

Act 179 Report:

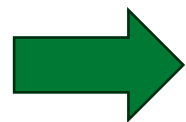
Recommendations for a Group Net Metering Successor Program

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The Act 179 report makes **four recommendations** to support a group net metering (“GNM”) successor program:



Primary focus
today

1. Establish the *Renewable Energy for Communities* Program

2. Implement renewable energy policy cost containment mechanisms

3. Initiate a proceeding to review and modernize net metering and consider other potential distributed generation programs available to Vermonters

4. Renewable energy procurement programs are not the appropriate mechanism to support electrification programs.

Act 179 Report

Act 179 of 2024 (“An act relating to the Renewable Energy Standard”) sunsets the current group net metering program as of January 1, 2026 and requires the Department of Public Service to write a report making recommendations for a replacement program.

“The goal of this report is to develop a replacement program for group net metering to reduce operating costs, reduce resident energy burdens, and encourage electrification and decarbonization of buildings and enhance the financial capacity of housing providers to electrify the buildings developed or rehabilitated and provide relief to residents of manufactured home communities from their energy burdens.”

Act 179 Report

There are five requirements of the report outlined in the law:

(1) Discuss and prioritize recommendations for replacement programs based on how they would impact Vermont's impacted and frontline communities and identify opportunities for these communities to benefit from investments in renewables to adapt to climate and economic change within the framework of a replacement of the net-metering program.

(2) Discuss current programs electric utilities have in place to serve income-eligible customers, the number of participants in those programs, and their trends over time.

(3) Discuss progress affordable housing funders and developers have made to date in connecting projects with solar resources, as well as any barriers to this, and the comparison of the availability and cost of net metered installations on single-family dwelling units.

Items 1 and 5 were the focus of discussion of a three-part meeting series with core partners & reviews of existing public engagement efforts.

Items 2, 3, and 4 were primarily addressed through information requests.

(4) List funding sources available for solar and other energy-related projects benefiting affordable housing and customers with low-income, including if it is federal or time-limited

(5) Propose comparable successor programs to group net-metering for connecting affordable housing developments and income-eligible residents of manufactured home communities with solar projects in order to reduce operating costs, reduce resident energy burdens, and encourage electrification and decarbonization of buildings. Programs that meet the intent of this section shall include the following:

- (A) a process to bring additional solar or other renewable energy projects online that could be owned by affordable housing developers;**
- (B) a process to enroll eligible customers, including property owners of qualified rental units; and**
- (C) if connecting directly to customers, a bill credit process to allocate a customer's kWh solar share on a monthly basis.**

The Recommendations in the report were informed by several avenues:

From July 2024 – January 2025, the Department worked to develop recommendations aligned with the requirements of the Act through numerous pathways:



- **A three-part working meeting series** in September & October 2024 with a diverse array of invited participants, discussing priorities and potential models for connecting communities with renewable energy



- **Information requests** to electric distribution utilities and affordable housing developers and funders to understand current utility programs for income-eligible customers and progress of affordable housing on connecting developments with solar



- **Reviewing existing community engagement efforts** related to renewable energy and climate



- **A public comment period** in December 2024 to allow for review and refinement of the draft report and recommendations. Over 170 comments were received.

The Department distilled four **Guiding Principles for a group net metering successor program from working group discussions with core partners.**

- **Transparency**, around costs (burdens) and benefits of a program, particularly demonstrating a clear understanding of who benefits and who pays, how, and over what timeframe.
 - *Related to: project eligibility, selection criteria, compensation calculations, certainty about future compensation structures, and how various issues are valued (i.e. energy, grid impact, environmental and land use issues, social impacts).*
- **Simplicity**, from perspectives of the program administrator and potential participants.
 - *Including: building off existing programs utility programs; maximizing program dollars flowing to customer benefit (e.g., bill assistance).*
- **Flexibility**, so that the program can accommodate solutions that support different building types, project ownership structures, interoperability with current programs and funding support, and pathways for communities to participate in and benefit from project design and development.
- **Minimization of Costs**, to help keep electric rates affordable and ensure that a successor program does not shift costs and unduly burden customers who cannot or do not participate.

