STATE OF VERMONT

PUBLIC UTILITY COMMISSION

Case No. 19-0855-RULE

Proposed revisions to Vermont Public Utility
Commission Rule 5.100

COMMENTS OF ALLEARTH RENEWABLES, INC. PURSUANT TO COMMISSION ORDER OF APRIL 29, 2022

AllEarth Renewables, Inc. ("AER") offers these comments on the Commission's proposed changes to Rule 5.100 in accordance with the schedule established by the Commission.

AER recognizes and appreciates that the Commission and the parties have put substantial time, effort and thought into a process that, due to the COVID-19 pandemic, has now lasted over three years. The pandemic and its consequences, the enactment of the Global Warming Solutions Act by our legislature, and the ever-increasing consequences of the climate crisis have all occurred since the Commission opened this proceeding in the spring of 2019. Recognition of these realities must guide the approach to net metering in Vermont, and that approach should be a simplified and aggressive one.

1. *The amended Rule should offer a simplified "behind the meter" option that would have the effect of equalizing net metering credits with residential rates on an individual utility basis.* The biennial "snapshot" approach embodied in the current Rule, in which rates and adjustors are established for set periods, creates disconnects on a number of levels. First and among the most fundamental of these is that the difference between net metering rates and residential rates will almost certainly increase between the snapshots, all the more during periods of inflation, thereby suppressing net metering development at a time when the impacts of the climate crisis are

becoming increasingly severe, and increased renewable energy is necessary to meet both the demands of the grid and the requirements of law.[1]

Second, the use of the complex blended rate mechanism that entails both inter and intra-utility rate calculations is complex, confusing and at variance with the reality that electric customers evaluating potential net metering options on an economic basis look to the rates charged by *their* utility, not a hypothetical blend of utilities, in deciding what to do or not do. Under the current structure, even seasoned industry professionals struggle to understand and explain what rate applies to what utility, or how a given system's registration fits in with adjustors that were established in the Rule, changed again in a 2018 Biennial Update,[2] changed twice within a pandemic-delayed 2020 Biennial Update,[3] and now are proposed to be changed again in a manner that will would assign negative values to both renewable energy *credits* and the use of *preferred* sites. Even before the adoption of the current Rule in 2017, the history of net metering statutes and legislation had become complex given a number of legislative and regulatory iterations, as the Commission details well in the last Biennial Update Order.[4] That complexity is also well shown by the Department of Public Service's primary filing in this case; through a "Summary of Net-Metering Programs and Adjustors" that lists six Vermont net metering programs (not including the pending update), five of which have occurred under the current Rule.[5] In a Rule sufficiently complex that utilities have filed tariffs misinterpreting it,[6] or

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[1] See 10 V.S.A. § 578 (greenhouse gas reduction mandates of the GWSA).
[2] Case No. 18-0086-INV, Order of May 1, 2018.
[3] Case No. 20-0097-INV, Order of November 12, 2020
[4] Id. at pp. 4-10 (describing background and regulatory framework).
[5] Comments and Recommendations of the Department of Public Service Re: Biennial Update of the Net -Metering Program at P. 12 (Exhibit 1), filed April 8, 2022.
[6] 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.

failed to file the required compliance tariff,[7] a Vermont electric customer is unlikely to have any idea of what "NM 2.4" or the "statewide blended rate" means. Return to a simpler, traditional net metering approach- one reflective of the words "net metering"- would do much to alleviate these problems, especially if combined with uniform utility bill standards as discussed in point 4 of these Comments. The net metering customer or potential customer would then have the basic information in comprehensible form, to a degree comparable to that found in typical consumer purchases that are informed by labels prepared in accordance with laws and standards. Lastly, this approach can avoid the customer expense of a production meter and any supply chain risks around procuring that meter.

This concept is far from novel, and is in many respects a return to what was embodied in the Commission's original net metering rule. It allows net metering rates to track residential rates with a minimum of regulatory adjustment, avoids the unpredictability of reworking of highly subjective "adjustors" under which renewable energy credits and the use of preferred sites may both be assigned negative values, and rationally treats self-generation in a manner comparable to formal efficiency measures or the actions of a conservation minded customer who makes conscientious choices around electricity use. A production meter can remain an option for group systems or other appropriate applications elected by the customer.

2. *Small systems should not be required to file proof of interconnection approval with registrations.* Under Section 5.105(D) of the Commission's draft Rule, even the smallest registration level systems would be required to obtain interconnection approval before filing the registration. AER respectfully submits that this provision is unnecessary and should be removed,

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[7] See Case No. 22-0447-TF (Village of Hyde Park tariff implementing 2020 Biennial Update noted filed until March 28, 2022 after inquiry from Commission).

as there is no problem that needs to be solved. As AER noted in its comments in the interconnection rule proceeding, Green Mountain Power expressly indicated in its presentation in that case that it needed "no review" for projects of 15kW or less, no other utility filed anything suggesting that such a review was necessary, and the Department of Public Service only indicated interest in seeing additional interconnection information for projects above 15kW.[8] Adding an interconnection preapproval requirement with respect to these very small systems, whose impact is minimal, will create work without benefit for both utilities and net metering system sellers, and such a requirement should not be included in the Rule.

