

**STATE OF VERMONT
PUBLIC UTILITY COMMISSION**

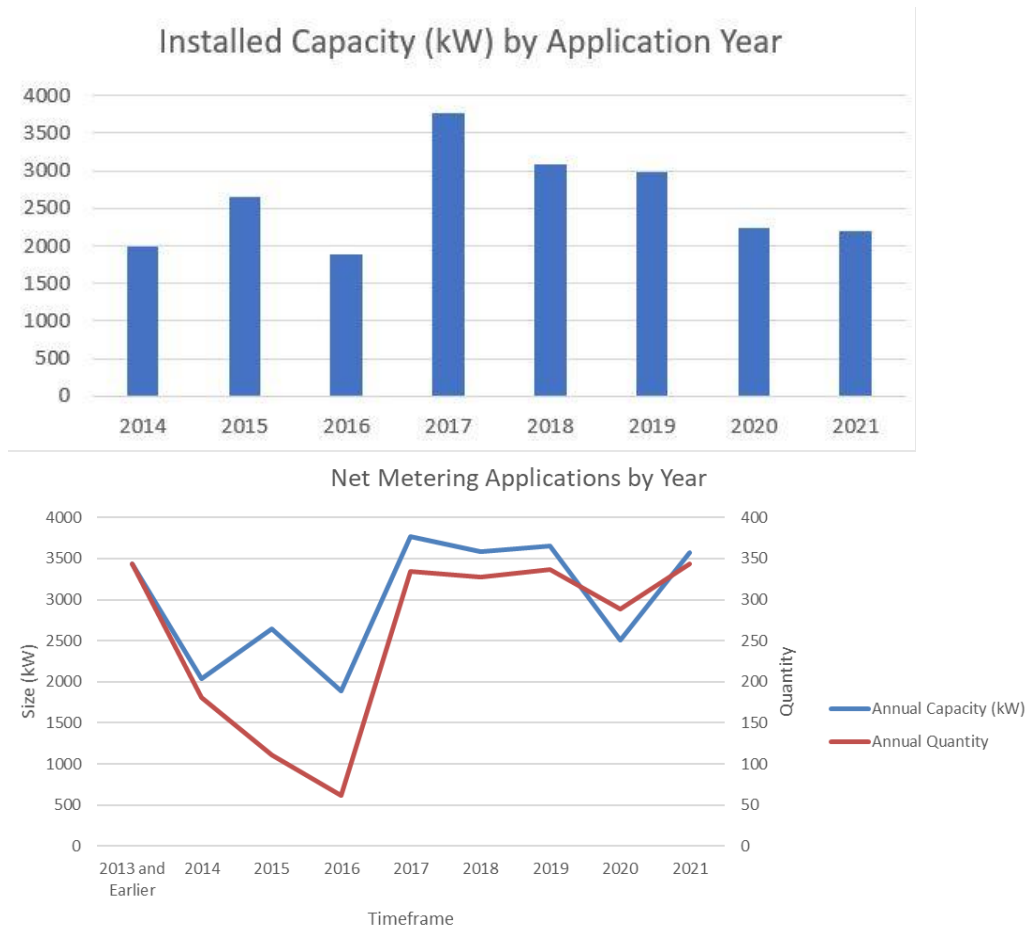
Case No. 22-0334-INV
2022 Biennial Update of the Net Metering Program

VERMONT ELECTRIC COOPERATIVE’S COMMENTS RE: THE BIENNIAL NET METERING UPDATE

This document has been filed via ePUC

Vermont Electric Cooperative (VEC) submits the following reply comments to the Department of Public Service’s April 8, 2022 comments and recommendations on the compensation to be set in the biennial update of the net metering program.

VEC does not object to the recommendation to reduce the REC adjustor by one cent for all new projects. In VEC’s service territory, net metering projects have continued at a steady pace throughout the modest reductions in rates that have occurred over the past four years. VEC sees no reason this would change following another one cent reduction in compensation. Installed capacity remained close to previous years in 2020 and 2021, despite the decreased rate and labor impacts of the COVID-19 pandemic.



VEC agrees with the Department's assessment that net metering is the costliest way to develop renewable resources in Vermont. The same project developed through a PPA or Standard Offer would cost three to four cents less per kilowatt-hour than the rates required under the net metering program, even if this current proposal is adopted. This is the case despite the fact that many large net metering projects are directly tied to the grid and do not offset load onsite, belying the term "net metering" (ie net of generation and load). VEC supports the right of Vermonters to install solar at their homes and businesses to offset their load. However, VEC questions the purpose of allowing merchant-generator projects to be developed through net metering that sell credits to far off locations at a cost to ratepayers well above that supported by a competitive market. VEC continues to argue that net metering projects should be limited to those co-located with and sized appropriately for the load they are intending to serve.

In the long run, VEC would advocate for a transition to an avoided cost rate for the electricity sent back to the grid on a monthly basis. The rate currently given mirrors the retail rate, which does not account for the fixed costs of operating the grid and providing service to customers. In VEC's case about half of these costs are recuperated through the customer charge and the other half is recuperated through energy charges, all of which net metering customers are able to offset.

As the Department notes, electric cost has become even more important as the state works to transition heating and transportation to electricity. Lower electric rates encourage more Vermonters to install heat pumps and purchase electric vehicles, considerable investments that can often be paid back within a few years due to the cost savings from the difference in electric versus fossil fuel prices. However, cost pressures, including paying a rate considerably above market for net metering, threaten the competitiveness of this critical tool in reducing carbon emissions. Without a fast and widespread push towards electrification, Vermont's carbon goals are unachievable. The same cannot be said of net metering because renewables can be developed through more cost-effective programs.

VEC looks forward to continued engagement on this topic through case number 19-0855-INV. Thank you for the opportunity to comment.