**Recommendation 1: The RE4C program seeks to develop
“community-benefiting renewable energy” through advancing two
core objectives:**

1. Create opportunities to **connect communities with least-cost renewable energy projects**, including in their design and governance, with a focus on those who have historically faced barriers to accessing benefits associated with investing in renewable energy
2. **Deliver benefits**, as identified by communities and other partners, to those communities and Tier II-eligible energy (i.e. from systems 5MW or less in size) at the lowest possible cost in light of those benefits.

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The RE4C proposal intentionally takes a broad view of the definition of **communities and benefits**.










Communities: The proposal specifically lists several priority communities including affordable housing and manufactured home communities, Vermonters with low income, schools, and municipalities. These communities could include individuals, businesses, nonprofits, and other groups.



Benefits could include bill credits, community resilience (if paired with storage), local workforce development targeted at diversifying the workforce, lease payments to the town, or ecosystem services (ex. pollinators, agrivoltaics), among others.

Recommendation 1: Projects in the RE4C program would be selected by individual utilities, through a **transparent set of evaluation criteria.**

These criteria would be approved by the Public Utility Commission and informed by a diverse set of partners. These could include issues like:

-  • Community support and/or engagement during project proposal development
-  • Potential for local & equitable workforce development
-  • Other benefits to be delivered to the host community (ex. lease payments or tax benefits, investment in community resources)
-  • Location of the project (including issues such as whether it is a preferred site in a municipal or regional energy plan under 24 V.S.A § 4352 or whether the project is in a constrained area of the distribution or transmission system)
-  • Operations & maintenance plan for the project throughout its lifetime, including decommissioning
-  • Generation profile
-  • Cost of electricity delivered by the project

Recommendation 1: RE4C would have **three phases, which would occur periodically:**

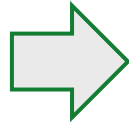
1. Utilities issue Requests for Proposals (“RFPs”)

Through the course of the entire program, utilities would solicit projects equal to **X%*** of their Tier II obligation, as set by the Public Utility Commission when developing the program.

Each utility would **periodically** (i.e. annually, semi-annually) issue RFPs for a portion of this requirement, seeking projects eligible for Tier II of the Renewable Energy Standard that also met RE4C objectives

Recommendation 1: RE4C would have **three phases, which would occur periodically:**

1. Utilities issue Requests for Proposals (“RFPs”)



2. Utilities review proposals based on common evaluation criteria

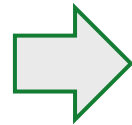
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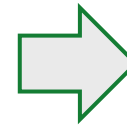
After the close of each RFP period, each utility would review the proposals received and evaluate them against the set of criteria approved by the Public Utility Commission

Recommendation 1: RE4C would have **three phases, which would occur periodically:**

1. Utilities issue Requests for Proposals (“RFPs”)



2. Utilities review proposals based on common evaluation criteria



3. Utilities select projects

Through the course of the program, utilities would develop projects equal to **X%*** of their Tier II obligation, as set by the Public Utility Commission when developing the program.

Each utility would **periodically** (i.e. annually, semi-annually) issue RFPs for a portion of this requirement, seeking projects eligible for Tier II of the Renewable Energy Standard that also met RE4C objectives

After the close of each RFP period, each utility would review the proposals received and evaluate them against the set of criteria approved by the Public Utility Commission

Based on the evaluation of proposals, utilities would select projects in their service territory.

Selected projects would enter into power purchase agreements with the utility.

The agreements would detail how benefits from the project would flow to a given community.

Recommendation 1: The RE4C proposal flows from the **guiding principles for a GNM successor program and works within the structure of the current Renewable Energy Standard.**

1. Transparency

Projects evaluated transparently against a set of criteria co-developed by key partners and approved by the PUC during the proceeding.

2. Simplicity

RFPs align with the Department's understanding of how utilities will likely approach procuring RES Tier II (distributed generation) resources on a pre-determined schedule, helping partners understand when projects will be solicited.

3. Flexibility

For utilities to manage the process and for innovative approaches to serving communities to emerge through RFP proposals

4. Minimization of Costs

Via a competitive RFP process

Recommendation 1: The PSD proposes that RE4C be established through a PUC process to continue to refine the program parameters and answer remaining questions.

