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Testimony of the Public Service Department on H.716

TJ Poor, Director of Regulated Utility Planning.

February 11, 2026

Thank you for the opportunity to testify. The PSD does not support this bill. This bill

- 1) will lock in upward rate pressure, paid for by those who can least afford it to allow people who can afford a \$27,000 solar system to get a better deal.
- 2) It will not support progress toward greenhouse gas reductions.
- 3) Creates complexity and confusion around billing, which might not even be feasible.

Net metering rates are set by the Public Utility Commission in a fact based, transparent process that is intended to balance the following objectives.

- Advancing renewable targets
- Consistency with the Energy Plan (reminder: goal of 100% clean electricity by 2030 and 90% clean across all sectors by 2050, themes of equity and grid evolution)
- Does not, or limits, shift of costs between customers
- Accounts for all cost and benefits of Net metering
- Pace of deployment with rate impact
- Accounting for cost of technology
- Accounts for ownership of Renewable Energy Credits

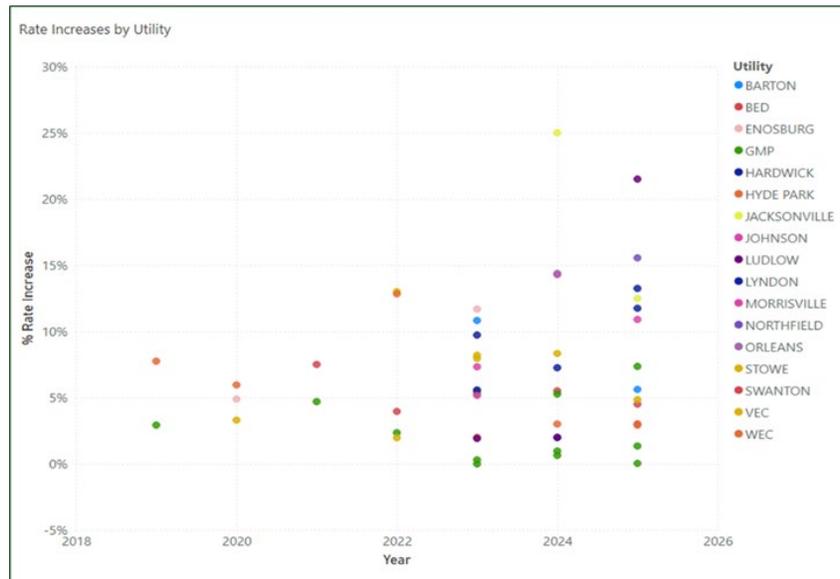
Setting guidelines for the outcomes that the legislature wants to see and allowing the Commission to develop the regulatory structure to most effectively meet those guidelines, is the most transparent, efficient, effective path forward. We tried this, back in the mid-teens, and had to revise the law every year or two to adjust. Mr. Sterling commented that it was wise to let the PUC address the details; I agree.

If the Legislature has a specific pace of net metering you would like to see, then set it – just like you set the renewable energy standard, and the PUC will set rates to most efficiently achieve that outcome. The Commission has implemented NM through a process that is based upon retail rates, applying adjustors to that rate in order to balance these objectives.

The negative adjustors have gone down, but that does not mean that the rate has gone down by that same amount:

- Because both generation that is netted with consumption within a month is compensated at the retail rate, and exported generation is most often at the blended residential retail rate (average across utilities) negative adjustors have been *offset* increases in rates.

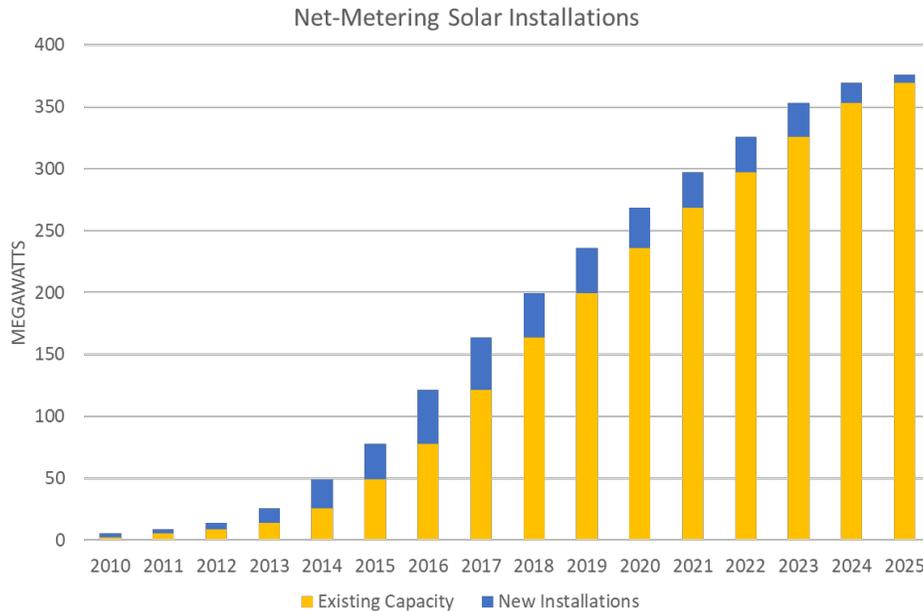
- (Rate is the lowest of retail rate, blend of utility’s block rates, or the weighted average).
- For example, in the 2024 biennial proceeding, the adjustors went down by 2 cents but because of increases in the rate, the actual rate paid **for excess generation** was only \$0.007 – less than one cent – lower. The rate paid for generation that offset consumption **went up** as rates increased.
- In my experience over the last couple of years, rates have gone up more than a penny. So for some portion of one’s generation, rates went up – for another portion, they went down a little.
- The blended rate component will go up. The Department calculates this rate within the biennial rate proceeding, we have not gathered the information to do so yet. But we do know that we’ve had dozens of rate increases in recent years. Over a long enough period, rates have been increasing with inflation. But over the last couple of years, **rate increases have been outpacing inflation.**



