

STATE OF VERMONT  
PUBLIC UTILITY COMMISSION

Case No. 19-0855-RULE

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Proposed revisions to Vermont Public Utility  
Commission Rule 5.100

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Order entered: 04/16/2019

**ORDER OPENING RULEMAKING**

**I. INTRODUCTION**

In today's Order, the Vermont Public Utility Commission ("Commission") initiates a proceeding to review Commission Rule 5.100, which governs the construction and operation of net-metering systems.

**II. BACKGROUND**

Since 1997, Vermont utility customers using small renewable electric generation facilities have been allowed to net-meter their output and receive credit on their electricity bills. In 2014, the General Assembly tasked the Commission with redesigning the net-metering program to achieve a number of statutory objectives, including:

- advancing the State's greenhouse goals and total renewable energy targets;
- achieving a level of deployment that is consistent with the recommendations of the Electrical Energy and Comprehensive Energy Plans;
- ensuring, to the extent feasible, that net metering does not shift costs included in each retail electricity provider's revenue requirement between net-metering customers and other customers;
- accounting for all costs and benefits of net metering;
- ensuring access to the net-metering program;
- balancing the pace of deployment and cost of the program with the program's impact on rates; and
- accounting for changes over time in the cost of technology.<sup>1</sup>

In July of 2017, the current net-metering rule took effect. Rule 5.100 features a system of rate adjustors intended to encourage the beneficial siting of net-metering systems in areas with fewer environmental impacts and to encourage customers to transfer their renewable energy

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<sup>1</sup> 30 V.S.A. § 8010(c).

credits (“RECs”) to their utility so that net-metering systems can count towards Vermont’s Renewable Energy Standard. The rule also provides for a periodic review of the rate adjustors; the first such review was completed in May of 2018.<sup>2</sup>

In December of 2017, the Vermont Department of Public Service (the “Department”), the Agency of Natural Resources, and the Natural Resources Board filed a request for guidance about the definitions of “preferred sites.”<sup>3</sup> The Commission solicited two rounds of written comments and conducted a workshop with stakeholders to review issues related to preferred sites. Their input resulted in proposed changes to that section of the rule.

The Commission has also heard that there is a need for further clarifications to other sections of the rule. These changes are discussed in more detail below.

### **III. DISCUSSION**

Attached to this Order is a draft of potential changes to Rule 5.100. The draft addresses: (1) changes intended to clarify and streamline the registration of net-metering systems, (2) recommendations pertaining to “preferred sites” identified in Case No. 17-5202-PET, and (3) changes that clarify the relationship between the Rule 5.100 certificate of public good (“CPG”) application process and the Rule 5.500 interconnection application process.

For example, the Commission would like to streamline the process for net-metering registrations for which the applicant has agreed to any interconnection requirements specified by the utility. Under the current rule, the applicant must respond to all interconnection issues identified by the utility and the Commission must determine that the response satisfactorily resolves those issues. The Commission proposes to revise the rule so that Commission action would only be necessary when there is a dispute about interconnection requirements. A customer would dispute any interconnection requirement by filing a request with the Commission. Disputes about interconnection requirements have been uncommon, and the Commission hopes such a change will streamline the vast majority of cases where no issues are disputed.

The Commission also proposes changes to the procedures for amending pending net-metering registrations and applications, as well as approved net-metering systems. Under the

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<sup>2</sup> *In Re: Biennial Update of the Net-Metering Program*, Case No. 18-0086-INV, Order of May 1, 2018.

<sup>3</sup> Case No. 17-5202-PET.

current rule, the applicable procedure for making changes to a net-metering registration depends on whether the change is a “major” or “minor” amendment.<sup>4</sup> Solar installers have expressed confusion about this regulation, and the Commission’s staff spends a significant amount of time correcting and updating net-metering registrations. The Commission proposes to end this distinction between major and minor amendments and have a single procedure for all amendments. The proposed rule language will make filing amendments more streamlined, while still allowing for adequate review and public participation.

The Commission is also proposing to simplify the CPG transfer process. Under the current rules, the procedure for transferring a CPG depends on whether the CPG is being transferred as part of the sale of the land hosting the net-metering system or separate from the sale of land. The Commission is proposing to end this distinction. The Commission will adopt a single form and procedure for all transfers of systems larger than 15 kW. The Commission proposes that the transfer of a CPG for a small system (15 kW or less) would be done by written notice to the electric company.

The Commission also proposes to change a number of the deadlines in the current rule. First, consistent with recent practice, the Commission plans to delete all references to “business days” and instead use the equivalent number of calendar days. Second, the Commission proposes to standardize the time provided to utilities to raise an interconnection objection to a registration by providing 30 days for objections (rather than 10 business days for some and 30 days for others, depending on size). Third, the Commission proposes to allow two years for a permitted project to be constructed instead of one. This last change would allow additional time for an applicant to construct and interconnect a project without needing to obtain an extension of the CPG if something prevents the project from being completed within a year of approval.