Proposed Timing:

The proposal tasks the Public Utility Commission with establishing RE4C by rule or order by January 1, 2027

This deadline is designed to account for discussions during the 2025 legislative session and an appropriate amount of time for the Commission to design and implement a meaningful process to engage with partners on remaining program design issues.

Remaining Questions Include:

- Utility opt-out provision if they can show they are meeting project objectives through more cost-effective offerings without reducing access to community renewables for focus populations
- Refinement of eligibility criteria
- Financial modeling
- Tranches for different sizes of projects within broader Tier II <5MW requirements
- *Others?*

Recommendation 2: Cost containment mechanisms are necessary to **mitigate any possible increases in rates associated with the RE4C program.**

While the Renewable Energy for Communities program will likely support development of lower-cost community renewables than the former group net metering program, it will likely come at an economic cost to ratepayers greater than what renewable energy could otherwise be procured for.

Cost containment mechanisms are critical to ensure that:



Non-participating Vermonters, including low income and frontline communities, avoid cost increases to support this program



Electrification policy is supported by avoiding upward rate pressure that may be otherwise caused by the program

Recommendation 2: Cost containment mechanisms are necessary to mitigate any possible increases in rates associated with the RE4C program.

Recommended Cost Containment Mechanisms:

1. Lowering the alternative compliance payment (“ACP”) for utilities to procure Tier II resources under the Renewable Energy Standard*
2. Directing new distributed generation to areas of the grid that don’t require upgrades
3. Creating “off-ramps” for utilities to purchase in-state generation if transmission and distribution costs become too high and instead allowing purchases from anywhere in New England*
4. Considering a Clean Energy Standard that would recognize nuclear as a carbon-free electricity source and the contracts Vermont utilities already have for this resource*

* 1, 3, and 4 are ¹⁶contained in H.289

Recommendation 3: Initiate a proceeding to review and modernize net metering and consider other potential distributed generation programs available to Vermonters.

Why:

Coupled with the establishment of the RE4C program, a process to review and modernize the net metering program will support continued pathways for Vermonters to develop small-scale renewable energy while re-considering appropriately compensated GNM.

Recommendation 4: Renewable energy procurement programs are not the appropriate mechanism to support electrification programs.

Why:

Alternative mechanisms should be considered to broadly support reducing the financial barriers to advancing decarbonization and electrification of buildings, particularly affordable housing.

The best way for a group net metering successor program to help affordable housing and others facing financial barriers to electrification is by ensuring that net metering and other renewable energy programs do not increase electric rates more than absolutely necessary.

What else is in the report?

- **Background context** on the net metering program and the relevant policy landscape in Vermont
- **Definitions of:**
 - The key objectives outlined in Act 179 for a successor program and
 - Vermont's frontline and impacted communities considered in this work and an overview of how they currently experience inequities today with regards to:
 - Energy burden
 - Electrification and decarbonization
 - Connecting with solar
- **A review of:**
 - Current programs the electric distribution utilities offer for income-eligible customers.
 - Existing funding opportunities for solar and other energy-related projects benefitting affordable housing and customers with low income.
- **Supplemental materials** from the meeting series with key partners and draft legislation to implement the *Renewable Energy for Communities Program*
- **A response to public comments received** and how the report was changed

Questions?

[Read the full Act 179 Report](#)

[Review the One-Page Summary](#)

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Supplemental Information

Organizations Invited to Participate in Three Part Meeting Series

Act 179 Required Consultations:

- Public Utility Commission,
- Vermont Housing Finance Agency,
- Vermont Housing and Conservation Board,
- Evernorth,
- Green Mountain Power,
- Vermont Electric Cooperative,
- VPPSA,
- “other electric utilities that wish to participate”, and
- the Office of Racial Equity

Additional Invitations:

- Vermont Association of Planning & Development Agencies (to represent regional planning commissions)
- Vermont League of Cities and Towns
- Vermont Natural Resources Council / VECAN (to represent energy committees)
- Vermonsters for a Clean Environment
- Vermont Law School Energy Clinic
- Renewable Energy Vermont
- Acorn Renewable Energy Co-op
- Vermont Superintendents Association
- Southeastern Vermont Community Action (SEVCA)
- Legislative Representatives (HEE & SNRE)

Meeting Series Topics

Meeting 1 (September 6, 2024) focused on introducing participants and the perspectives they were bringing to the conversation to each other and reviewing the requirements of the report. The meeting also sought feedback on defining core terminology around Vermont's frontline & impacted communities and the types of impacts (economic, social, and environmental) a successor program might have, discussing prioritization criteria for recommendations.

