



## H. 289

### COMMENTS AND PROPOSED AMENDMENT OF ALLEARTH RENEWABLES, INC.

AllEarth Renewables, Inc. (“AllEarth”) offers these comments and a proposed amendment regarding the provisions of H.289 that would eliminate virtually all offsite net metering. At a time when electrification will create an unprecedented need for renewable generation, the elimination of a successful renewable procurement program is a mistake.

This proposed elimination fails to consider the realities of the net metering program and the Public Utility Commission (“PUC”) Rule governing it. An amended version of Rule 5.100 will take effect on March 1<sup>st</sup> of this year, and is the culmination of a *four-year* process in which a large number of stakeholders, including the state’s electric utilities, have had full and fair opportunity to participate. While the Rule is long, the parts of it relevant here can be succinctly summarized:

1. *Establishment of net metering rates and adjustors.* The PUC conducts a biennial proceeding to set net metering rates and “adjustors.” The 2024 proceeding is underway, new rates will be set to begin on July 1, 2024, and the utilities and the Department of Public Service are 100% free to make whatever rate arguments they would like. Through what are called “adjustors” the PUC has broad discretion to set net metering compensation for new projects at less than the “blended rate” mathematical calculations required under the Rule. As with the rate setting proceedings in 2018, 2020 and 2022, the rates and adjustors will be determined in nonpartisan fashion by the PUC.
2. *The PUC has applied neutral and then negative adjustors to net metering projects in the last three rate setting proceedings.* A new net metering project in GMP territory that would have received 6 cents *more* than the GMP residential rate 14 years ago would, if installed today, receive about 3.5 cents *less* than the GMP residential rate today, in addition to now paying the full monthly customer and efficiency charges.
3. *The new Rule 5.100 amendments will create additional limitations on net metering expansion.* Two provisions are pertinent here. First, the expansion of existing net metering projects is now highly discouraged by a provision that says all production from an expanded net metering project must be compensated at the newer, lower rates if the project expansion is more than a modest 5% or 5kW, whichever is greater. Second, a new section of the Rule allows utilities to propose, and the PUC to adopt, “locational adjustor fees” in grid constrained areas, thereby discouraging projects in constrained areas relative to those in unconstrained ones.

4. *Pre-2017 net metering projects under higher incentives from the early rule are losing those incentives.* Pre-2017 incentives, such as higher adders and not being required to pay the customer charge, drop off after 10 years under the current Rule, and will be entirely gone in a few years.

Off-site net metering works for Vermonters and gets Vermont-scale renewable energy projects built at a time when new projects are necessary. Its elimination now would have additional serious consequences:

1. *Elimination of offsite net metering will foreclose community solar opportunities.* The bill's efforts to attempt a small carveout for affordable housing are laudatory, but other community solar efforts are foreclosed. Owners of homes on small lots, or lots without good solar exposure, would be cut out of the opportunity to "go solar" in cooperation with other Vermont homeowners, renters and businesses. As implementation of the Inflation Reduction Act continues, there is no good reason to foreclose opportunities before we even have reasonable certainty as to what they may be.

2. *It is the wrong time to leave Vermont without meaningful statutory renewable procurement programs.* Vermont's statutory Standard Offer program is winding down with what seems like little discussion. To end offsite net metering in the same timeframe essentially leaves the state with no legislatively mandated procurement program. The notion of a future procurement report as set out at the end of the current H.289 draft is a good idea. It is not a good idea, however, to let a successful offsite net metering procurement program end before such a report is created and considered, especially where H.289 proposes no new procurement programs and eases no renewable energy permitting burdens, and there has been no chance to evaluate the new amendments to Rule 5.100.

### **AllEarth's Suggested Amendment**

For the reasons noted above, AllEarth believes that restrictive amendments to the net metering statutes are unnecessary and wrong. If the legislature believes otherwise and is determined to act, however, a much simpler approach would be to lower the net metering project size cap from 500kW to 300kW for projects whose CPG applications are filed on or after January 1, 2025. This simple change, appearing to involve no more than the change of a number and addition of a clause to one statutory section (see below), does the following:

- lessens any rate impacts of future projects through the size reduction
- gives the new net metering rule amendments a chance to be tested
- avoids foreclosing community solar opportunities
- does not preclude consideration around offsite net metering in a procurement report and/or in future legislative sessions

Thank you for this opportunity to comment.

*David Mullett*

David Mullett, General Counsel  
AllEarth Renewables, Inc.  
118 Firehouse Drive  
Bristol, VT 05443  
[dmullett@allearthrenewables.com](mailto:dmullett@allearthrenewables.com)

## **ALLEARTH RENEWABLES PROPOSED AMENDMENT TO 30 VSA § 8002**

### **§ 8002. Definitions.**

As used in this chapter:

\* \* \*

- (16) “Net metering system” means a plant for generation of electricity that:
- (A) is of no more than 500 kW capacity **with respect to plants for which a complete certificate of public good application is filed prior to January 1, 2025, and of no more than 300 kW capacity for plants for which such application is filed thereafter;**