

To: Members of the Senate Committee on Natural Resources and Energy

From: Mia Watson, on behalf of Vermont Housing Finance Agency

Re: Comments on H.289

Date: April 18th, 2024

Dear Members of the Senate Committee on Natural Resources and Energy,

I represent Vermont Housing Finance Agency (VHFA), a statewide funder of affordable homes for low- and moderate-income homeowners and renters. I represented VHFA on the Renewable Energy Standard (RES) working group this fall and had the opportunity to speak about H.289 to the House Committee on Environment and Energy. While VHFA supports the goals of H.289, we and other housing funders have continued concerns over its elimination of opportunities for community solar projects.

VHFA agrees that a transition to a 100% renewable energy standard is an important step in addressing our climate crisis and can offer important benefits for Vermonters by reducing carbon emissions in the state and region. The utilities and environmental advocates on the RES working group that helped propose H.289 have done a commendable job balancing ambitious climate goals with the impact to ratepayers and service reliability.

However, the legislation establishing the RES working group (Act 33 of 2023) also included a charge to review how a revised Renewable Energy Standard can ensure that benefits and burdens are distributed equitably and to assess whether any changes to the RES will address the inequity of distribution of benefits of renewables between different residential properties.

The sections of H.289 that eliminate the option to build community solar projects under the net-metering program represents a significant equity issue that will make it harder for renters and those not living in single family homes to access the benefits of low-cost electricity through solar projects. In particular, the affordable housing developers funded by VHFA will find it increasingly difficult to connect their buildings and their low-income residents to solar resources.

Housing funders including VHFA are exploring the potential for new federal resources under the Inflation Reduction Act to allow housing developers to reduce their carbon footprint by pursuing all-electric building designs. This fall, VHFA collaborated with the Vermont Public Service Department on its application for the Solar for All Competition. The Environmental Protection Agency (EPA) will soon announce awards for Solar for All, and VHFA hopes to receive a multimillion-dollar subgrant from the Department to fund solar projects in conjunction with affordable housing.

Low-cost solar could offer a cost-effective way for developers to balance a higher building electrical load from all-electric designs without passing higher costs on to low-income tenants or requiring more scarce housing resource dollars. However, multifamily housing built in a downtown area or in a village infill site typically does not have adequate rooftop space for enough solar panels to offset more than a 15% of building load in most scenarios, especially as those rooftops will increasingly need to house heat pumps. Off-site solar solutions are a crucial tool to let developers reliably access less costly electricity for buildings where rooftop solar is not practical.

VHFA recognizes the concerns that others have raised around continuing the net-metering program, including that the current system could result in a rate cost shift from high income households that install solar to lower-income households that cannot afford to do so. However, just restricting community solar options while preserving net-metering for higher income households in single family homes does not meaningfully solve this challenge. A cleaner grid offered by a 100% renewable energy standard will have limited benefits to households that cannot reduce their dependency on fossil fuels.

VHFA appreciates the efforts of the House Committee to draft a successor program that could offer an alternative pathway for community projects for affordable housing. We believe a program that would address cost concerns of utilities while maintaining off-site solar options for affordable housing is feasible. However, we continue to be concerned that the study to develop this program does not come with language ensuring that affordable housing developers can continuously pursue solar projects throughout this critical period of federal funding opportunities.

We suggest that the Committee extend the sunset date for net-metered systems serving affordable multifamily housing in H.289 to December 31, 2027. By extending the date, the successor program for connecting solar to affordable rental housing would be in place before the end of the current program.

VHFA has been grateful to have been included in the process to develop H.289. We and other housing funders would like to continue to be part of these conversations as an advocate, working cooperatively with utilities and interest groups to find solutions that equitably serve Vermonters.

Sincerely,

Mia Watson

Special Programs Manager

Vermont Housing Finance Agency