

Comments on Proposed Rule PUC 5.100 RULE PERTAINING TO CONSTRUCTION AND OPERATION OF NET-METERING SYSTEMS, Case 19-0855-RULE

Comments filed 8/16/2023 by Stephen Bushman in response to public comment period ending 8/17/2023

Thank you for the opportunity to file these comments on the important Rule 5.100 revisions

5.127 Determination of Applicable Rates and Adjustors

The following wording change is suggested for Subsection (A):

(A) Depending on the electric company service territory in which the net-metering system is located, the blended residential rate used to determine the monetized credit value of excess generation net-metering credits is the lowest of the following:

Rational: Only excess generation is monetized (credited) in accordance with section 5.126(A)(2)(a)(ii)

The following changes are suggested for Subsections (A)(1) & A(2) & A(3)

Subsection (A)(1) & A(2) & A(3): As shown in pending investigation case 23-1682-TF (VEC) there are questions concerning the correct method to recalculate blended residential rate, who needs to recalculate blended residential rate, and if the recalculated blended residential rate needs to be increased by the approved tariff increase. Subsections (A)(1) & (A)(3), as worded, do not require the blended residential rate to be recalculated for any rate case, while (A)(2) does for rate cases of more than 5% change. (A)(2) requires the last calendar data to be used, which could be out of sync with the utility's current net metering tariff rates. In addition, Subsections (A)(1) & (A)(2) & (A)(3), as worded, may not be in conformance with statutes that require all tariff rates to be reasonable, just, and equal.

It is suggested that a subsection (A)(4) be added to 5.127 that focuses on required changes to the existing blended residential rate for all classes of blended residential rate. All classes should be subject to the same blended residential rate recalculation criteria, percent changes in blended residential rates, and type and timing of case filing. It is suggested that any approved rate change be applied to the current blended residential rate found in the utility's current net metering tariff as approved by PUC. Subsection (4) could have two parts: (i) pertaining to tariff cases and (ii) pertaining to biennial updates. This would at least put all net metering rate payers on a more or less equal playing field.

Section 5.127, as revised, still leaves uncertainty how fixed costs within a utility's net metering tariff should be addressed. The revised language in (A)(2) clearly states that any change to the blended residential rate calculation pursuant to this section must be filed as a separate tariff case at the same time the electric company files proposed revisions to its general residential service rates. Net metering fixed costs are not part of the general residential service rates. They are unique to net metering and only apply to customers with net metering accounts. In

addition, revised Section 5.128 (H), which applies to biennial updates, clearly states that each biennial tariff update must be filed as a new tariff case and the tariff compliance filing may not include any other proposed changes to the utility's net-metering tariff, except for a proposed change to the utility's blended residential rate. There seems to be inconsistent interpretation of this section of the rule, as shown in several recent general rate tariff revision requests. Morrisville Water and Light recently included increases to net metering fixed costs at the same rate requested for general residential service, VEC only included a change to the blended residential rate with no change to fixed costs, and WEC initially had no changes to their net metering tariff. Only after the PSD told them they could increase the fixed costs by the same residential rate did they submit a revised tariff (later withdrawn). It's important to note that WEC in the past has always filed a new tariff case to revise the fixed costs in their net metering tariff.

It is suggested that subsection (A)(5) be added to 5.127 to address the issue of the determination of fixed costs rates in a utility's net metering tariff. It needs to be made clear in subsection (A)(5) that requested changes to fixed costs found in net metering tariffs (i.e. monthly account fee, one time set up fee, production meter installation fee) need to be filed as a separate tariff case. Several utilities in recent rate increase cases have filed revised Net Metering tariffs that recalculate blended residential rate in accordance with 5.127(A) but increase the net metering fixed costs by the approved rate change (MWL, WEC). This means the net metering recalculated blended residential rate may change very little or not at all while the net metering fixed charges could increase significantly. If the fixed costs found in the utility's approved Net Metering Tariff are increased by the general tariff rate change, this implies that the Net Metering fixed costs are used in part to calculate cost of service for all rate payers in the general rate case. In other words all ratepayers are then required to pay for the fixed costs associated with net metering through increased rates which appears to be a violation (or at the minimum non-compliance) with 30 VSA §8010(c)(1)(C), which requires "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". Therefore the fixed costs in net metering tariffs need to be evaluated separately from the general rate case, since they are unique to only net metering account holders. The cost for the net metering fixed charges are typically based on wages, labor, and meter (equipment) costs, which are typically much less than the overall rate change request which focuses primarily on power supply, transmission, and distribution costs.

