

**No. 125. An act relating to net metering and definitions of capacity.**

(H.475)

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 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).

\* \* \*

## Sec. 2. IMPLEMENTATION; SOLAR REGISTRATION

Within 21 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 a net metering systems using time of day system serving a customer on a demand or other types of metering time-of-use rate schedule, 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. However, if such a net metering system is interconnected directly to the electric company through a separate meter whose primary purpose is to measure the energy generated by the system:

(A) The bill credits shall apply to all kWh generated by the net metering system and 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.

(B) If a company's general residential rate schedule includes inclining block rates, the residential rate used for this calculation shall be the highest of those block rates.

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

(f) Consistent with the other provisions of this title, electric energy measurement for group net metering systems shall be calculated in the following manner:

\* \* \*

(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.

\* \* \*

(4) The board shall apply the provisions of subdivision (e)(4) of this section (measurement and credits; nonstandard meters) to group net metering systems that serve one or more customers who are on a demand or time-of-use rate schedule.

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 perform a general evaluation of Vermont's net metering statute, rules, and procedures and shall submit the evaluation and any accompanying recommendations to the general assembly. Among any other issues related to net metering that the department may deem relevant, the report shall include an analysis of 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. The analysis also 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 evaluation 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:

(1) have executed a standard offer contract under 30 V.S.A. chapter 89; and

(2) are commissioned, within the meaning of 30 V.S.A. § 8002(11), on or after January 1, 2012.

Approved: May 11, 2012