



# Vermont Electric Cooperative, Inc.

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## Testimony to Senate Natural Resources and Energy Committee- February 22, 2017

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### 1. Status of 2017 Net Metering Applications

Applications for net metering projects have been brisk so far in 2017 with a total of 63 net metering applications as of Feb. 15. The applications during these first 45 days of 2017 represent over 2% of VEC's peak. Two 500kW project applications comprise a disproportionate percentage of the capacity-- 3% of the applications but 56% of the capacity. Projects greater than 15kW comprise 8% of the applications and 75% of the capacity.

	# of Applications	% of Applications	Total Capacity	% of Capacity
<15kW	58	92%	439.45	25%
>15kW to >500 kW	3	5%	327.40	19%
500 kW	2	3%	1,000.00	56%
Total	63	100%	1,766.85	100%

**If the rest of 2017 keeps the same pace as the first 45 days of 2017, the total capacity of applications in 2017 will exceed the total of all net metering capacity prior to 2017. See chart below.**

	Accounts	kW	Avg kW	% of 2016 Peak
<b>Original Projects</b> (pre-4/15/14)	354	3,304	9.33	4.02 %
<b>2014-2016</b> (until VEC cap reached Nov. 2015)	404	7,016	17.37	8.53 %
<b>2017</b> (as of 2/15/17)	63	1,766	28.03	2.12 %
<b>Total</b>	798	11,092	13.9	14.67%
<b>If the remainder of 2017 stays at same pace as the beginning of 2017. Total 2017:</b>		<b>14,700</b>		

### 2. Community Solar

VEC has a Co-op Community Solar program that provides members an opportunity to support and benefit from community local renewable energy. We have 1 community solar project in operation and 2 others in development. During the first 3 months of the launch of the Alburgh project, 75 different Co-op members sponsored almost half of the capacity of

that project. VEC is offering “off-site” cost effective community solar opportunities to VEC members at a lower cost to the Co-op than the cost of net metering.

### 3. VEC Position on Proposed Net Metering Rules

VEC’s position is that we would like to see the proposed rule finalized provided there are no changes that would facilitate increased net metering. If the draft rule was to change now, we would be forced to redo months of custom programming to support the new billing structure. It would also create a chaotic situation for members who have begun the process of applying for net metering.

The proposed rule does not incorporate everything we advocated for. If VEC had our preference, net metering would be limited to smaller projects scaled to residential usage. As noted above, 75% of the net metering capacity in VEC territory is for projects greater than 15kW. VEC also would prefer to have a program cap in order to limit our financial exposure, and we would prefer that the cost to the utility would be closer to what we pay for other renewables. VEC supports the development of renewable energy in a way that is economically sustainable for Co-op members. We believe the regulatory environment should not require utilities to pay more than needed for renewable energy. We believe that is the best way to ensure the long-term success of the program. (When we testified to this committee a year ago, every 1% of net metering was costing the Co-op \$125,000 more than the value it was providing. At end of 2016 we were at 12.6 % of VEC peak- with a total of \$1.6 million in annual excess cost to the Co-op).

However, the PSB implemented a long and comprehensive public process that struck a delicate balance between competing interests. We are not challenging the outcome. We need clarity and certainty so we can support our members who want to install solar.

### 4. VEC Net Metering Tariff

VEC’s net metering tariff was approved by the PSB in December 2016. The tariff freezes the program for existing members for 10 years from the time the system was installed. After 10 years, the member would receive the blended residential rate in place at that time. The member would also be required to pay the non-bypassable charges identified in VEC’s tariff. These include the customer charge, energy efficiency charges, and any equipment rental or on-bill financing charges.

Members who apply after December 31, 2016 will receive the statewide blended rate for the excess generation as well as the applicable Renewable Energy Certificate (REC) and siting adjustors. They will be required to pay the non-bypassable charges listed above. The charges identified as non-bypassable in VEC’s tariff are charged to VEC members regardless of whether they net meter; there are no additional ongoing charges for net metering members other than, potentially, the REC and siting adjustors outlined in the PSB rule.

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