VPPSA Testimony H. 423 and Net Metering

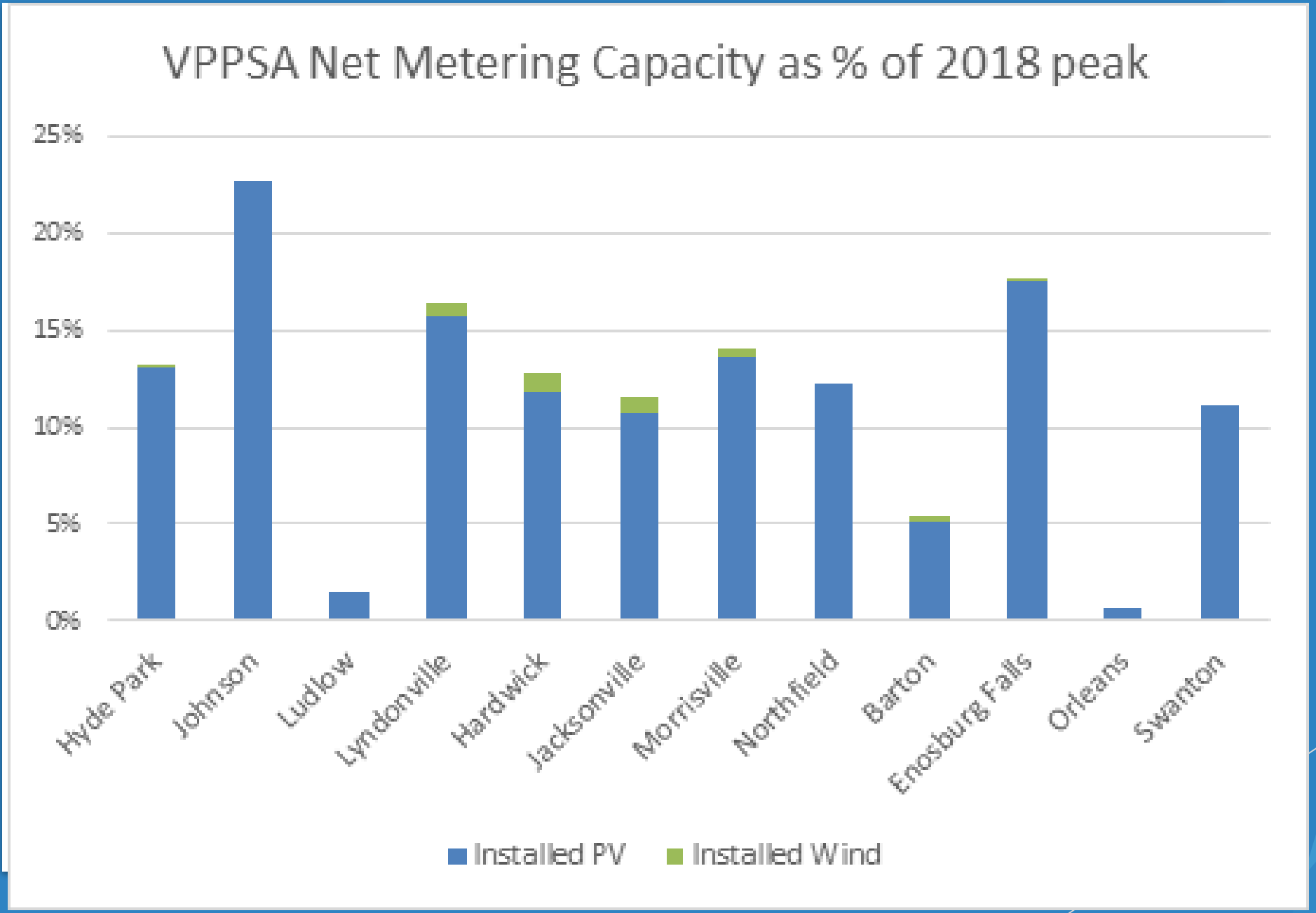
Melissa Bailey

VPPSA Net Metering Position

- VPPSA members are actively engaged in deploying renewable resources and meeting State energy goals.
- Local, non-profit utilities
  - Committed to values of local decision-making and fairness among ratepayers.
- PUC carefully balanced costs and benefits in developing current Net Metering rule between 2015 and 2017.
  - Concluded that rates were too high and need to be reduced over time.
- VPPSA cautions against opening up *portions* of the NM rule.