And I’ll add GMP just proposed a 7.5% rate increase for next year. If approved, that is a 7.5% increase in the rate that all BTM consumption will get before adjustors are applied.

Net metering has started to decline in terms of annual installations. This is due to several factors.

- In 2024, the Legislature ended group net metering (recall the PSD had a proposal to support community renewable energy that was dismissed).
- Group net metering was declining – in part because available sites were harder to come by, in part because signing up customers was getting more difficult, and in part because of adjustments to rates being paid. (Below through Aug 2025, GMP has reported to the Department a substantial amount of new net metering from Sept-Dec, with 48.1MW of total DG online in 2025, just in GMP’s territory).



But as we look at this one technology type, It is important to remember that the Renewable Energy Standard (RES) sets the pace for renewable deployment in Vermont. **Whatever happens to net metering will not change the amount of distributed generation or GHG reductions achieved in Vermont.** It only changes what types of systems are installed and how much we will pay. Instead, this bill will create upward rate pressure (by making more expensive one way to meet RES requirements) that not only adds to Vermonter’s electricity burden, but **creates a disincentive for people to electrify heating and transportation.**

In addition, despite the beginning of designed and legislated decline of Net Metering, the Clean Energy Development Fund once again reported that Vermont is already number one in Clean Energy jobs per capita. Vermont supports the Clean Energy Economy. **Additional support to the solar development industry and those who choose to (and have the means to) install net-metering systems on the backs of ratepayers is regressive.** Average Vermonters are not paying \$27,000 for a net metering system, nor are they taking out loans for them.

Functionally, H.716 requires that “there shall be no adjustor on behind-the-meter consumption. As used in this section, “behind the-meter consumption” means electricity that is used or stored on-site without first passing through the provider’s electric meter or otherwise reaching the grid.”

- This builds on a concept that net metering is like efficiency. **Net Metering is not efficiency** – only when generation is completely offset by consumption in every moment does it look like efficiency. Otherwise, when generation exports, it is a power supply resource.
- This is fundamentally different than the compensation structure currently in place, where compensation is netted monthly, not hourly.
- First, I don’t believe all utilities are able to measure this – you will need to check with them. GMP can probably do it but not sure all municipal utilities can.

- This would be another confusing compensation mechanism, where some of your generation is directly compensated at the retail rate hourly, some generation is netted monthly, and some is “excess generation”. The utilities and the Department spend countless hours settling billing disputes and explaining to customers how this works. We don’t need to add this confusion.
- In the past, the PSD has proposed that behind-the-meter consumption be compensated at the retail rate (no adjustors), while any generation that goes onto the grid on an hourly basis be compensated at what that power is worth to the utility at the time of generation. We continue to support this structure, but our proposals have not been supported by the Legislature because they change the economics of a solar plant for those who are able to invest \$27,000 to receive a long payback.
 - o For the generation that does look like efficiency, and is never exported to the grid, then retail rate, no adjustors.
 - o For the generation that goes onto the grid, pay what it is worth (avoided cost).

In the Senate, for a bill that they stopped taking testimony on, this has been framed as a choice between Trump administration policies against renewables or making things a little less bad. That is convenient rhetoric, but it is a false choice. Remember, the RES sets the pace of renewables. We will have the same amount of renewable energy regardless of H.716. **Instead, this is a choice as to whether or not you want to continue to put upward pressure on rates for those who can least afford it to support people who can.** At the same time that upward rate pressure creates a disincentive for people to electrify heating and transportation – as you know, the source of the vast majority of our greenhouse gas emissions.