter.

**I. BLENDED RATE CALCULATIONS**

While the Department has carried out its obligations under the Rule in offering a calculation of the statewide blended rate in this proceeding,<sup>1</sup> AER respectfully suggests and requests that the Commission exercise appropriate procedural authority to (1) ensure a clear and timely calculation of net metering rates for those utilities to which the statewide blended rate will not apply; (2) require notice to all parties to this case of the filing of individual utility compliance tariffs; and (3) ensure reasonable consistency in form between those compliance tariffs.

These are important considerations for many reasons in ensuring that the net metering program works well for the broadest array of stakeholders. Currently, and under the calculations offered in the DPS filing for the upcoming biennial period, the vast majority of the state’s utilities will not utilize the statewide blended rate, and net metering customers in those utilities need to know what their rates are and how to find them. The determination of exactly what those rates are is a complex one in which data availability does not strictly align with the requirements of Rule 5.127(A)(2), as the DPS filing well describes.<sup>2</sup> The substantive consideration of those specific rates comes in individual utility tariff filings, each of which is assigned an individual ePUC case number and has not historically been “cross-noticed” with Biennial Update proceedings, leaving even experienced stakeholders with challenging trails to follow. When they

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<sup>1</sup> See Rule 5.128(A)(3) (biennial update of statewide blended rate) and 5.128(E) (DPS to make recommendations).

<sup>2</sup> DPS filing at 43.

can be followed, it is perhaps not surprising that they lead to tariffs quite different from one another in length and scope, or a tariff that has proved to be wrong<sup>3</sup> or not filed at all.<sup>4</sup>

While AER recognizes that these issues are ones that can and should also be considered in the Rule 5.100 amendment case, the outcome of this 2022 Biennial Update will impact all stakeholders with respect to both new and preexisting net metering systems, and consideration of appropriate procedural mechanisms here could facilitate both implementation of this update and procedural improvements in the next iteration of the Rule.

## II. ADJUSTORS

The DPS filing recommends another net overall reduction in Rule 5.100 Adjustors, one that would leave negative values permanently assigned to *preferred* sites and renewable energy *credits*. While the relationship of the Rule's mechanisms to the plain meaning of words can be addressed in the pending amendment proceedings, what matters in this one is that the DPS recommendations are sharply at odds with a recent past, unsettled present and immediate future in which:

- the impacts of climate change continue to become more severe, and current efforts to combat it are not succeeding.<sup>5</sup> The Intergovernmental Panel on Climate Change (“IPCC”) concluded in its recent report that it is “almost inevitable” that temperatures will rise above 1.5 degrees Celsius over present levels, the point at which the consequences of climate change will become irreversible if we continue on our current path.<sup>6</sup>

- the Vermont Legislature has adopted the Global Warming Solutions Act with its attendant mandates.<sup>7</sup>

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<sup>3</sup> See *Washington Electric Cooperative, Inc.'s request for declaratory ruling regarding methodology for group net-metering system billing for systems directly interconnected*, Case No. 21-1816-PET Order Denying Declaratory Ruling Petition entered on February 23, 2022.

<sup>4</sup> See Case No. 22-0447-TF (municipal utility tariff implementing November 12, 2020 Biennial Update Order not filed until February 11, 2022.)

<sup>5</sup> [https://report.ipcc.ch/ar6wg3/pdf/IPCC\\_AR6\\_WGIII\\_FinalDraft\\_FullReport.pdf](https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf)

<sup>6</sup> *IPCC report: 'now or never' if world is to stave off climate disaster*  
<https://www.theguardian.com/environment/2022/apr/04/ipcc-report-now-or-never-if-world-stave-off-climate-disaster>

<sup>7</sup> Act 153, 2020 Session.