Meeting 2 (September 19, 2024) focused on reviewing current and proposed models to connect communities with solar from a variety of perspectives and discussing their economic, social, and environmental impacts. The meeting featured presentations from Evernorth, Vermont Electric Cooperative, the Department of Public Service, SEVCA, and Vermont Law School on programs both within and outside of Vermont, both within and outside of the current group net metering framework. Following the presentation, meeting participants worked to distill themes on what works about current programs to carry forward, challenges that need to be addressed, and areas for additional research or discussion, through both written exercises and discussion.

Meeting 3 (October 10, 2024) focused on defining the objectives of a successor program outlined in Act 179 and reviewed the example program models from Meeting 2 through the lens of those objectives. Participants also discussed possible recommendations for a successor program. Prior to this meeting, the Department circulated a summary of the program models presented on in Meeting 2 and discussion questions. Following the meeting, participants also had a week to provide additional written comments on the discussion questions. The Department received additional comments from Vermont Housing Finance Authority and Evernorth.

The report provides a definition of Vermont's frontline & impacted communities that were considered within the scope of developing a GNM successor program.

In considering the objectives Act 179 outlined for a successor program, the Department was also tasked with discussing and prioritizing recommendations based on their impact to Vermont's frontline and impacted communities. Doing so requires clearly defining who these communities are from the beginning of a process to establish who should be centered in design of a successor program and evaluating to what extent they currently experience inequities. This helps understand how a program might seek to address those inequities. Which communities are considered "frontline and impacted" can differ based on the specific program under consideration. Given language in Act 179, Act 154 of 2022 (Vermont's Environmental Justice Law), and in consultation with the meeting participants, for the purpose of this report, frontline & impacted communities were defined as:

- Income-eligible residents of manufactured home communities, including consideration of the variety of existing ownership models for those communities (ex. community owned, non-profit owned, for-profit developer owned)
- Affordable housing tenants & affordable housing developers and funders
- Tenants & owners of qualified rental units, with particular consideration for tenants and ensuring program benefits flow directly to them
- Vermonters with low income, including those who have not yet attained affordable housing
- Vermonters with high energy burden
- Vermont's environmental justice focus populations ("EJFP")
- Municipalities
- Schools
- Communities with other vulnerabilities, such as elderly populations living on fixed income and/or those who identify as having a disability

Definitions for Key Objectives for a GNM Successor Program Identified in Act 179

Act 179 tasked the Department with developing a report that includes recommendations for a replacement program for group net metering that will achieve a series of objectives. These objectives, as defined by the Department with input from the Act 179 meeting participants are:

- **Reducing resident energy burden:** Reducing resident electricity and energy (more broadly) expenditures to the benefit of the resident, with a focus on Vermonters with low income
- **Reducing operating costs:** Reducing the overall energy and energy-related operations and maintenance costs for a building
- **Encouraging building electrification and decarbonization:** Facilitates conditions that support electrification of heating and other decarbonization measures for both electric ratepayers and building owners participating in a program and those who are not. This could include limiting costs to implement the program and related increases to electric rates, reducing building operation costs, and considering energy costs holistically. A program should be transparent about it and how the program shifts costs (i.e. increases burdens) to customers who are not participating, thereby possibly discouraging *their* building electrification.
- **Connecting communities with solar:** Creating a community asset that provides economic, social, and/or environmental benefits such as:
 - Financial benefits (i.e. bill credits), an asset to leverage, least payments (*economic*)
 - Connection and empowerment related to participating in the clean energy transition and/or participating in a community solution (*social*)
 - Well sited generation, including the utilization of preferred sites identified under 24 V.S.A 4352 and inconsideration of natural resource²⁴ considerations (*environmental*)