If the above cannot be addressed in this rule revision, it is requested that the PUC open an investigation into the proper procedure for a utility to change its net metering fixed costs, similar to case 23-1682-TF which is investigating blended residential rates in tariff cases.

5.128 Biennial Update Proceedings

Subsection (A): Include blended residential rates required by 5.127(A)(1) and (2). Most utilities are required to submit this calculation by May 15 of each even-numbered year. This would insure blended residential rates are recalculated and included in each biennial update.

Subsection (G): Change “may” to “shall” in the first sentence.

Rational: A biennial update is required every two years starting in 2024. This change will ensure a biennial update is documented and completed by the Commission even if there are no changes.

5.103 Definitions

It is recommended that part (3) of “Blended Residential Rate” be deleted as follows

“Blended Residential Rate” means the lesser of either:

(1) For electric companies whose general residential service tariff does not include inclining block rates, the \$/kWh charge set forth in that electric company’s tariff for general residential service;

(2) For electric companies whose general residential service tariff does include inclining block rates, a blend of the electric company’s general residential service inclining block rates that is determined by adding together all of the revenues to the company during the most recent calendar year from kWh sold under those block rates and dividing the sum by the total kWh sold by the company at those rates during the same year; or

~~(3) The weighted statewide average of all electric company blended residential retail rates, as determined by the Commission, whichever is lower.~~

Rational: Allowing electric companies to use a lower weighted statewide average (only one uses it) is bias and inequitable to those net metering rate payers subject to it, since their monetized excess credit can be used to offset a smaller percentage of their energy bill. Most net metering rate payers get full (or close to it) blended residential rates. This inequity will also make it harder for low and moderate income Vermonters to invest in net metering due to the higher energy bills and increased payback period it creates. This inequity is contrary to the requirements of the Affordable Heat Act recently passed.

In addition, adjustor rates have changed significantly since PUC 5.100 went into effect on January 1, 2017. Site adjustors have gone from positive \$0.01/kWh in 2017 to \$-0.02/kWh currently. REC adjustors (transfer) have gone from \$0.03/kWh to 0.00/kWh currently. Many of the earlier net metering systems with positive adjustors are already 5 to 6 years into the ten year timeframe when the adjustors go to \$0.00/kWh. Also the positive adjustors are not increased for inflation during the biennial rate increase process, therefore their value as a monetized credit decreases each time a utility increases their rates. Subsection(A)(3) is no longer needed.

Add a definition for “Customer Charge”

Rational: “Customer” is defined but not “Customer Charge”. Customer charges, referenced in the definition of “Non-Bypassable Charges”, are non-bypassable charges which cannot be offset by any net metering credits. Some utilities are using the loophole of no definition of Customer Charge to raise the minimum charge a customer must pay regardless of grid energy use. Without defining what constitutes a Customer Charge, utilities are free to raise this charge as often as they like with little if any regulatory controls. The existing Customer Charges range widely from relatively low to high depending on the service territory a ratepayer is in. This creates an inequity in rates and charges and could prevent low and moderate income ratepayers from installing or joining community solar because of the high minimum non-bypassable cost. This could have the unwanted negative impact of less electrification due to the higher minimum fixed cost. This inequity is contrary to the requirements of the Affordable Heat Act recently passed. A definition of “customer charge” would allow for stricter regulatory review and meaningful public comments.

5.134 Electric Company Tariffs

General Comment: This section should not be deleted but updated. New utilities are still being formed in Vermont (i.e. Global Foundries) and there’s no reason to rule out other utilities being formed as the grid matures and sources of power evolve. Therefore it is recommended that the existing 5.134 be changed as follows:

5.134 Electric Company Tariffs

Tariffs. Pursuant to 30 V.S.A. § 225, if not already on file, an electric company must propose for Commission approval a tariff to implement a net-metering program in its service territory pursuant to this Rule within 60 days after the effective date of this Rule. New utilities formed in accordance with XXX XXXX XXXX) must propose for Commission approval a tariff to implement a net-metering program in its service territory pursuant to this Rule within 60 days after formation. In connection with filing such tariffs, an electric company may request additional time to implement any provision of this Rule. The Commission will grant reasonable requests where there is good cause shown.