- inflation has taken significant root, and will increase the cost of Vermont-scale renewable energy projects during a two-year period in which the net metering rates and Adjustors established in this proceeding will remain fixed under the “snapshot” methodology of Rule 5.100.<sup>8</sup>

- severe supply shortages in the face of a global pandemic and a war have added to both the time and costs required to construct net metering projects. The cost for solar projects has increased by 18% over the past year, which research firm Wood Mackenzie asserts will lead to a decrease in year-to-year installed solar capacity in 2022 as developers face higher all-around costs.<sup>9</sup>

- the blend of inflation and supply shortages is likely to further raise utility rates during the upcoming biennial period, thereby further increasing the differential between the net metering rate and utility residential rates. The state’s largest utility is already seeking a rate increase to take effect later this year,<sup>10</sup> other utilities already have rate cases pending as noted by the DPS,<sup>11</sup> and others are facing power supply and other cost pressures.<sup>12</sup>

- the electrification efforts needed to combat climate change and meet Vermont’s statutory requirements under the GWSA are underway, with strong pushes being made around electric vehicles, use of heat pumps and other measures, all of which can be expected to significantly increase demand.<sup>13</sup> In addition to converting existing fossil-fuel

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<sup>8</sup> See, e.g., <https://www.bloomberg.com/news/articles/2022-02-28/goldman-raises-u-s-inflation-forecasts-sees-more-hikes-in-2023> and <https://www.piie.com/research/piie-charts/forecasters-underestimated-us-inflation-2021-and-are-now-revising-2022>

<sup>9</sup> <https://www.reuters.com/business/energy/us-solar-installations-contract-this-year-inflation-industry-forecast-2022-03-10/>

<sup>10</sup> See Case No. 22-0175-TF (Green Mountain Power requesting 2.34% base rate increase effective October 1, 2022.)

<sup>11</sup> DPS filing at 43, fn.55 (Hyde Park, VEC and WEC have pending rate cases).

<sup>12</sup> See, e.g., <http://vppsa.com/wp-content/uploads/2022/04/04.06.2022-BOD-Regular-BOD-Meeting-Agenda-wBackup-Materials.pdf> at 47-53 (rising power costs for VPPSA member municipal systems)

<sup>13</sup> See <https://www.driveelectricvt.com/incentives> (current electric vehicle incentives); <https://greenmountainpower.com/rebates-programs/home-and-yard/heat-pump/heat-pump-rebate-terms-conditions/> and <https://www.burlingtonelectric.com/heatpumps/#:~:text=Rebate%3A%20BED%20has%20increased%20the,projects%20through%20December%2031%2C%202021> (heat pump incentives).

uses to electric ones, economic growth in new sectors will likely contribute to the need for additional renewable power supply.<sup>14</sup>

- Vermont's Standard Offer program is winding down, with no apparent likelihood of renewal or replacement in this legislative session or the foreseeable future.<sup>15</sup>

- the state's largest electric utility customer, with the support of the DPS and its host utility, has just reaffirmed its efforts to obtain Commission approval to procure its own power.<sup>16</sup>

- the development of the non-solar component of renewable energy supply in Vermont continues to be low to non-existent, with no wind facilities of significant size having been permitted under the Standard Offer program or otherwise having come on line within approximately the last ten years.

- Vermont jobs in the renewable energy sector – a key source of good jobs and Vermont economic growth- have been heavily lost, as acknowledged in the 2021 *Vermont Clean Energy Industry Report* produced for the DPS and the Vermont Clean Energy Development Fund.<sup>17</sup>

- federal solar tax credits are winding down, and ending completely within the time period that this Biennial Update will be in effect, absent legislative action.<sup>18</sup>

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<sup>14</sup> Cannabis legalization is among the examples of this. <https://www.politico.com/news/2021/08/10/weed-cannabis-legalization-energy-503004>

<sup>15</sup> See 30 V.S.A. §8005a and *Investigation to review the 2022 implementation of the standard-offer program*, Case No. 21-4085, Order of February 15, 2022.

