H.475

Introduced by Representative Klein of East Montpelier

Referred to Committee on

Date:

Subject: Energy; public service; net metering; solar generation; standard offer

Statement of purpose: This bill proposes to raise the individual capacity cap for the solar net metering registration process from five to 10 kW; to exempt residential installations from the four-percent statewide cumulative capacity cap on net metering systems; and to require electric companies to base the calculation of additional credits for solar net metering systems on the standard residential energy rate charged by the company to the majority of its residential customers. It also proposes to make capacity definitions enacted in 2011 apply retroactively to projects in the standard offer program since 2009.

An act relating to net metering and definitions of capacity

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 30 V.S.A. § 219a(c) is amended to read:

(c) The board shall establish by rule or order standards and procedures governing application for, and issuance or revocation of a certificate of public good for net metering systems under the provisions of section 248 of this title. A net metering system shall be deemed to promote the public good of the state

~~if it is in compliance with the criteria of this section, and board rules or orders.~~ In developing such rules or orders, the board:

(1) With respect to a solar net metering system of ~~5~~ 10 kW or less, shall provide that the system may be installed ten days after the customer's submission to the board and the interconnecting electric company of a completed registration form ~~and~~, a certification of compliance with the applicable interconnection requirements, and a certification that the system will comply with the requirements of the National Flood Insurance Program under 42 U.S.C. chapter 50, if the system will be located in an area of special flood hazard as defined under 44 C.F.R. § 59.1 and in a municipality that participates in the program. Within that ten-day period, the interconnecting electric company may deliver to the customer and the board a letter detailing any issues concerning the interconnection of the system. The customer shall not commence construction of the system prior to the passage of this ten-day period and, if applicable, resolution by the board of any interconnection issues raised by the electric company in accordance with this subsection. If the ten-day period passes without delivery by the electric company of a letter that raises interconnection issues in accordance with this subsection, a certificate of public good shall be deemed issued on the 11th day without further proceedings, findings of fact, or conclusions of law, and the customer may commence construction of the system. On request, the clerk of the board

~~promptly shall provide the customer with written evidence of the system's~~ approval. For the purpose of this subdivision, the following shall not be included in the computation of time: Saturdays, Sundays, state legal holidays under 1 V.S.A. § 371(a), and federal legal holidays under 5 U.S.C. § 6103(a).

* * *

Sec. 2. IMPLEMENTATION; SOLAR REGISTRATION

No later than July 2, 2012, the public service board shall conform its existing solar net metering registration forms and procedures to the provisions of Sec. 1 of this act.

Sec. 3. 30 V.S.A. § 219a(e) is amended to read:

(e) Consistent with the other provisions of this title, electric energy measurement for net metering systems using a single nondemand meter that are not group systems shall be calculated in the following manner:

(1) The electric company which serves the net metering customer shall measure the net electricity produced or consumed during the customer's billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electric company exceeds the electricity generated by the customer and fed back to the electric distribution system during the billing period, the customer shall be billed for the net electricity supplied by the electric company, in accordance with normal metering practices.

~~(3) If electricity generated by the customer exceeds the electricity~~ supplied by the electric company:

(A) The electric company shall calculate a monetary credit to the customer by multiplying the excess kWh generated during the billing period by the kWh rate paid by the customer for electricity supplied by the company and shall apply the credit to any remaining charges on the customer's bill for that period;

(B) If application to such charges does not use the entire balance of the credit, the remaining balance of the credit shall appear on the customer's bill for the following billing period; and

(C) Any accumulated credits shall be used within 12 months, or shall revert to the electric company, without any compensation to the customer. Power reverting to the electric company under this subdivision (3) shall be considered SPEED resources under section 8005 of this title.

(4) For net metering systems using ~~time of day~~ time-of-use, demand, or other types of metering, ~~the board shall specify~~ the manner of measurement and the application of bill credits for the electric energy produced or consumed ~~in a manner~~ shall be substantially similar to that specified in this subsection for use with a single nondemand meter, and the credit shall be calculated as if the customer were charged the kWh rate component of the interconnecting

~~company's general service rate schedule that consists of two rate components:~~ a service charge and a kWh rate.

