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August 17, 2023

Via ePUC

Ms. Holly Anderson, Clerk
Vermont Public Utility Commission
112 State Street, 4th Floor
Montpelier, VT 05620-2071

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

On May 18, 2023, the Vermont Public Utility Commission ("Commission") submitted paperwork to the Interagency Committee on Administrative Rules to revise Rule 5.100, which governs regulations pertaining to construction and operation of net metering systems, with comments due August 17, 2023. The Vermont Public Power Supply Authority ("VPPSA") has participated in the Commission's informal rulemaking process and uses this opportunity to raise specific concerns around the proposed rule filed June 16, 2023 in ePUC.[1]

VPPSA, as an instrumentality of the State of Vermont, has a mission to support and advance the interests of its eleven (11) municipally owned electric utilities, including the customers and communities they serve.[2] In aggregate, VPPSA's member

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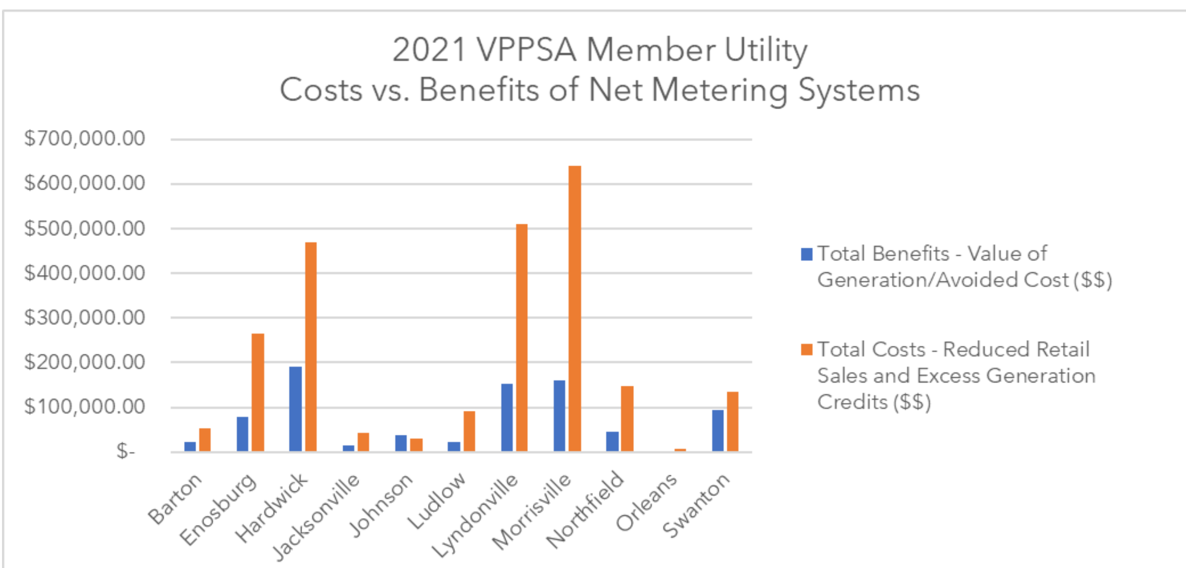
[1] See Proposed Rule Redline in Case No. 19-0855-RULE, filed June 26, 2023 via ePUC.
[2] VPPSA Member Utilities include Barton Village; Village of Enosburg Falls; Hardwick Electric Department; Village of Jacksonville; Village of Johnson; Ludlow Electric Light Department; Lyndonville Electric Department; Morrisville Water & Light; Northfield Electric Department; Village of Orleans; and Swanton Village.

utilities serve approximately 30,000 customers in over 50 communities across Vermont in some of the most economically underprivileged and rural areas in the state, including several federally recognized Disadvantaged Communities through the U.S. Council on Environmental Equity's Climate and Economic Justice Screening Tool (CEJST).[3] Changes to Rule 5.100 on net metering could have significant impacts not only on VPPSA member utilities, but also those customers that often lack the economic means to participate in net metering programs, ultimately creating ratepayer cost-shifting across customer classes. Figure 1: 2021 VPPSA Member Utility Net-Metering Cost Benefit Analysis illustrates the significant variability across member utilities from net-metering systems when valuing total generation and avoided costs vs. reduced retail sales and excess generation credits from net-metering participants.

Figure 1: 2021 VPPSA Member Utility Net-Metering Cost Benefit Analysis



[3] See Climate and Economic Justice Screening Tool published Nov. 22, 2022.