The Commission also proposes revisions to Section 5.103’s definition of “preferred sites” based on its review of the information presented in Case No. 17-5202-PET.<sup>5</sup> The Commission has also updated Sections 5.106 and 5.107 to specify what information an applicant must provide to demonstrate that its project qualifies as a preferred site.

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<sup>4</sup> Commission Rules 5.108 and 5.109.

<sup>5</sup> The Commission will issue an order in Case No. 17-5202-PET informing all participants in that proceeding of this rulemaking and closing Case No. 17-5202-PET.

In regard to preferred sites, the Commission requests comments on whether preferred-site status is appropriate for areas of the grid that are constrained. The Commission also requests comments on the relevance, if any, of tree clearing in determining preferred-site status. To the extent tree clearing is relevant, how should it factor in to the determination of preferred-site status?

The Commission also seeks comments on whether there should be a simplified process for obtaining a CPG for a solar canopy over an existing parking lot. The Commission has heard that these projects have minimal environmental impacts and should be eligible for filing as registrations like rooftop systems. The Commission seeks comments on this type of approach.

The Commission is considering changes to Sections 5.105, 5.106, and 5.107 that are intended to clarify the relationship of the CPG application process and the interconnection application process. For example, the draft clarifies that registration forms filed pursuant to Section 5.105 and application forms filed pursuant to Section 5.106 constitute Rule 5.500 interconnection applications. The Commission requests that comments address whether the registration form and application form need to be amended to include any information relevant to the subject of interconnection.

Applicants proposing large, ground-mounted net-metering systems pursuant to Section 5.107 will need to demonstrate that they have filed a separate, complete Rule 5.500 interconnection application with the interconnecting utility. The Commission requests comments on whether the Commission should require applicants to provide the results of any interconnection studies with a Section 5.107 CPG application.

The attached draft of Rule 5.100 does not contain any proposed changes to the rate structure for net-metering systems. However, the Commission is interested in hearing from stakeholders about whether any changes to the net-metering rate structure would be beneficial. For example, should net-metering credits continue to be based on the blended residential rate or should credits be based on some other measure, such as avoided system costs and environmental benefits? Participants should also offer ideas about how to leverage net-metering to reduce fossil-fuel consumption. For example, net-metering rates could be linked with requirements for the beneficial electrification of what would otherwise be fossil-fuel-based heating and transportation.

The Commission recently examined the possibility of using locational pricing in the context of the standard-offer program. While the Commission determined that locational pricing was not practical in that context, the Commission would like to know whether locational pricing would be appropriate for the net-metering program. Finally, the Commission would like to know whether the biennial update process described in Section 5.128 should be changed to better accomplish the goal of ensuring that the costs and benefits of net-metering are well balanced.

#### **IV. REQUEST FOR COMMENTS**

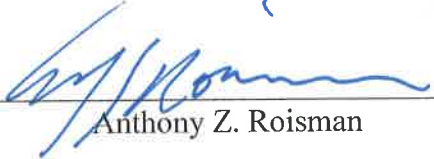
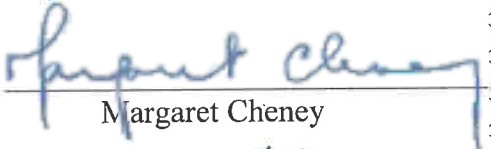

The Commission requests that stakeholders provide comments by May 17, 2019, addressing the attached draft changes to Rule 5.100 and the issues discussed in today's Order. Additionally, stakeholders are invited to bring to the Commission's attention any other issues with Rule 5.100 that should be addressed through the rulemaking process.

This rulemaking is being processed in the Commission's online document management system, known as ePUC, which can be accessed at <https://epuc.vermont.gov>. Documents related to this rulemaking will be available in Case No. 19-0855-RULE.

In addition to comments on the substantive issues described in this Order, the Commission is interested in receiving comments by May 17, 2019, on what the process for this rulemaking should entail (e.g., how many rounds of comments and workshops are appropriate). Comments should be filed in ePUC using the "Add Briefs, Comments, or Discovery" action. Comments should not be filed using the "Public Comment" option. The Commission will establish a service list for this proceeding, which is not a contested case. Anyone interested in participating should contact the Clerk of the Commission at [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov).

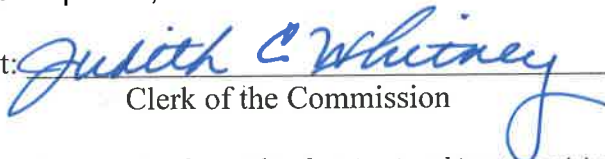
**SO ORDERED.**

Dated at Montpelier, Vermont, this 16th day of April, 2019.

	)	
Anthony Z. Roisman	)	PUBLIC UTILITY
	)	
	)	
Margaret Cheney	)	COMMISSION
	)	
	)	
Sarah Hofmann	)	OF VERMONT

OFFICE OF THE CLERK

Filed: April 16, 2019

Attest:   
 Clerk of the Commission

*Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: [puc.clerk@vermont.gov](mailto:puc.clerk@vermont.gov))*