MHG SOLAR

CREATIVE SOLUTIONS FOR A BETTER ENERGY FUTURE

10/29/25

House Energy and Digital Infrastructure

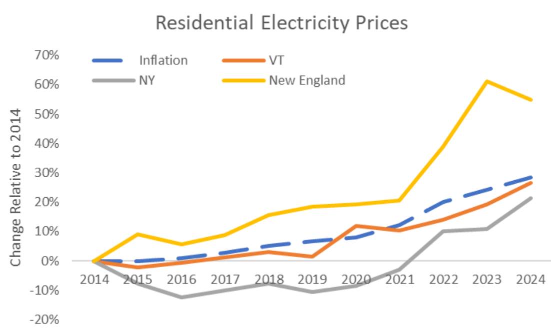
- **Rep. Kathleen James**, *Chair*
- **Rep. R. Scott Campbell**, *Vice Chair*
- **Rep. Laura Sibilia**, *Ranking Member*

Re: Vermont Solar Industry: Trends, Impact, Response

MACRO TRENDS:

Over the past decade, residential electricity prices in Vermont have increased significantly more slowly than in New England as a whole. The PSD projects rates in Vermont to increase by approximately 25% by 2030, or about 4.6% per year, ahead of the current inflation of 3% per year. Nationally, ICF forecasts rate increases of between 15% and 40% over that same time period. Looking at recent tariff filings by Vermont utilities, labor costs, insurance, storm recovery, and regional transmission costs (again, New England has among the highest transmission costs in the country) are all cited as drivers of rate increases. Renewables adoption is not a key driver of rate increases, contrary to some talking points pushed by fossil fuel promotors.

Commented [1]: Maybe add something like "despite having aggressive RE requirements VT residential rates were lower than the NE average every year since 2017 when the RES was enacted



IMPACTS:

At the federal level we have seen widespread efforts to re-prioritize fossil fuel infrastructure and attempts to block the development of cost-effective renewable energy projects. We continue to see tariffs driving up the costs for nearly all electrical equipment necessary to produce, deliver and consume electricity. These costs will continue to show up in future years as VT electric utilities and power generators are forced to purchase such as transformers, wire, and utility poles at tariff-impacted prices. Copper, aluminum and steel are all currently subject to 50% import tariffs, which increases the cost of these raw materials regardless of country of origin.

Commented [2]: maybe add for emphasis here "regardless of whether it's generated by fossil fuels or renewable energy

RESPONSE:

First we should admit that electric rates are likely to increase in the coming years for a host of reasons that have nothing to do with renewables policy at the state or federal level.

Secondly, private businesses have not been idle. My company, MHG Solar has been working to ensure that we can "Safe Harbor" our Vermont projects by starting construction prior to the expiration of the federal tax credits. Vermont utilities and Vermont rate payers will see the benefits of this safe harbor strategy in the form of PPAs prices that are similar to prices over the last couple of years, even as the federal tax credits expire. We plan to safe harbor tens of MWs of projects in the coming 6 months.

Finally, it's important to acknowledge that state policy matters. Absent the passage of the updated RES, and clear demand for renewable energy, it would be nearly impossible to begin construction and lock in federal tax credits for VT projects. Looking forward to 2026 businesses like mine continue to explore opportunities to reduce the cost of renewable energy, and we will continue to spend and invest in Vermont.

We appreciate the work ~~that has been done~~ on single plant and we hope additional improvements will be considered in the 248 process starting in January. The RES as written will likely drive significant investments in renewables in Vermont, at very low cost because of federal tax credits. We should all continue to explore ways (single plant & 248 reform) to bring renewable online at a lower cost but federal headwinds and "the sky is falling" hyperbole about future rate increases should not alter the current course set by the legislature.

Regards,

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