

Date: January 30, 2015  
To: House Natural Resources & Energy Committee  
From: Johanna Miller, VNRC Energy Program Director – [jmiller@vnrc.org](mailto:jmiller@vnrc.org)  
RE: VNRC Testimony on H.40

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Thank you for the opportunity to speak with today.

**VNRC has long supported Vermont establishing an RPS, and we support this bill. H.40 will take us another step step forward towards moving Vermonters off of fossil fuels, reducing our greenhouse gas emissions and achieving our renewable energy and statutory climate change goals.** VNRC appreciates the PSD’s leadership in working to craft a solution that balances different interests, concerns and needs, as well as the commitment of legislative leaders and the state’s utilities in helping Vermonters transition to renewable energy supplies.

With the retirement of RECs, we are not only truing up our renewable policies – ceasing the double counting of renewable projects – but also helping to alleviate real risk from upward pressure on rates. We are also clearly maintaining our commitment to supporting the construction of small-scale, in-state renewables. Importantly – and excitingly – is the “Transformation” component of this bill, which will meet Vermonters where they are... wanting to address their energy consumption more holistically by focusing more on reducing fossil fuel use in the heating and transportation sectors.

These overarching principles we believe are essential for this bill to achieve:

- 1) Complement existing programs and ensure coordination of existing and new programs.
- 2) Ensure economic and environmental benefits through more clear legislative guidance and strong regulatory oversight.
- 3) Ensure all Vermonters can participate in and reap the benefits of our clean energy transition.

I also wanted to note that we really support the commitment to making the most efficient use of renewables using forests/biomass for energy. We don’t have an unlimited supply of forest resources, and they meet a lot of important needs. We believe that Tier II – the DG tier – hits the right mark in terms of supporting thermal led projects and establishing procurement standards to ensure forest health.

A few more specific recommendations/issues that we think are important to address to craft a fair, strong policy include:

- **Tier II – Distributed Generation Tier.** We have some concerns about – or uncertain of the implications of – the provision in the draft that relates to Act

99/net metering redesign process at the Public Service Board. In particular, relating to the provision on page 40, lines 1-3, *“If the customer retains the attributes, reduces the value of the credit provided under this section for electricity generated by the customer’s net metering system by the value of the attributes.”* We have concerns that this language could result in **net metering customers receiving a credit per kWh that is less than the retail rate for electricity**, in cases where customers decide to retain the environmental attributes of their systems. There are some who have already committed to receiving less of a financial benefit under the current NM law (because they want to retain the RECs). Without more clarity – or potentially directing the PSB to ensure that the rate paid for NM projects never falls below the retail rate – would help ensure we continue to help Vermonters embrace community solar solutions (municipal, school, projects for the 70 percent who can’t go solar for one reason or another). Clearly we have a state and utilities that have been strong supporters of NM and we must transition away from the “double dipping” in financial incentives too – which the provision currently aims to address – but we also don’t want to penalize community projects either. I would like to work with you, the PSD and utilities to see if we can clarify this language or craft a solution that addresses this potential problem.

- **Transformation Tier Recommendations:**

- Provide more statutory guidance to the PSB for its rulemaking process outlined in the transformation sector, as highlighted yesterday by VEIC. In particular, we agree that its important to ensure that the state crafts a program that makes it possible for all ratepayers to participate and benefit, regardless of income, rate class (residential, industrial, commercial) or utility service territory. We ask the committee to set more clear guidance for the PSB around these principles in this provision.
- Ensure that this Tier is not voluntary, but required (as currently crafted). This tier, in particular, meets most customers where they are at in terms of an interest in addressing all their energy needs – and reducing energy consumption – in the electric, heating and transportation sector. A ‘whole home’/EHome (like GMPs approach) is an attractive solution for Vermonters, providing the most comprehensive, cost-effective, long-term solutions.
- Expand or clarify Tier III to ensure that it is a mechanism that only reduces fossil fuel use but as best as possible strengthens the state’s ability to achieve carbon and greenhouse gas reduction goals.

- Potentially strengthen language/provide more guidance on ensuring coordination in delivery of energy transformation projects. The aim to foster greater innovation and market-driven solutions really important, but its also important to remember the needs of customers on the other end of the delivery mechanism. Avoiding duplication, customer confusion as best as possible is key. There is clearly a commitment to that, per the provision in the draft (p. 2 (F)(iv)) but more guidance to ensure PSB rule making fosters best coordination.

In closing: VNRC supports this bill and strongly supports the state's existing statutory efficiency and greenhouse gas emission goals, as well as the state's Comprehensive Energy Plan goals. They are ambitious but imperative goals. If we are ever to meet them, we must support and expand the kinds of programs that will get us there — and that Vermonters want. Embracing a renewable energy portfolio – and an innovative one like this – will take another significant step forward to realizing those goals and fostering short- and long-term energy affordability for Vermonters.

THANK YOU AGAIN for the opportunity to speak with you today and for all you have done — and are doing — to help Vermonters reduce their energy costs and transition to a clean energy future.