Sec. 4. 30 V.S.A. § 219a(h)(1) is amended to read:

(h)(1) An electric company:

(A)(i) Shall make net metering available to any residential customer using a net metering system or group metering system. For the purposes of this subdivision (A), a residential customer is one who receives service under a residential rate schedule on the date the customer's net metering application is filed with the board.

(ii) Shall make net metering available to any nonresidential customer using a net metering system or group net metering system on a first-come, first-served basis until the cumulative output capacity of nonresidential net metering systems equals 4.0 percent of the distribution company's peak demand during 1996; or the peak demand during the most recent full calendar year, whichever is greater. The board may raise the 4.0 percent cap. In determining whether to raise the cap, the board shall consider the following:

~~(i)~~(I) the costs and benefits of net metering systems already connected to the system; and

~~(ii)(II) the potential costs and benefits of exceeding the cap,~~ including potential ~~short~~ short- and long-term impacts on rates, distribution system costs and benefits, reliability and diversification costs and benefits;

* * *

Sec. 5. 30 V.S.A. § 219a(h)(1)(K) is amended to read:

(K) Except as provided in subdivision ~~(1)(K)~~(v) of this ~~subsection~~ subdivision (1)(K), shall in its rate schedules offer a credit to each net metering customer using solar energy that shall apply to each kWh generated by the customer's solar net metering system and that shall not displace the benefits provided to such customers under subsections (e) and (f) of this section.

(i) The credit required by this subdivision (K) shall be $0.20 minus the ~~highest~~ residential rate per kWh charged by the company as of the date it files with the board a proposed modification to its rate schedules to effect this subdivision (K) or to revise a credit previously instituted under this subdivision (K). For the purposes of this subdivision (K), the residential rate shall be the kWh rate charged by the company under its general service residential rate schedule that consists of two rate components: a service charge and a kWh rate, and shall exclude time-of-use rates, demand rates, and reduced rates charged to a residential class by a municipal or cooperative electric utility for power received from a public power authority. Notwithstanding the basis

~~for this credit calculation, the amount of the credit shall not fluctuate with~~ changes in the underlying residential rate used to calculate the amount.

(ii) The electric company shall apply the credit calculated in accordance with subdivision ~~(1)(K)~~(i) of this ~~subsection~~ subdivision (1)(K) to generation from each net metering system using solar energy regardless of the customer's rate class. A credit under this subdivision (K) shall be applied to all charges on the customer's bill from the electric company and shall be subject to the provisions of subdivisions (e)(3)(B)(credit for unused balance) and (C)(12-month reversion) and (f)(3)(credit for excess generation; group net metering) of this section.

(iii) An electric company's proposed modification to a rate schedule to offer a credit under this subdivision (K) and any investigation initiated by the board or party other than the company of an existing credit contained in such a rate schedule shall be reviewed in accordance with the procedures set forth in section 225 of this title, except that:

(I) A company's proposed modification shall take effect on filing with the board and shall not be subject to suspension under section 226 of this title;

(II) Such a modification or investigation into an existing credit shall not require review of the company's entire cost of service; and

~~(III) Such a modification or existing credit may be altered by~~ the board for prospective effect only commencing with the date of the board's decision.

(iv) Within 30 days of this subdivision's effective date, each electric company shall file a proposed modification to its rate schedule that complies with this subdivision (K). Such proposed modification, as it may be revised by the board, shall not be changed for two years starting with the date of the board's decision on the modification. After the passage of that two-year period, further modifications to the amount of a credit under this subdivision may be made in accordance with subdivisions ~~(1)(K)~~(i)–(iii) of this ~~subsection~~ subdivision (1)(K).

(v) An electric company shall not be required to offer a credit under this subdivision (K) if, as of the effective date of this subdivision, the result of the calculation described in subdivision ~~(1)(K)~~(i) of this ~~subsection~~ subdivision (1)(K) is zero or less.

