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Testimony to House Committee on Energy and Technology on H.396

April 6, 2017

Dear Chairman Carr and Members of the Committee:

I would like to express my enthusiastic support for H.396 and thank Rep. Chesnut-Tangerman and the other co-sponsors of the bill. As written, the new Net Metering Rule is flawed and contains features that are inconsistent with Vermont's energy and environmental goals. It also will financially harm many longstanding local solar companies in Vermont who have traditionally sold solar to Vermonters and will lead to them further losing business to large out of state companies such as SolarCity who traditionally strip the RECs from their products and thus will gladly turn them over to the local utility for an additional 6 cents/kWh. H.396 remedies this problem by efficiently creating a means for solar customers to retain their RECs without causing any harm to electric ratepayers, utilities or the state's renewable goals.

Energy Affordability and Low Income Access to Solar

In order for Vermonters to legally "go solar" they must retain their RECs and cannot turn them over to the utility. If a customer is required to give the utility the RECs from a community solar project then the customer can no longer claim the environmental benefits of the community solar or claim that their investment has reduced their carbon footprint and it is no longer truly community solar.

The cumulative \$0.06/kWh penalty for customers who retain their RECs is arbitrary and unnecessarily punitive. The recent market price for New England Class 1 RECs has remained at or below the \$0.02/kWh (\$20/mWh) range and well below the proposed penalty (see attached - Class 1 REC price in MA and CT). This penalty is inconsistent with the intent of Act 56. Many diverse commenters (including community solar members, solar companies, developers, private businesses, and academic experts) expressed this opinion in public hearings and in comments to the PSB and asked them to remove this excessive penalty and to allow solar customers to retain their RECs. This arbitrary penalty will also restrict low income access to community solar by making it unaffordable.

I have donated many work hours over the last three years to local community groups that want to go solar. These community members in places such as Shaftsbury, West Rutland, Randolph, the Mad River Valley and many other locations have invested their time and money to develop well-sited, locally owned, community solar and it is my professional opinion that the new Net Metering Rule will

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end community owned solar since the punitive \$6 cent/kWh penalty will extend the payback period beyond a level that most Vermonters find reasonable.

In addition to making solar unaffordable for low income Vermonters this provision also discourages Vermont business from being green leaders and using net metering to become 100% renewable and also harms other public institutions such as colleges and universities who have successfully used net metering to participate in the American College and University President's Climate Commitment, which requires the retirement of the RECs in order to count the local greenhouse gas reductions. It will also make it much less cost effective for state buildings to go solar. Vermont state government has itself retained its RECs in order to meet greenhouse gas reduction goals.

False Green Claims and Solar Deception

Customers who give up control of their RECs to the utility cannot make green claims about their energy use. Paying a 6 cent/kWh premium for solar installations that turn their RECs over to the utilities will lead to further deceptive practices in the solar industry as companies inaccurately promote "going solar" with products that don't actually sell solar to Vermont customers. These deceptive practices harm the solar industry and the consumer and will make it harder to meet our energy & climate goals.

Other Important Considerations

1. Net Metered RECs have traditionally been the property of the solar customer (not the utility) and thus have been additional to utility RPS commitments. This remains the case today in many states such as California.
2. Contrary to recent utility claims to the Committee, the utilities do not pay for the net metered RECs it is the electric customers who ultimately pay for them. H.396 holds the electric customers financially harmless compared to the current net metering rule but it also provides them with significant benefit since it allows them to affordably "go solar." Vermont's renewable goals should be about encouraging all Vermonters to go solar and to reduce greenhouse gas emissions not just a program exclusively for the monopoly utility.
3. While Act 56 requires the utilities to retire net metered RECs going forward, utilities want all of the customers net metered RECs because it also allows the utilities to continue to sell more RECs from utility owned solar (up to 5 MW in size) as well as RECs from Standard Offer (up to 2.2 MW in size) since the utility only will retire RECs up to its annual Tier 2 target and will likely sell the remainder. GMP has publicly stated that it will sell RECs out of state from some projects (e.g. Elizabeth Mine project in Strafford).

Finally, I have one proposed modification to the bill. I believe that it is sufficient for the affidavit to be filed one time and that it is not necessary and perhaps impractical to require annual affidavits. I also believe that it is essential to make H.396 effective as quickly as possible since the current rule will have an incredibly negative impact on local solar ownership.

Thanks you all for the opportunity to share my comments.

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