

MEMORANDUM OF VERMONT PUBLIC POWER SUPPLY AUTHORITY RE: PROSPECTIVE NET METERING LEGISLATION

It should be emphasized that the language set out in this memo is not intended to represent a complete bill, but rather is for the purpose of conveying the underlying concept of movement to a statewide program that is in some respects like that utilized in the standard offer program established by the legislature. To accomplish this would appear to involve two key components.

First, the definition that allows proration of the standard offer project productions and costs could be grafted into the net metering statute's definitions section:

30 VSA subsection 219a(a)(8) is added to read:

“Vermont composite electric utility system” has the meaning set forth in subsection 8002(23) of this title.

Second, the core provisions of the statute could be amended to create a net metering structure that gives the customer a choice of either (a) paying her/his electric utility bill to the utility, while receiving compensation from a statewide facilitator for production from the net metering system; or (b) if the customer wishes and is able, receiving compensation through a single, nondemand meter at the statewide rate to the extent that production exceeds usage. The preliminary draft below utilizes a currently unfilled subsection number to incorporate the concept, which is *not* intended to undermine the rights or status of existing net metering customers:

30 VSA subsection 219a(i) is added to read:

On or before June 1, 2014, the public service board shall open a proceeding for the purpose of establishing methods and procedures for allocating payments to net metering customers, distributing the electricity produced by those systems, and administering the net metering program on a statewide basis through the Vermont composite electric utility system in the manner set forth in subsection 8005a(k)(2) of this title, and such method shall supersede that currently in effect for all net metering certificate of public good applications filed after January 1, 2015. In that proceeding, there shall be a rebuttable presumption that the appropriate rate for all net metering systems shall be the weighted average statewide residential rate for the utilities comprising the Vermont composite electric utility system, and the rate shall be reviewed by the Public Service Board not less than every three years. Notwithstanding the above, the methods and procedures implementing this section shall also allow net metering customers the option of using a single, nondemand meter, with production above usage compensated at the statewide rate.

As with the Public Service Department's proposal, this leaves some key implementation details to the Public Service Board, albeit on a somewhat more aggressive timetable. Among the factors that the Board would need to address would be the appointment of a statewide entity, and whether the rate should be altered from that presumed. An open, transparent, and inclusive

process is envisioned, in which the goals of the Department's Comprehensive Energy Plan are among the important considerations.

While there clearly can be no perfect net metering program, legislative changes along the lines proposed herein have the potential to simplify the program, to give customers the clarity of a statewide, single rate that is not dependent on where they happen to reside, and to offer regulatory adjustment and review that ensures appropriate rate review consistent with ratepayer interest and Vermont's renewable energy goals.

January 14, 2014

VERMONT PUBLIC POWER SUPPLY AUTHORITY MEMBER SYSTEMS

Barton Village, Inc. Electric Department

Village of Enosburg Falls Water & Light Department

Town of Hardwick Electric Department

Village of Hyde Park Electric Department

Village of Jacksonville Electric Company

Village of Johnson Water & Light Department

Village of Ludlow Electric Light Department

Village of Lyndonville Electric Department

Village of Morrisville Water & Light Department

Village of Northfield Electric Department

Inc. Village of Orleans Electric Department

Swanton Village, Inc. Electric Department