(vi) A solar net metering system shall receive the amount of the credit under this subdivision (K) that is in effect for the service territory in which the system is installed as of the date of the system's installation and shall continue to receive that amount for not less than 10 years after that date regardless of any subsequent modification to the credit as contained in the electric company's rate schedules.

~~(vii) Not later than 30 days after board approval of an electric~~ company's first rate schedule proposed to comply with this subdivision (1)(K), the company shall offer the amount of the credit contained in such rate schedule to each solar net metering system placed into service prior to the date on which the company submitted the proposed schedule to the board. Each system that accepts this offer shall receive the credit for not less than 10 years after the date of such acceptance, provided that the system remains in service, and regardless of any subsequent modification to the credit as contained in the company's rate schedules. Should an additional meter at the premises of the net metering customer be necessary to implement this subdivision (vii), the net metering customer shall ~~bear the cost of the additional meter~~ pay a one-time charge not greater than the cost of the equipment and installation of the additional meter.

Sec. 6. RATE SCHEDULES; MODIFICATIONS

(a) Any electric distribution utility whose rate schedule does not comply with 30 V.S.A. § 219a(h)(1)(K) (mandatory credits; solar net metering systems) as amended by Sec. 5 of this act shall file a proposed modification to its rate schedule to achieve such compliance within 30 days of the effective date of Sec. 5.

(b) The provisions of 30 V.S.A. § 219a(h)(1)(K)(iii) (review process) shall apply to a proposed modification filed pursuant to this section.

~~(c) The provisions of 30 V.S.A. § 219a(h)(1)(K)(iv) (no change for two years) and (vii) (equal offer to existing solar systems) shall apply to:~~

~~(1) A proposed modification filed pursuant to this section; and~~

~~(2) Any changes to rate schedules approved by the public service board between May 25, 2011 and the effective date of this section that:~~

~~(A) comply with 30 V.S.A. § 219a(h)(1)(K) as amended by Sec. 5 of this act; and~~

~~(B) were approved pursuant to either 30 V.S.A. § 219a(h)(1)(J) (voluntary credits) or 30 V.S.A. § 219a(h)(1)(K).~~

Sec. 7. NET METERING; SIMPLIFIED PROCEDURES; 300 kW

The application form, rules, and procedures that the board applies under 30 V.S.A. § 219a to net metering systems of 150 kilowatts (kW) or less shall apply to net metering systems of 300 kW or less. Notwithstanding the requirements of 3 V.S.A. chapter 25, the board shall conform such application form, rules, and procedures to the requirements of this section within 30 days of the section's effective date.

Sec. 8. 30 V.S.A. § 8007 is amended to read:

§ 8007. SMALL RENEWABLE ENERGY PLANTS; SIMPLIFIED PROCEDURES

(a) The same application form, rules, and procedures that the board applies to net metering systems of ~~150~~ 300 kilowatts (kW) or less under sections 219a

~~and 248 of this title shall apply to the review under section 248 of this title of~~ any renewable energy plant with a plant capacity of ~~150~~ 300 kW or less and to the interconnection of such a plant with the system of a Vermont retail electricity provider. This requirement includes any waivers of criteria under section 248 of this title made pursuant to section 219a of this title.

(b) With respect to renewable energy plants that have a plant capacity that is greater than ~~150~~ 300 kW and is 2.2 MW or less, the board shall establish by rule or order standards and procedures governing application for, and issuance or revocation of, a certificate of public good for such a plant under the provisions of section 248 of this title, and the interconnection of such a plant with the system of a Vermont retail electricity provider.

(1) In developing such rules or orders, the board:

(A) Shall waive the requirements of section 248 of this title that are not applicable to such a plant, including, for a plant that is not owned by a Vermont retail electricity provider, criteria that are generally applicable to such a provider.

(B) May modify notice and hearing requirements of this title as it deems appropriate.

(C) Shall simplify the petition and review process as appropriate.

