



# Vermont Electric Cooperative, Inc.

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## Testimony to House Committee on Energy & Technology - February 28, 2018

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### About VEC

As a member-owned, not-for-profit cooperative, VEC’s primary interest is to provide our members with safe, cost-effective, reliable, and environmentally-responsible electric service. Our service territory is rural and relatively low-income. Thirty-nine percent of VEC’s residential members are on fixed incomes, and VEC serves eight of the top ten Vermont towns and three of the top five counties with the highest poverty levels. We work hard to meet the needs of lower-income Vermonters and support our rural businesses by keeping electric rates as low as possible and by not shifting costs to those who can least afford them. We have not had a rate increase since January 2014 and support policies and programs that reduce rate pressures.

VEC sees no need for new net metering legislation at this time for two reasons. First, installations are continuing at a rapid pace under the current net metering rule. In VEC’s service territory, the pace has exceeded anything we’ve previously seen. Second, the Public Utility Commission (Commission) has a process in place to review the net metering rule every two years, and that process is currently underway for 2018. We believe that the biennial review is the best venue for making any changes to the net metering rule.

### Current Pace of Net Metering

In 2017, the total number of applications and their total capacity exceeded the totals during the previous three years combined. For part of that time, VEC’s net metering program was closed because we had reached the statutory 15 percent cap. Even taking that into consideration, the pace of applications in 2017 was greater than anything we had previously seen.

### All Net Metering Data

	Accounts	kW	Avg kW	% of 2017 Peak
Original projects (pre-4/15/14)	352	3,325	9	3.89 %
2014 - 2016 (until VEC cap reached 11/15)	348	6,425	18	7.52 %
2017	391	7,607	19	8.91 %
Total	1,091	17,357	15	20.32 %

## 2017 Net Metering Data

2017	# of Applications	% of Applications	Total Capacity (kW)	% of Capacity	Av kW	% of 2017 Peak (85.4 MW)
15kW or less	373	95%	2,572	34%	7	
>15kW to 150kW	8	2%	296	4%	37	
>150kW to 500 kW	10	3%	4,740	62%	474	
Total	391		7,607		19	8.91%

### 5.100 Rulemaking Process

In Act 99, which was adopted in 2014, the legislature directed the Commission to undertake a rulemaking process to establish a revised net metering program that would take effect on January 1, 2017. The Commission instituted a series of stakeholder workshops that took place every two weeks during the first half of 2015. These workshops allowed for a robust and detailed discussion on a wide variety of topics with participation from advocacy groups, renewable energy developers, electric utilities, state agencies, and interested citizens. The workshops were followed by several rounds of written comments, three draft rules, and two public hearings.

This process worked. It created a rule that balances competing interests and offers a flexible framework to respond to changing market conditions and the pace of net metering adoption. The current rule 5.100 takes both the size and the location of net metering projects into consideration to determine their rate of compensation.

The Commission has recently begun the biennial review of Rule 5.100, during which the changes outlined in this bill could be considered. This process would provide an opportunity for all stakeholders to weigh in on their merits as well as express any concerns.

### Substance of H. 676

While VEC strongly recommends that any revision to Rule 5.100 occur through the biennial review process, we have only one objection to the specific changes contemplated in H. 676. That objection is to Section (c)(3)(C)(iii), which would require that the Commission simplify “the application and review process to encourage group net metering systems when at least 50 percent of the customers who receive the bill credits for the electricity generated by the system are residential accounts.”

Adoption of this language could allow ground-mounted systems larger than 50 kilowatts to bypass the proper application process. Roof-mounted systems of any size are already afforded a streamlined process. Ground-mounted systems larger than 50 kilowatts are, appropriately, required to follow a more rigorous process, through which siting, environmental, aesthetic, and interconnection concerns can be thoroughly addressed. Who the eventual group participants are is irrelevant to what is reviewed through this application process and should not entitle a project to special treatment.

### In Summary

VEC’s position is that Rule 5.100 is well-designed and is the result of a rigorous public process. Any necessary changes should occur within the context of the biennial review.