

Margaret Cheney
Member, Vermont Public Service Board
Testimony to House Natural Resources and Energy Committee
March 30, 2016

Net Metering Rule

In response to Act 99 of 2014

- Mission: To adopt rules for comprehensive redesign of the net-metering program (up to 500 kW) for effect on January 1, 2017
- Top-to-bottom inquiry, involving citizens, towns, state agencies, utilities, affected businesses

Process

1. 6 public day-long workshops; 2 rounds of written comments from workshop participants and members of public; all comments and workshop materials posted on website
2. Distributed first draft and solicited more comments
3. Redrafted
4. Current draft delivered to ICAR (Interagency Committee on Administrative Rules) on March 14
5. Posted on Secretary of State website March 30
6. Fresh comment period until May 12 with 2 public hearings (May 4 at 7:00 p.m. and May 5 at 1:00 p.m.)
7. Final draft to LCAR (Legislative Committee on Administrative Rules)

Major Proposed Changes

- 5 categories of net metering projects, based on size and siting
- Price adjustors, based on size, siting, and disposition of RECs (renewable energy credits)
- Different permitting processes, based on size and siting
- Instead of a percentage cap, a biennial review and adjustments as needed

5 Categories of Projects:

Category I: Up to 15 kW

Category II: >15 kW to 150 kW, *well sited*

Category III: >150 kW to 500 kW, *well sited*

Category IV: >15 kW to 150 kW

Category V: >150 kW to 500 kW

Siting Adjustors:

Within these categories, we use price to encourage projects to be built in optimum sites: incentives and disincentives.

We define the sites that would earn an adder in the form of extra cents per kWh:

- Rooftops
- Previously developed sites
- Gravel pits
- Quarries
- A project on the premises of the primary off-taker
- A "locally preferred" site designated by the host town

A project on a site not on that list would have a subtractor – the retail rate *minus* cents per kWh.

REC Adjustors:

We require projects to designate the disposition of their RECs. Currently, many large net-metering projects retain their RECs and sell them out of state. We want to encourage these RECs to stay in-state, with a Vermont utility, in furtherance of State renewable energy requirements.

- A project that retains its RECs would see a subtractor on its retail rate per kWh.
- A project that transfers its RECs to its utility would receive a positive adjustor.

Permitting:

There will be different permitting processes for net-metering projects, depending on size and siting. These processes will provide ways for citizens, municipalities, and planning commissions to participate more easily. Large, less well-sited projects will need to go through a more thorough permitting process, with more opportunity for local input.

For example:

Today we allow simple registration in 10 days for any project up to 15 kW in size. In the new Rule, we allow simple registration for any system on a roof.

In the future, well-sited projects will see:

- Simplified review process with advance notice to neighbors, towns, planning commissions, relevant state agencies, and utilities
- Permit issued after a 30-day comment period if no one objects or requests a hearing
- Hearing granted automatically if any town or regional planning commission asks for one

Less well-sited projects:

- Longer application process including advance notice to neighbors, towns, planning commissions, relevant state agencies, utilities; a defined comment period, etc.
- New requirement for the developer to hold a pre-application public meeting in the town where project is proposed. This will encourage a developer to respond in advance to local input.

We also drafted the Rule itself to make the process clearer and easier for citizens and municipalities to navigate.

Three examples:

- We will provide new templates that citizens can fill out if they want to intervene in a case.
- In the Rule, we give a step-by-step explanation of the Quechee test, with examples of the factors that might lead to a conclusion that a project creates an undue, adverse aesthetic impact. Because one of these factors is whether a project would violate a clear, written community standard, we give examples of the kind of Town Plan language that would qualify as such.
- We remind developers of the statutory setback requirements.