(2) Notwithstanding 1 V.S.A. §§ 213 and 214, a petitioner whose petition under section 248 of this title is pending as of the effective date of a

~~board rule or order under subsection (b) of this section may elect to apply the~~ standards and procedures of such a rule or order to the pending petition if the petition pertains to a renewable energy plant with a plant capacity that is greater than ~~150~~ 300 kW and is 2.2 MW or less.

Sec. 9. CAPACITY DEFINITIONS; STANDARD OFFER PROGRAM; RETROACTIVE APPLICABILITY

30 V.S.A. § 8002(17) (definition of kW) and (19) (definition of MW) shall apply to all standard offer contracts under 30 V.S.A. § 8005(b)(2) and (g) executed on and after September 30, 2009.

Sec. 10. EFFECTIVE DATES

(a) This section and Secs. 2–9 of this act shall take effect on passage.

(b) Sec. 1 of this act shall take effect on July 2, 2012. However, on passage of this act, the public service board shall have full authority to conform its solar registration forms and procedures to the provisions of 30 V.S.A. ~~§ 219a(c) as amended by Sec. 1.~~

Sec. 1. 30 V.S.A. § 219a(c) is amended to read:

(c) The board shall establish by rule or order standards and procedures governing application for, and issuance or revocation of a certificate of public good for net metering systems under the provisions of section 248 of this title. A net metering system shall be deemed to promote the public good of the state

if it is in compliance with the criteria of this section, and board rules or orders. In developing such rules or orders, the board:

(1) With respect to a solar net metering system of ~~5~~ 10 kW or less, shall provide that the system may be installed ten days after the customer's submission to the board and the interconnecting electric company of a completed registration form and certification of compliance with the applicable interconnection requirements. Within that ten-day period, the interconnecting electric company may deliver to the customer and the board a letter detailing any issues concerning the interconnection of the system. The customer shall not commence construction of the system prior to the passage of this ten-day period and, if applicable, resolution by the board of any interconnection issues raised by the electric company in accordance with this subsection. If the ten-day period passes without delivery by the electric company of a letter that raises interconnection issues in accordance with this subsection, a certificate of public good shall be deemed issued on the 11th day without further proceedings, findings of fact, or conclusions of law, and the customer may commence construction of the system. On request, the clerk of the board promptly shall provide the customer with written evidence of the system's approval. For the purpose of this subdivision, the following shall not be included in the computation of time: Saturdays, Sundays, state legal

holidays under 1 V.S.A. § 371(a), and federal legal holidays under 5 U.S.C. § 6103(a).

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Sec. 2. IMPLEMENTATION; SOLAR REGISTRATION

Within 30 days of the effective date of this section, the public service board shall conform its existing solar net metering registration forms and procedures to the provisions of Sec. 1 of this act, 30 V.S.A. § 219a(c)(1) (registration; solar net metering).

Sec. 3. 30 V.S.A. § 219a(e) is amended to read:

(e) Consistent with the other provisions of this title, electric energy measurement for net metering systems using a single nondemand meter that are not group systems shall be calculated in ~~the following manner:~~ accordance with subdivisions (1)–(3) of this subsection, and electric energy measurement for net metering systems that use other types of meters shall be calculated in accordance with subdivision (4) of this subsection.

(1) The electric company which serves the net metering customer shall measure the net electricity produced or consumed during the customer's billing period, in accordance with normal metering practices.

(2) If the electricity supplied by the electric company exceeds the electricity generated by the customer and fed back to the electric distribution system during the billing period, the customer shall be billed for the net

electricity supplied by the electric company, in accordance with normal metering practices.

(3) If electricity generated by the customer exceeds the electricity supplied by the electric company:

(A) The electric company shall calculate a monetary credit to the customer by multiplying the excess kWh generated during the billing period by the kWh rate paid by the customer for electricity supplied by the company and shall apply the credit to any remaining charges on the customer's bill for that period;

(B) If application to such charges does not use the entire balance of the credit, the remaining balance of the credit shall appear on the customer's bill for the following billing period; and

(C) Any accumulated credits shall be used within 12 months, or shall revert to the electric company, without any compensation to the customer. Power reverting to the electric company under this subdivision (3) shall be considered SPEED resources under section 8005 of this title.