Before addressing some specific comments on the proposed revisions to Rule 5.100, VPPSA would like to raise some overall observations and concerns around the rapidly changing landscape as grid modernization and electrification exponentially grows in-step with the Renewable Energy Standard and Global Warming Solutions Act requirements. As noted in the Commission's May 17, 2023 Procedural Order Responding to Participant Comments, there are a number of interdependencies between Rule 5.100 governing Net Metering and Rule 5.500 on Interconnection Procedures, under which energy storage has also been included during the informal rulemaking process.[4] VPPSA finds these interdependencies to be incredibly nuanced and recommends the formal rulemaking proceeding allow ample opportunity for stakeholders to assess those impacts with full analysis. For one example, it appears that the definition of "Interconnection Facilities" under proposed Rules 5.100 and 5.500 are inconsistent. Additionally, within the proposed Rule 5.100 there also appears to be some level of inconsistency, particularly under 5.106(C)(1) Recipients Entitled to Advance Submission Requirements and 5.106(F)(1) Entities Entitled to Notice of the Application.

In addition to the Commission's rulemaking process, there are several regional and federal rulemaking proceedings underway that may have significant influence on the base assumptions that are guiding these rulemaking proceedings, particularly

[4] See PUC Order Responding to Participant Comments in Case No. 19-0855-RULE filed May 17, 2023 via ePUC.

those by the Federal Energy Regulatory Commission (FERC) and the North American Reliability Corporation (NERC), as well as standards and procedures under the regional grid operator, ISO-New England. More details on these proceedings will be discussed in VPPSA's response under Rule 5.500 in Case No. 19-0856-RULE. VPPSA encourages the Commission to carefully consider how the rules and requirements in the broader energy market landscape may create undue burden, inconsistencies, or duplicative reporting or unnecessary financial implications for all stakeholders including customers, interconnecting utilities, developers, and regulators alike. VPPSA suggests it may be in the best interest of all stakeholders and regulators to allow those proceedings to be resolved prior to implementing final rules under 5.100 or 5.500.

As it relates to specific revisions proposed under Rule 5.100, VPPSA would like to present the following concerns while stressing that additional concerns may arise as the rulemaking proceedings evolve as noted above.

5.108 Amendments to Pending Registrations and Applications;

5.109 Substantial Changes to Approved Net-Metering Systems and Amendment of CPGs

The proposed rule revisions address Amendments to pending registrations, applications, or Certificates of Public Good for "substantial changes", however VPPSA does not see a standard definition of how the Commission would define "Substantial Changes". To prevent any unintended misinterpretation and ensure consistent treatment of proposed amendments, VPPSA encourages the Commission to discuss with stakeholders what parameters would or should be established to define "Substantial Changes". Section 5.109(E) cross "material modification" as defined under Rule 5.500, however there is little definition to the Substantial, Non-Substantial, or Material modifications or changes within Rule 5.100.

5.125 Pre-Existing Net Metering Systems

Section 5.125(A)(3) establishes eligibility requirements around system amendment or capacity increases only after the effective date of the Rule. Due to concerns and ongoing rulemaking proceedings and standards examining the impacts of Inverter-Based Resources on the bulk power system and sub- or transmission level planning forecasts, VPPSA suggests the Commission consider aligning how these dates may or may not align with IEEE 1547 inverter setting standards for the necessary protection and controls to prevent voltage ride throughs or damage to the electric grid.

5.128 Biennial Update Proceedings

Section 5.128(D)(7) has been added to include "Any other information required by the Commission's form". VPPSA finds this language to be overly broad, undefined, and excessive. We encourage the Commission to more appropriately define or establish specific parameters to prevent unnecessary overreach.

5.135 Participation in Wholesale Markets

As previously raised by VPPSA in the informal rulemaking process[5], VPPSA once again suggests that the Commission more clearly define what criteria would be used to determine whether such participation would or would not harm the interests of Vermont ratepayer and/or be in the interests of the public good. These are overly broad characterizations and as stated in VPPSA's comments on May 27, 2022, there are still significant concerns on how this interpretation interplays with FERC Order 2222.

5.136 Locational Adjustor Fee

While on the surface, VPPSA is supportive of analyzing or implementing a Locational Adjustor Fee to assess system impact of increased net-metering, the proposed rule places an inequitable priority on transmission or sub-transmission constraints. The entire distribution, generation and transmission level impacts should be equally considered as it relates to system impact and costs. More concerning, however, is the proposed language that states "A tariff proposed under this section may apply to new electric generation facilities other than net metering systems." VPPSA raises that this language is exceptionally vague and creates significant concerns around how a proposed tariff for a net-metering

[5] See Case No. 19-0855-RULE, VPPSA Comments on Draft Rule 5.100 filed May 27, 2022 via ePUC.

qualified system could impact utility-owned, utility-scale or behind-the-meter generation or energy storage facilities.

In conclusion, VPPSA appreciates the opportunity to engage in this formal rulemaking process and stresses the significant impact any proposed changes may have on the ability to deliver safe, reliable, and affordable electricity to Vermonters, while still supporting renewable energy growth and sustainability for the human and natural environments. If the Commission has any questions or seeks further clarification on any of the positions raised, please don't hesitate to contact me.

Respectfully,

/s/
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