TO THE HONORABLE SENATE:

The Committee on Finance to which was referred House Bill No. 702 entitled "An act relating to self-generation and net metering" respectfully reports that it has considered the same and recommends that the Senate propose to the House that the bill be amended as follows:

First: In Sec. 1, 30 V.S.A. § 219a, in subdivision (e)(3) (excess generation; single nondemand meter), by striking out subdivision (A) and inserting in lieu thereof a new subdivision (A) to read:

(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~~;~~. If the applicable rate schedule includes inclining block rates**:**

(i) for a net metering system that does not use solar energy, the rate used for this calculation shall be a blend of those rates determined by adding together all of the revenues to the company during a recent test year from kWh sold under those block rates and dividing the sum by the total kWh sold by the company at those rates during that same year**;** and

(ii) for a solar net metering system, the rate used for this calculation:

(I) during the ten years immediately following the system's installation shall be the highest of those block rates and, after this ten-year period, shall be the blended rate in accordance with subdivision (i) of this subdivision (A); or

(II) if the electric company's highest block rate exceeds the adder sum described in subdivision (h)(1)(K) of this section, then for the first year immediately following the system's installation, the electric company may use the adder sum to calculate the credit in lieu of the highest block rate, provided that during the following nine years, the electric company shall adjust the system's credit by a percentage equal to the percentage of each change in its highest block rate during the same period, and after the first ten years following the system's installation, the rate used to calculate the credit shall be the blended rate in accordance with subdivision (i) of this subdivision (A).

Second: In Sec. 1, 30 V.S.A. § 219a, in subsection (e) (electric energy measurement), by striking out subdivision (4) (excess generation; demand meter or time-of-use meter) and inserting in lieu thereof a new subdivision (4) to read:

(4) For a net metering system serving a customer on a demand or time-of-use rate schedule, the manner of measurement and the application of bill credits for the electric energy produced or consumed 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~~ a rate calculated in the same manner as under subdivision (3)(A) of this subsection (e).

Third: In Sec. 1, 30 V.S.A. § 219a, in subdivision (h)(1)(K)(i) (solar incentive calculation), by striking out subdivision (III) (inclining block rates) and inserting in lieu thereof a new subdivision (III) to read:

(III) If a company's general residential rate schedule includes inclining block rates, the residential rate shall be the highest of those block rates.

Fourth: In Sec. 1, 30 V.S.A. § 219a, by striking out subsection (m) and inserting in lieu thereof a new subsection (m) to read:

(m)(1) A facility for the generation of electricity to be consumed primarily by the Military Department established under 3 V.S.A. § 212 and 20 V.S.A. § 361(a) or the National Guard as defined in 32 U.S.C. § 101(3), and installed on property of the Military Department or National Guard located in Vermont, shall be considered a net metering system for purposes of this section if it has a capacity of 2.2 MW or less and meets the provisions of subdivisions ~~(a)(3)(B) through (E)~~ (a)(6)(B)–(D) of this section.

(2) If the interconnecting electric company agrees, a solar facility or group of solar facilities for the generation of electricity, to be installed by one or more municipalities on a capped landfill, shall be considered a net metering system for purposes of this section if the facility or group of facilities has a total capacity of 2.2 MW or less and meets the provisions of subdivisions (a)(6)(B)–(D) of this section. The facilities or group of facilities may serve as a group net metering system that includes each participating municipality and may include members who are not a municipality. In this subdivision (2), "municipality" shall have the same meaning as under 24 V.S.A. § 4551.

(3) ~~Such a~~ A facility described in this subsection shall not be subject to and shall not count toward the capacity limits of subdivisions ~~(a)(3)(A)~~ (a)(6)(A) (no more than 500 kW) and (h)(1)(A) (~~four~~ 15 percent of peak demand) of this section.

Fifth: In Sec. 1, 30 V.S.A. § 219a(n), in the first sentence, after "facilities" by inserting to produce power and, before "installed," by inserting to be

Sixth: In Sec. 1, 30 V.S.A. § 219a (self-generation and net metering), in subdivision (o)(1) (renewable energy achievement requirements), by striking out subdivision (B) and inserting in lieu thereof a new subdivision (B) to read:

(B) the electric company owns and has retired tradeable renewable energy credits monitored and traded on the New England Generation Information System or otherwise approved by the Board equivalent to 90 percent of the company's total periodic retail sales of electricity calculated on a monthly basis commencing with the effective date of this subsection (o) and switching to an annual basis beginning one year after the effective date of this subsection; and

Seventh: In Sec. 4, 30 V.S.A. § 8010, in subsection (c), by striking out subdivision (3) and inserting in lieu thereof a new subdivision (3) to read:

(3) The rules shall establish 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. In establishing these standards and procedures, the rules:

(A) may waive the requirements of section 248 of this title that are not applicable to net metering systems, including criteria that are generally applicable to public service companies as defined in this title;

(B) may modify notice and hearing requirements of this title as the Board considers appropriate;

(C) shall seek to simplify the application and review process as appropriate; and

(D) with respect to net metering systems that exceed 150 kW in plant capacity, shall apply the so-called "Quechee" test for aesthetic impact as described by the Vermont Supreme Court in the case of In re Halnon, 174 Vt. 515 (2002) (mem.). The rules and application form shall state the components of this test.

Eighth: After Sec. 9, by inserting a reader guide and Sec. 9a to read:

* * * Advocacy; Regional Electric System * * *

Sec. 9a. 30 V.S.A. § 2(f) is added to read:

(f) In all forums affecting policy and decision making for the New England region's electric system, including matters before the Federal Energy Regulatory Commission and the Independent System Operator of New England, the Department of Public Service shall advance positions that are consistent with the statutory policies and goals set forth in 10 V.S.A. §§ 578, 580, and 581 and sections 202a, 8001, and 8005 of this title. This subsection shall not compel the Department to initiate or participate in litigation and shall not preclude the Department from entering into agreements that represent a reasonable advance to these statutory policies and goals.

Ninth: In Sec. 10 (effective dates, applicability; implementation), in subsection (a), after the first parenthetical phrase, by striking out "and" and inserting a new comma and after the second parenthetical phrase, by inserting , and 9a (advocacy; regional electric system)

Tenth: In Sec. 10 (effective dates; applicability; implementation), in subsection (b), by striking out the first sentence and inserting in lieu thereof:

In this subsection, "amended subdivisions" means 30 V.S.A. § 219a(e)(3)(A) (credits), (e)(4)(B)(credits), and (h)(1)(K) (mandatory solar incentive) as amended by Sec. 1 of this act.

Eleventh: In Sec. 10 (effective dates; applicability; implementation), by adding a subsection (h) to read:

(h) During statutory revision, the Office of Legislative Council shall substitute the actual dates for the phrases, in 30 V.S.A. § 219a(o)(1)(B), "effective date of this subsection" and "one year after the effective date of this subsection."

(Committee vote: _____)

_____

Senator

FOR THE COMMITTEE