From:	SP Bushman
To:	PUC - Clerk
Subject:	Re: VT Public Utility Commission RE: Case No. 22-4100-TF Final Order
Date:	Tuesday, May 23, 2023 3:23:50 PM
Attachments:	Comments pertaining to final order case no. 22-4100-TF Net Metering.pdf

Holly,
Thank you for the information. I would like to file the attached public comments to this case. I assume all parties will receive a copy.
I also assume WEC will need to revise their Net Metering Tariff No.38 since this rate increase is in excess of 5%. I did not see that as a condition in the final order.
Thank you for your help.
Stephen Bushman

On 05/22/2023 9:52 AM EDT PUC - Clerk <puc.clerk@vermont.gov> wrote:

Hello,

To file a formal motion in a case before the Public Utility Commission, including a motion for the Commission to reconsider a final order, you must have been a formal party to the case. However, the Commission encourages public comments in all cases from individuals that did not participate as parties in cases. If you would like to make your concerns known to the Commission, please file them as a public comment in the case. Please let me know if you need assistance with filing your comments.

The typographical error regarding the exhibit will be corrected. Thank you for pointing it out.

Holly R. Anderson (she/her)

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From: SP Bushman <junco54@comcast.net>
Sent: Sunday, May 21, 2023 5:33 PM
To: PUC - Clerk <PUC.Clerk@vermont.gov>
Subject: Case No. 22-4100-TF Final Order

Hello,

I was wondering if I can file a motion for reconsideration for this order as a ratepayer or is there a legal process involved? I would appreciate the process if possible as a ratepayer. I could not find anything about this on your web page.

Also I believe I found one small technical error. On page five of the final order there is a reference to exhibit DPS-WP-3. In the case file I believe this is exhibit PSD-WP-3.

Thank you.

Public Comment on Case No. 22-4100-TF after issuance of the Final Order issued 5/19/2023

I file these public comments pertaining to the final order issued in Case No. 22-4100-TF knowing that they will not be considered since I have no legal standing as a party in this case. However I would like them to get on the record. These comments pertain specifically to the cost of net metering, and the failure of the PUC and PSD to take into account true rates for net metering kWh and all charges/penalties for the rate year imposed on net metering accounts in accordance with Washington Electric Cooperative (WEC) **WASHINGTON ELECTRIC COOPERATIVE, INC. NET METERING TARIFF POLICY BULLETIN NO. 38 NM** (NM 38), effective September 1, 2022. This is my third filing of comments pertaining to net metering costs, the first in September 2022 and more recently in April 2023. Important rate costs, penalties, and charges imposed on net metering accounts were not considered at those times. Had they been considered, the tariff rate increase could have been reduced further. By not considering these rates and charges, the PUC is allowing WEC to charge all ratepayers for costs paid for by net metering customers, causing an unnecessary cost increase.

During the PUC and PSD review of WEC's submittals, it was determined that WEC's calculated reduction in net revenue of $235,114 from net metering could be reduced by $187,104 when the avoided cost of energy and Tier I RECs related to net metering were included. WEC's calculation of the gross and net reduction in revenue from net metering is shown on worksheet 16 of exhibit WEC-1

Additionally, in their January 6, 2023 request for information the PUC questioned WEC on what assumptions formed the basis for the net metering adjustment of $235,114.

WECs' reply from January 23, 2023 supplemental prefilled testimony of Shawn Enterline (pages 2 and 3 of 5) was:

…The calculation of reduced revenue rests on four assumptions.
1. An avoided retail electric rate of $0.24034/kWh.
2. A capacity factor of 13%.
3. Estimated kWh generation from systems actually installed during the Test Year.
(Total installed kW during the Test Year was 963 kW.)
4. Estimated kWh generation from systems that are expected to be installed during the Rate Year, where Rate Year installed kW is assumed to match the pace and volume of installed kW in the Test Year.

Note that none of the assumptions took into account any of the rates, penalties or charges imposed by WEC in NM 38.

The charges and rates in WEC's NM 38, with an estimate of the potential further reduction in loss revenue due to net metering, are:

1. The "avoided retail electric rate" of $0.24034/kWh that WEC uses appears to be high, considering the rate increase proposed a high tier rate of $0.24150/kWh. This seems to assume nearly all kWh produced by net metering systems are accounted for at the high tier rate and accounts for a gross revenue loss of $263,683 due to net metering. For the

rate year, a blended retail residential rate of $0.21256/kWh is found in the Notice of Proposed Tariff Changes (Exhibit WEC 3A) based on a residential member using an average 500 kWh per month. However, WEC uses a two tier rate system, and PUC Rule 5.100 is very specific on how to calculate the blended residential rate per kWh for utilities with two tier systems. This seems to not have been required in this case. This is important because each $0.01/kWh reduction in the "avoided retail electric rate" means a reduction to loss revenue of $10,971 from net metering.

2. It is also important to note that WEC uses a lower net metering credit for "excess kWh generation" According to NM 38, the rate for excess kWh generation is $0.17141/kWh which is $0.06893/kWh less than the "avoided retail electric rate" used. This is important because a portion of the total kWh produced from net metering systems is subject to excess generation credits and therefore the net metering customer pays the difference when credits are used. WEC would have the exact total of kWh hours credited with the excess generation rate for the test year and part of the rate year, but as an example each 10% of the solar kWh produced from net metering systems that is excess generation results in a reduction to loss revenue of $7562.

