STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 19-0855-Rule
Proposed revisions to Vermont Public
Utility Commission Rule 5.100

COMMENTS OF VERMONT ELECTRIC COOPERATIVE INC.

This document has been filed via ePUC

Vermont Electric Cooperative, Inc. (VEC) submits the following comments on the draft rule which the Public Utility Commission (Commission) issued on April 29, 2022. Most of the proposed changes affect the application and review process for net-metering systems. We have no comments on those changes. The Commission added three new sections to the rule which VEC supports, as detailed below.

Participation in Wholesale Market.

New Section 5.135 precludes net-metering systems from participating in a wholesale market unless authorized by the Commission. VEC is not entirely sure how wholesale market participation would be possible given ISO protocols, but we support the idea that a net-metering system, which receives subsidized rates paid by Vermont electric ratepayers, should be precluded from earning additional revenue, again paid by ratepayers, by selling into the wholesale market.

Grid Mitigation Tariff

New Section 5.136 allows an electric utility to propose for Commission approval a tariff assessing a grid mitigation fee on new net-metering systems located in constrained areas of the grid, such as the Sheffield-Highgate Export Interface (SHEI). The fee would be assessed on a per-kilowatt basis and collected before a net-metering system is energized. It would be calculated to reflect the incremental economic harm caused by constructing additional generation in the constrained area. The tariff would also provide a method for allocating any fees collected among other electric companies affected by the constraint.

VEC supports this approach. It would formalize what has become the practice since the Commission issued its Derby Solar opinion -- at least for larger projects in the SHEI. Specifically, net metering applicants have been entering into voluntary agreements to pay a mitigation fee based on impacts to ratepayer as a condition of receiving a Certificate of Public Good. A tariff process will allow for uniform treatment for all net-metering systems and eliminate the need for a utility affected by a grid constraint to intervene in individual net-metering applications.

While we support the idea of a grid adjuster, we also note that it serves a limited purpose. The grid adjuster fee as originally designed by the Department of Public Service in Case No.20-3304, and subsequently used as the basis for several settlements, was intended to mitigate the cost to Vermont utilities of curtailments of other renewable resources caused by grid constraints; it was not intended to pay for grid upgrades necessary to eliminate the constraints. Accordingly, a tariff based on the DPS methodology will make ratepayers whole for power supply impacts of building in constrained areas, but will not address the grid constraints.

On the contrary, the adjuster may exacerbate the problem, by allowing new generation within constrained areas with the payment of a relatively modest fee. Planned transmission projects could alleviate the constraints for a time, at a cost borne by ratepayers, leading to the possibility of constrained areas being "opened" and then "closed" as generation is added to "fill up" the newly-created capacity. Moreover, VEC is also beginning to experience constraints on distribution circuits in times of high solar production and low loads, and the cost to solve these constraints are borne by VEC members. VEC believes that policy-makers and stakeholders should be pro-active in anticipating and responding to these issues to avoid unnecessary costs for ratepayers and unanticipated consequences such as those experienced when the net metering caps resulted in net-metering programs being closed and then reopened.

In sum, VEC supports the tariff concept to limit impacts on customers, we and look forward to engaging with stakeholders on the larger question of whether and how to address grid constraints in an equitable and cost-effective way.

Use of Battery with Net-Metering

Finally, new Section 5.137 places some restrictions on how a battery could be used in connection with a net-metering system. Specifically, the rule would require that the battery be configured such that electricity drawn from a source other than the net-metered system, such as the grid or other generator, to charge the energy storage facility could not receive net metering credits. This would be vetted through the interconnection process pursuant to PUC rule. VEC supports this restriction. Net-metered energy receives a premium rate compared to other renewable resources. That premium rate should be accorded only to energy generated by the net-metering system and not to energy generated by non-renewable sources.

Thank you for the opportunity to comment.

Dated at Essex, Vermont this 27th day of May 2022.

VERMONT ELECTRIC COOPERATIVE

Victoria Brown
General Counsel
802-730-2392
vbrown@vermontelectric.coop