(4) For net metering systems using ~~time of day~~ time-of-use, demand, or other types of metering, ~~the board shall specify~~ the manner of measurement and the application of bill credits for the electric energy produced or consumed ~~in a manner~~ shall be substantially similar to that specified in this subsection for use with a single nondemand meter, and the credit shall be

calculated as if the customer were charged the kWh rate component of the interconnecting company's general residential rate schedule that consists of two rate components: a service charge and a kWh rate, excluding time-of-use rates and demand rates. If a company's general residential rate schedule includes inclining block rates, the residential rate used for the calculation shall be the highest of those block rates.

Sec. 4. 30 V.S.A. § 219a(f)(2) and (3) are amended to read:

(2) Electric energy measurement for group net metering systems shall be calculated by subtracting total usage of all meters included in the group net metering system from total generation by the group net metering system. If the electricity generated by the group net metering system is less than the total usage of all meters included in the group net metering system during the billing period, the group net metering system shall be credited for any accumulated ~~kilowatt-hour~~ credit and then billed for the net electricity supplied by the electric company, in accordance with the procedures in subsection (g)(group net metering) of this section.

(3) If electricity generated by the group net metering system exceeds the electricity supplied by the electric company, the provisions of ~~subdivision~~ subdivisions (e)(3)(credit for excess generation) and (4) (credit calculation; nonstandard meters) of this section shall apply, with credits allocated to and

appearing on the bill of each member of the group net metering system in accordance with subsection (g)(group net metering) of this section.

Sec. 5. 30 V.S.A. § 219a(h)(1)(K) is amended to read:

(K) Except as provided in subdivision ~~(1)(K)~~(v) of this ~~subsection~~ subdivision (1)(K), shall in its rate schedules offer a credit to each net metering customer using solar energy that shall apply to each kWh generated by the customer's solar net metering system and that shall not displace the benefits provided to such customers under subsections (e) and (f) of this section.

(i) The credit required by this subdivision (K) shall be $0.20 minus the ~~highest~~ residential rate per kWh charged by the company as of the date it files with the board a proposed modification to its rate schedules to effect this subdivision (K) or to revise a credit previously instituted under this subdivision (K). For the purposes of this subdivision (K), the residential rate shall be the kWh rate charged by the company under its general residential rate schedule that consists of two rate components: a service charge and a kWh rate, and shall exclude time-of-use rates and demand rates. If a company's general residential rate schedule includes inclining block rates, the residential rate shall be the highest of those block rates. Notwithstanding the basis for this credit calculation, the amount of the credit shall not fluctuate with changes in the underlying residential rate used to calculate the amount.

(ii) The electric company shall apply the credit calculated in accordance with subdivision ~~(1)(K)~~(i) of this ~~subsection~~ subdivision (1)(K) to generation from each net metering system using solar energy regardless of the customer's rate class. A credit under this subdivision (K) shall be applied to all charges on the customer's bill from the electric company and shall be subject to the provisions of subdivisions (e)(3)(B)(credit for unused balance) and (C)(12-month reversion) and (f)(3)(credit for excess generation; group net metering) of this section.

(iii) An electric company's proposed modification to a rate schedule to offer a credit under this subdivision (K) and any investigation initiated by the board or party other than the company of an existing credit contained in such a rate schedule shall be reviewed in accordance with the procedures set forth in section 225 of this title, except that:

(I) A company's proposed modification shall take effect on filing with the board and shall not be subject to suspension under section 226 of this title;

(II) Such a modification or investigation into an existing credit shall not require review of the company's entire cost of service; and

(III) Such a modification or existing credit may be altered by the board for prospective effect only commencing with the date of the board's decision.

(iv) Within 30 days of this subdivision's effective date, each electric company shall file a proposed modification to its rate schedule that complies with this subdivision (K). Such proposed modification, as it may be revised by the board, shall not be changed for two years starting with the date of the board's decision on the modification. After the passage of that two-year period, further modifications to the amount of a credit under this subdivision may be made in accordance with subdivisions ~~(1)(K)~~(i)–(iii) of this ~~subsection~~ subdivision (1)(K).