   Another way to calculate loss in gross revenue from net metering would be to take the sum of net metering kWh subject to the correct retail residential rate times the correct retail residential rate plus the net metering kWh subject to the excess generation rate times the excess generation rate. This is not a difficult calculation as shown in the following example:

   Assumptions: 90% of net metering production (987,408 kWh) subject to residential retail rate, 10% of net metering production (109,712 kWh) subject to excess generation rate. Retail residential rate = $0.22645/kWh (the average of the retail residential rate WEC uses and the blended retail residential rate from the Notice of Proposed Tariff Changes (Exhibit WEC 3A), excess generation rate = $0.17141/kWh from NM38.

   (987408 x 0.22645) + (109,712 x 0.17141) = $242,404 gross revenue loss. This is $21,278 less than WECs calculation of gross revenue loss. Although the numbers would need to be refined from actual data, it does point out the sensitivity to relatively small changes in the kWh rates used to calculate gross revenue loss.

3. There is also the issue of expired credits. If not used within 12 months unused credits revert to the Co-op without any compensation to the individual net metering system member. The expired credits become a source of revenue to WEC since they sold the solar kWh produced at the retail residential rate at little or no cost to them. The loss in revenue should be reduced accordingly.

4. WEC's NM 38 imposes a site adjustor penalty of **$-0.02/kWh** on every solar kWh produced, regardless of where and when it is used. This penalty is for perpetuity and came into effect on September 1, 2022, well before the rate increase was filed. The penalty is applied as an additional monthly charge to the net metering customer. The

$-0.02/kwh site penalty equals an additional $21942 reduction to the loss revenue shown when applied and charged to the 1097120 kWh produced by net metering in the rate year.

5. WEC's NM 38 imposes a REC adjustor penalty of **$-0.04/kWh** on each and every solar kWh produced for those net metering customers that choose to retain the environmental attributes. This penalty is for perpetuity and came into effect on September 1, 2022, well before the rate increase was filed. The penalty is applied as an additional monthly charge to the net metering customer. Although relatively few net metering customers retain their RECs, the revenue generated should be used to lower the loss of revenue from net metering.

6. WEC also has three account charges in NM 38: a one-time set up fee, a meter cost and installation fee, and a monthly account fee. All of these are unique to net meter accounts and are in addition to the monthly customer charge imposed on all WEC members.
   a. The set up fee is $33/net meter account (individual) so the 107 new net meter accounts generate $3531 in revenue
   b. The meter charge, including installation is $266.69/net meter account. This generates $28,558 in revenue.
   c. The monthly net metering account fee is $3.97/month/net meter account. Rate year revenue would be $5097.

Adding the revenue sources from site adjustor penalties and net meter account fees would give an additional $30,570 in revenue to further reduce the reduction in loss of revenue from net metering. Adding to this an adjustment for the proper residential rate and excess generation rate could easily further reduce the reduction in loss of revenue from net metering another $21,000 or more. Adding the revenue from expired credits, REC retention penalties, and meter installation would also reduce the reduction in loss of revenue from net metering further.

It is understood that these calculations should have been refined with actual data from WEC and checked by the PUC and PSD. However, had the PUC and PSD considered my initial comments pertaining to net metering costs, I believe, at a minimum, another $50,000+ in revenue could have been accounted for in addition to the $187,104 accounted for from avoided cost of electricity and RECs, all associated with net metering. An additional $50,000 in revenue from net metering would have reduced the rate increase about another 0.3%. These numbers show that accounting for all costs and revenues associated with net metering could possibly reduce net metering "loss of revenue" to $0, or perhaps even generate a slight positive margin depending on the amount of expired credit revenue, REC retention penalty revenue, and meter installation revenue.

By not considering all costs and revenues associated with net metering, PUC and PSD are allowing unnecessary costs to occur to all WEC ratepayers; <u>all</u> the revenue generated from net metering should have been used to reduce the "loss in revenue" from net metering. Instead, these charges are being paid for twice, once by net metering customers (where they should be), and once by all ratepayers (where they should not be). Also, failure by PUC and PSD to address this feeds the utilities' cost shift rhetoric associated with net metering.

Not accounting for all revenues obtained from WEC's NM 38 seems to be contrary to Vermont statute Title 30, chapter 89, section 8010, which requires, in part:

(c) In accordance with this section, the Commission shall adopt and implement rules that govern the installation and operation of net metering systems.

> **(1) The rules shall establish and maintain a net metering program that:**
>
> > **(C) to the extent feasible, ensures that net metering does not shift costs included in each retail electricity provider's revenue requirement between net metering customers and other customers;…**

I believe the PUC and PSD are providing a disservice to WEC ratepayers by not considering all rates and revenues generated by net metering. Net metering 2.0 has been around for over six years and has gone through numerous upgrades via biennial rate determinations. Net metering has transitioned over the years from an incentive type program to more penalty driven, in response to utilities demands that net metering rates be brought closer to what utilities pay for other sources of power. Yet the PUC and PSD continue to let the utility ignore these adjustments made to the rates, and simply accept net metering as a loss in revenue without any compensating revenues.

I hope the PUC and PSD will remedy this situation going forward, perhaps with some guidance or procedure required of utilities that will present all costs and revenues from net metering fully and with full transparency.