Section 8010 Criteria for Net Metering Rules

- (A) Advance VT's renewable goals and total renewables targets
- (B) Achieve deployment consistent with Energy Plan unless PUC determines energy plan is inconsistent with goals in (A)
- (C) To extent feasible, ensure no cost shifting in each retail electricity provider's revenue requirement
- (D) Account for all costs and benefits of net metering, including T&D and potential to reduce consumption of fossil fuels
- (E) Ensure all customers who want to participate in net metering have the opportunity
- (F) Balance, over time, pace of deployment and cost of program with impact on rates
- (G) Account for changes over time in the cost of technology
- (H) allows a customer to retain ownership of RECs but:
  - Reduces the credit to the customer if they elect to retain the RECs
  - Requires utilities to retire net metering RECs that are transferred for RES


VPPSA Net Metering Capacity as % of 2018 peak
25%
20%
15%
10%
5%
0%
Hyde Park
Johnson
Ludlow
Lyndonville
Hardwick
Jacksonville
Morrisville
Northfield
Barton
Enosburg Falls
Orleans
Swanton
Installed PV
Installed Wind

Net Metering in the Context of Vermont's Renewable Policies

- The Renewable Energy Standard (RES) will dictate how much small, renewable generation is developed in VT.
- The Comprehensive Energy Plan (CEP) states:
  - "[p]ower supply questions now revolve around the most cost-effective way to meet the RES requirements, not around how much renewable energy to acquire."
- The (CEP) recommends planning:
  - "carefully to meet all three tiers of the RES in a least-cost manner" and to "strive to lower both energy bills and electric rates."

H. 423 Goals

- Lower energy costs for public institutions? Schools?
- Provide renewable energy to public institutions?
  - There will likely be tradeoffs between goals.
  - Net metering may not meet these goals.
  - Both goals can be met through alternative means to net metering.

Benefits of Net Metering

- Can lead to generation sited close to load (e.g. rooftop)
  - Not generally the case with group systems
- Customers able to self-generate a portion of their own electric needs.
- Financial benefit to developer and participating customer
- Economic development through solar industry

- But, RES will dictate *how much* small, renewable generation is developed in VT.

Drawbacks of Net Metering

- Larger projects are typically located far from load
  - Strain the distribution system, little grid benefit.
- Significant cost shifts exist under the current rate structure.
  - Not sustainable to pay above retail rates.
- Net Metering is currently the most expensive way to meet the State's renewable goals and requirements.
  - NM rates Range from **14.4 to 18.4** cents/kWh
  - Standard Offer and utility projects developed for **9 to 12** cents/kWh
  - Rate impacts hinder economic development
- Customers that transfer RECs *can't claim* renewability.

Net Metering Compensation Rates			
Project Category	**2017**	**2018**	**2019**
Category I (up to 15 kW)	$0.189	$0.184	$0.174
Category II (>15 to 150 kW on preferred site)	$0.189	$0.184	$0.174
Category III (>150 to 500 kW on preferred site)	$0.169	$0.154	$0.144
Category IV (>15 to 150 kW on non-preferred site)	$0.149	$0.144	$0.134

**Value* to utility and ratepayers of net metered generation estimated at 9-10 cents/kWh

VPPSA Municipals Experience with NM

- A new 500 kW in the VPPSA members' territory puts upward pressure on rates to the magnitude of 1-3%.
- Swanton example:
  - A new 500kW net metered solar would provide solar at above market costs of **$35,000 per year for the first 10 years.**
  - A 10kW net metered solar project would provide solar at above market costs of **$1,000 per year for the first 10 years.**
- Swanton, Orleans, Barton all considered municipal net metering.
  - Impacts to the local utility dissuaded the towns from going forward.

Alternatives to Net Metering

- For customers that want to consume renewable energy (*customer motivation)*
  - Green purchasing programs through utilities
  - Renewable Energy Credit purchase (RECs)
  - Community Solar Tariffs (Hyde Park, Hardwick)
- For utilities/Vermont/customers in general (*Vermont goals*)
  - Power Purchase Agreements (PPAs)
  - Utility-owned projects
    - Both provide benefits of renewable energy at lower cost

VPPSA Solar Development

- VPPSA solicited bids for Solar PV in Member Service territories in 2017.
- Received Responses from 8 Vendors (mostly in state), 20 sites.
- Entered Letter of Intent with Encore Renewable Energy to develop projects in VPPSA Member territories, 5-10 MW total (1-2MW projects)
  - 2 projects in Morrisville
  - Hardwick
  - Northfield
  - Jacksonville
- Five Standard Offer Projects awarded contracts in 2015, 2017, 2018.

VPPSA Standard Offer Projects

- Lyndonville Solar 1 500kW – May 2018
- Lyndonville Solar 2 493kW – May 2018
- Trombley Hill Solar 860 kW – May 2019
- Blackberry Solar 855 kW – Withdrawn
- 1861 Solar 1 MW – TBD