(v) An electric company shall not be required to offer a credit under this subdivision (K) if, as of the effective date of this subdivision, the result of the calculation described in subdivision ~~(1)(K)~~(i) of this ~~subsection~~ subdivision (1)(K) is zero or less.

(vi) A solar net metering system shall receive the amount of the credit under this subdivision (K) that is in effect for the service territory in which the system is installed as of the date of the system's installation and shall continue to receive that amount for not less than 10 years after that date regardless of any subsequent modification to the credit as contained in the electric company's rate schedules.

(vii) Not later than 30 days after board approval of an electric company's first rate schedule proposed to comply with this subdivision (1)(K), the company shall offer the amount of the credit contained in such rate

schedule to each solar net metering system placed into service prior to the date on which the company submitted the proposed schedule to the board. Each system that accepts this offer shall receive the credit for not less than 10 years after the date of such acceptance, provided that the system remains in service, and regardless of any subsequent modification to the credit as contained in the company's rate schedules. Should an additional meter at the premises of the net metering customer be necessary to implement this subdivision (vii), or should that meter need replacement because it fails or is destroyed, the net metering customer shall ~~*bear the cost of the additional meter*~~ *not pay a charge greater than the cost of the equipment and installation of the additional or replacement meter.*

Sec. 6. RATE SCHEDULES; MODIFICATIONS

(a) Any electric distribution utility whose rate schedule does not comply with 30 V.S.A. § 219a(h)(1)(K) (mandatory credits; solar net metering systems) as amended by Sec. 5 of this act shall file a proposed modification to its rate schedule to achieve such compliance within 30 days of the effective date of Sec. 5.

(b) The provisions of 30 V.S.A. § 219a(h)(1)(K)(iii) (review process) shall apply to a proposed modification filed pursuant to this section.

(c) The provisions of 30 V.S.A. § 219a(h)(1)(K)(iv) (no change for two years) and (vii) (equal offer to existing solar systems) shall apply to:

(1) A proposed modification filed pursuant to this section; and

(2) Any changes to rate schedules approved by the public service board between May 25, 2011 and the effective date of this section that:

(A) comply with 30 V.S.A. § 219a(h)(1)(K) as amended by Sec. 5 of this act; and

(B) were approved pursuant to either 30 V.S.A. § 219a(h)(1)(J) (voluntary credits) or 30 V.S.A. § 219a(h)(1)(K).

Sec. 7. NET METERING; STUDY; REPORT

No later than January 15, 2013, the department of public service (the department) shall analyze whether and to what extent customers using net metering systems under 30 V.S.A. § 219a are subsidized by other retail electric customers who do not employ net metering and shall submit the analysis and any accompanying recommendations as a written report to the general assembly. The analysis shall include an examination of any benefits or costs of net metering systems to Vermont's electric distribution and transmission systems and the extent to which customers owning net metering systems do or do not contribute to the fixed costs of Vermont's retail electric utilities. Prior to completing the analysis and submitting the report, the department shall offer an opportunity for interested persons such as the retail electric utilities and renewable energy developers and advocates to submit information and comment.

Sec. 8. 30 V.S.A. § 8002(13) is amended to read:

(13) "Plant capacity" means the rated electrical nameplate for a plant, except that, in the case of a solar energy plant that executes a standard offer contract under this chapter, the term shall mean the aggregate AC nameplate capacity of all inverters used to convert the plant's output to AC power.

Sec. 9. EFFECTIVE DATES; RETROACTIVE APPLICATION

(a) This section and Secs. 2–8 of this act shall take effect on passage.

(b) Sec. 1 of this act (net metering; solar registration) shall take effect 30 days after passage.

(c) Notwithstanding 1 V.S.A. §§ 213 and 214, Sec. 8 of this act (amending the definition of plant capacity) shall apply to solar energy plants that have executed a standard offer contract under 30 V.S.A. chapter 89 and are commissioned, within the meaning of 30 V.S.A. § 8002(11), on or after January 1, 2012.