<sup>16</sup> *Petition of GLOBAL FOUNDRIES U.S. 2 LLC for a Certificate of Public Good Pursuant to 30 V.S.A. §231 and §249 for the Formation of GF Power LLC, a Vermont Limited Liability Company, to Procure Electricity for Sale to GLOBAL FOUNDRIES U.S. 2 LLC as its Sole Customer*, Case No. 21-1107-PET. (Amended Petition filed April 22, 2022). While the final outcome of this case is unknown, there is little reason to believe that it will increase the pace of renewable energy development within Vermont given the Petitioner's express objective of lowering power supply costs or itself. See Amended Petition at pars. 6-13.

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[https://publicservice.vermont.gov/sites/dps/files/documents/Renewable\\_Energy/CEDF/Reports/2021\\_VCEIR\\_FIN\\_AL.pdf](https://publicservice.vermont.gov/sites/dps/files/documents/Renewable_Energy/CEDF/Reports/2021_VCEIR_FIN_AL.pdf) This Report estimates that the sector lost about 1400 jobs in the preceding year. To put this in perspective, even half again that number going forward would equate in number of lost jobs to Global Foundries laying off its entire Vermont workforce. See Case No. 21-1107-PET, April 22, 2022 Prefiled Testimony of Jeffrey Cram at p. 15 (Global Foundries' Vermont employee count 2160 as of December 31, 2021).

<sup>18</sup> <https://www.energy.gov/eere/solar/homeowners-guide-federal-tax-credit-solar-photovoltaics>

- significant tariffs have been levied on solar panels and other components of renewable energy systems, with no end to those tariffs in sight and a current paucity of domestic manufacturing and supply.

While the DPS filing acknowledges the existence of a number of these factors, it does not give them reasonable weight in view of the context of all that is occurring both within both Vermont and the broader world. The DPS recommendations rest fundamentally on a conclusion that “the deployment of net-metering systems in 2020 and 2021 continued to exceed the requirements of the Renewable Energy Standard (“RES”), at a cost greater than other Tier II alternatives.”<sup>19</sup> What is missing in this approach is that the modest ambitions set out in the nearly seven year old RES preceded, among other things: (1) much of the recent study and evidence of climate change; (2) adoption of the Global Warming Solutions Act in Vermont; (3) the COVID-19 pandemic with its attendant and ongoing supply chain disruptions and fundamental changes in the nature of work and workplaces; (4) the scope of and economic impacts of tariffs on renewable energy systems, and (5) current and forecasted levels of inflation that were not present at the time the RES was considered and adopted.<sup>20</sup> Understood in this context, net metering is but a subset of renewable energy requirements that will continue to grow as we collectively undertake the electrification efforts that are essential not only to statutory compliance but to our well-being as a society.

### III. AER RECOMMENDATION

AER submits that it is appropriate in view of the above to restore the Adjustors to their 2019 levels of a positive \$0.02 REC Adjustor and positive \$0.01 Preferred Site Adjustor. Substantial evidence indicates that the period for which this Biennial Update is in effect will be a challenging one in terms of inflation as well as labor and materials procurement, at the very time that the demands arising from electrification efforts will increasingly take root. The same supply chain and labor concerns that impact net metering projects going forward will also almost

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<sup>19</sup> DPS filing at 9. The increase in the statewide blended residential rate is offered as the second primary basis for the DPS recommendations.

<sup>20</sup> The DPS assertion that installation costs continue to decrease (DPS filing at 27) does not foretell events for 2022-2024 period in which the current Biennial Update will be in place. Generic graphs showing trends from 2000-2020, seen in Exhibit 13 at p. 35 of the DPS filing, do not take into account the many recent key events that impact project costs in the near forward term.

certainly impact projects of other sizes and types as well, raising the costs of alternative clean energy solutions whether within or apart from RES Tier II requirements that were modest from the outset and are likely outdated now. Lastly, AER believes that the Commission should deny the DPS request to file additional comments. Sections 5.128(E) and (F) of Rule 5.100 set out a specific order and sequence for Biennial Update proceedings. Those provisions do not include additional comments by DPS once its recommendations have been made, and the DPS request for that opportunity is a cursory one that shows no reason to deviate from what the Rule provides.

Thank you for this opportunity to comment.

Dated this 25th day of April, 2022.

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