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**From:** chris@grasteu.net <chris@grasteu.net>  
**Sent:** Friday, December 06, 2019 4:41 PM  
**To:** PUC - Clerk <PUC.Clerk@vermont.gov>  
**Cc:** 'Jeff Forward' <jeffrey.w.forward@gmail.com>  
**Subject:** Comment on 19-0855-RULE

Please accept the attached comment on the net metering rule 19-0855-RULE being considered by the VT PUC.

Thank you,

Chris Granda  
**Vermont Independent Energy**  
[granda@grasteu.com](mailto:granda@grasteu.com)

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(802) 922-7005

December 6, 2019

Filed via ePUC

Ms. Judith Whitney, Clerk  
Vermont Public Utility Commission  
112 State Street, 4th Floor  
Montpelier, VT 05602

Re: Proposed revisions to Net Metering Rule 5.100 (Docket No. 19-0855-RULE)

Dear Ms. Whitney:

I am an advocate, consultant and entrepreneur who has been active in energy efficiency and renewable energy in Vermont for eighteen years. I served on the Thermal Energy Taskforce and was part of the consulting team that produced the Vermont Total Energy Study for the Public Service Department in 2015. I am providing these comments in my role as a principal in Vermont Independent Energy (VIE), a developer of small solar energy projects for municipalities and non-profits in Vermont.

VIE generally supports the comments to this docket provided by Renewable Energy Vermont dated May 17 and November 1, 2019. VIE specifically supports REV's 11/1/2019 comments regarding compensation through the Vermont net metering program –

*The costs of Vermont's net metering program need to be evaluated in a forward-looking manner that considers the latest compensation provided to systems of different sizes as part of the PUC approved rates. Specifically, when cost is evaluated, the latest rates that are in effect for CPG applications filed after July 1, 2019 should be used (not earlier rates). As part of the biennial review in 2017, the PUC reduced the net metering rates for 2018 and 2019. The 2019 net metering rule and rates for new projects reflect little cost shift or negative economic on utilities and overall electric bills, particularly when taken in full context of other electric utility rate drivers and costs.*

Solar power technology has experienced significant cost reductions in recent years and there are good prospects for further reductions. VIE agrees that the VT PUC should periodically adjust compensation under net metering rules to reflect market realities but believe that the PUC should have broader objectives for net-metering than simply minimizing the transfer of monetized costs from net-metering to non-net-metering customers. We are concerned that the VT PUC may be trying to fit the square peg of distributed renewable electricity generation into the round hole of traditional utility regulation without adequately considering either the societal value of greenhouse gas reductions or local economic development benefits. We implore the VT PUC not to take action that would decimate the vibrant Vermont solar industry which has been an engine for job creation, or that would make it more difficult for Vermont to reach its statewide renewable energy goals. To illustrate our concerns, we would like to share the details of a very recent project we developed with the town of Huntington.

## The Huntington Sand Shed Solar Project



Small municipalities are ideal solar net metering partners. In many Vermont towns municipal facilities are among the largest electricity consumers and are significant contributors to their towns' carbon footprints. A solar net metering project on a municipal building can reduce electricity costs, benefiting all members of the community. However, municipalities (as well as other public entities and non-profit organizations) often have a hard time putting solar on their buildings because local officials are rarely expert in solar technology, regulation or financing, and the risks associated with solar projects can make them difficult investments for towns to embrace. Tax exempt entities also cannot directly access federal and state tax incentives.

On October 29, 2019 VIE energized a 30 kW (AC) project with 116 photovoltaic panels and three inverters located on the roof of the municipal sand shed in Huntington's upper village. The project provides net metering credits to five Green Mount Power accounts paid by the town of Huntington, and to a GMP account paid by a small business in Huntington's lower village. This project was made possible by the tireless advocacy of members of the Huntington Energy Committee, the falling price of photovoltaic equipment, a loan from the Vermont Economic Development Authority, and VIE's innovative project approach.

Now that construction on the Huntington sand shed solar project is complete, our best estimate (based on projected production and including federal and state tax credits) is that it will generate an internal rate of return of about 12% over its 20 years of expected life. This is a good return for a motivated small investor, but not attractive to other solar development firms. Before working with VIE, the Huntington Energy Committee reached out to other developers without success. VIE was able to take this project on because our principals have "day jobs" and do solar development in our spare time, which means that VIE has no employees and little overhead. Given this business model, VIE has both little competition and low growth prospects. We hope to do more projects like the Huntington sand shed and to share our approach so that more Vermont towns can also access the benefits of solar.

The major factors determining the profitability of the Huntington sand shed project were equipment and other costs, the federal investment tax credit rate, and the value of the relevant Vermont net metering tariff. All three of these factors will decrease in 2020 relative to 2019 based on business projections and regulations already on the books. If VIE were to do a similar project in 2020, the expected decrease in project costs might increase project profitability but such cost decreases are difficult to forecast and may not occur given import tariffs on solar equipment and rising labor costs. The decrease in the federal investment tax credit (from 30% to 26%) after January 1, 2020 and the decrease in GMP's net metering tariff as currently set will both decrease project profitability with high certainty. From our perspective, a 2020 project like the Huntington sand shed is just possible financially under 2020 conditions. A significant decrease in net metering compensation would make a similar project impossible for VIE and even less possible for other Vermont solar developers.

VIE would like to continue to serve Vermont's municipalities, and help others to do the same. We are dedicated to reducing greenhouse gas emissions and spreading the financial benefits of renewable energy as broadly as possible. We think that the model we developed for the Huntington sand shed solar project is replicable under current business conditions. However, if the VT PUC significantly decreases the value of net metering credits below levels in current regulation, we believe it will be difficult to continue.

Thank you for the opportunity to provide these comments.

Sincerely,

Christopher Granda  
Principal  
Vermont Independent Energy LLC