3. *The 500 kW customer limit should be removed from the Rule.* The draft Rule offered by the Commission retains section 5.129(D) of the existing Rule, under which the cumulative capacity of net metering systems attributable to a customer may not be greater than 500 kW. Given the mandates of the Global Warming Solutions Act, the need to address climate change and the benefits that net metering brings to Vermont businesses and other larger-sized customers, this cap should be removed. Doing so would not relax the permitting standards for any individual net metering project, and promotion of net metering in this way will achieve further environmental benefits by displacing fossil fuel use. Allowing manufacturing businesses the opportunity to expand their use of net metering as customers is also consistent with state legislative goals to "retain and recruit" manufacturing and other business, and consider the impact on those businesses, in implementing state energy policy.[9] The elimination of this regulatory barrier to net metering development will also help fill the void left by the winding

[8] See Case No. 19-0856 Rule, AER Comments of February 11, 2022; GMP workshop presentation filed April 9, 2021 and DPS presentation filed April 16, 2021; transcript of April 19, 2021 workshop at 9 (DPS) and 55-56 (GMP).
[9] See 30 V.S.A. § 218e.

down of the Standard Offer Program, with no legislative extension or replacement enacted or in sight.[10]

4. *The Rule should create a greater nexus between net metering rates, utility tariffs and customer bills, and should require a more consistent and thorough presentation of information in those tariffs and bills*. As discussed in paragraph 1 above, AER believes that a return to a more traditional, individual utility rate-based net metering system will serve many positive objectives, including limiting or eliminating the need for biennial updates and the uncertainty and unpredictability that comes with the resetting of adjustors. Whether or not the Commission does elect to retain the current system, however, the Rule should (1) require notice to all parties to any generic proceedings of the filing of individual utility compliance tariffs; (2) ensure reasonable consistency in form between those compliance tariffs; and (3) require that those tariffs contain clear standards and procedures for how net metering information is provided to the net metering customer on the customer's bills. Broader awareness of and potential participation in compliance tariff proceedings by stakeholders can help ensure that those tariffs do not run afoul of the rule, as has happened in the past,[11] and uniformity of standards in net metering customer bills will enable those customers to better understand and evaluate the performance and economics of their systems.

5. *Proposed Section 5.136 should not be included in the Rule, or alternatively should be replaced by a provision that enhances compensation for avoidance of such areas, and at the very*

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[10] See 30 V.S.A. § 8005a(c) (set amount of 127.5 MW along with timetables in Standard Offer Program).

[11] 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, discussed above in footnote 6. Broader awareness can also help enforce the requirement, present in the current rule and in the proposed one, that the tariffs not include any other proposed changes beyond adjustment of the blended residential rate. See Rule 5.128(H).

least does not allow for imposition of mitigation fees on projects below 50kW in size. As the Commission's Order Requesting Comments on Draft Rule notes, this proposed section "implements the proposal for grid mitigation fees investigated in Case No. 20-3304-PET."[12] AER submits that a different approach is warranted for several reasons. First, the economic constraints seen in the SHEI can be mitigated by increased demand in that SHEI area, and carrying out the needed commitment to electrification that is required to combat the climate crisis will almost certainly entail increased demand throughout the state, including in the SHEI region. Secondly, suppressing the construction of new renewable generation at a time when it is most needed is at odds with state policy goals; if there are fees to be assessed, they should be assessed against non-renewable generators that are a part of the problem we are collectively trying to solve. An alternative approach would be to offer incentives to net metering projects for avoiding grid congested areas, coupled with a requirement that the state's electric utilities and the Vermont System Planning Committee file annual reports detailing geographic areas in which the incentive should not be applied, subject to comment by stakeholders and review by the Commission. Lastly, if the Commission does decide to retain section 5.136 in substantially the form proposed, small projects should be exempted from any potential mitigation fee given their limited economic impacts.

6. *While the draft Rule recognizes the wisdom of extending the construction period for net metering systems, a longer time frame is appropriate.*. The draft Rule rightly recognizes that a longer construction period than the present one-year one is warranted. Given the extent of the well documented current supply chain constraints, and the absence of any meaningful indication that those constraints will be alleviated soon, AER suggests that the Rule reflect a three year

[12] Order of April 29, 2022 at 8.

construction period rather than the two year one proposed. A three year period will better accommodate this supply chain uncertainty, will minimize administrative burdens associated with CPG extension requests, and create no meaningful risk of artificial delays given that net metering system installers have both economic and reputational interests in getting systems installed expeditiously.

7. *The draft Rule appropriately eliminates the requirement for Commission approval to have more than one net metering system attributable to a group.* The need to petition the Commission for the right to have multiple systems in a group has imposed administrative and time burdens on the Commission and the parties to net metering cases with no apparent benefit. AER appreciates the Commission's elimination of that requirement in the draft Rule.

Thank you for the Commission's consideration of these comments.

Dated this 27th day of May, 2022.

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