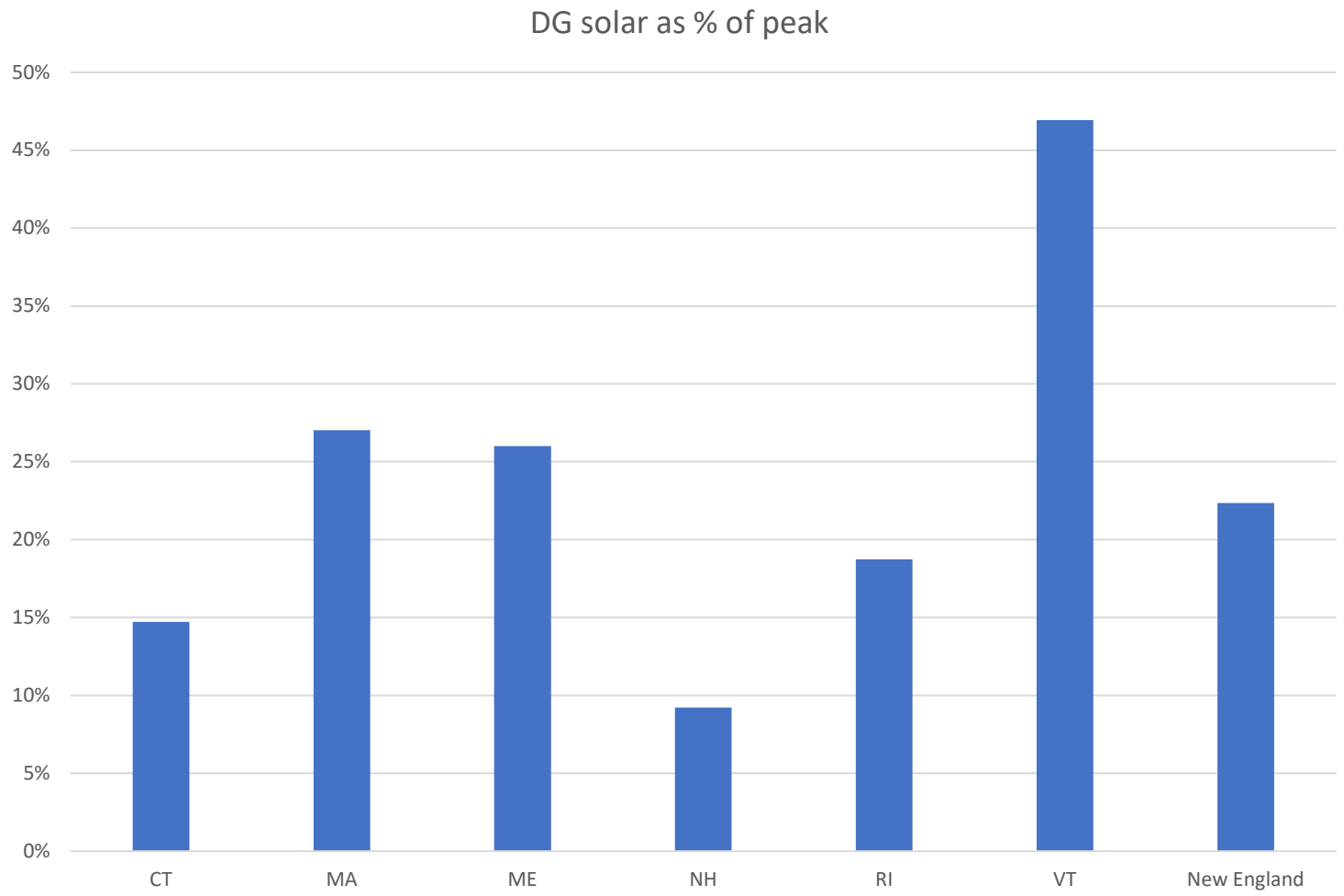
Standard Offer and Net Metering Programs

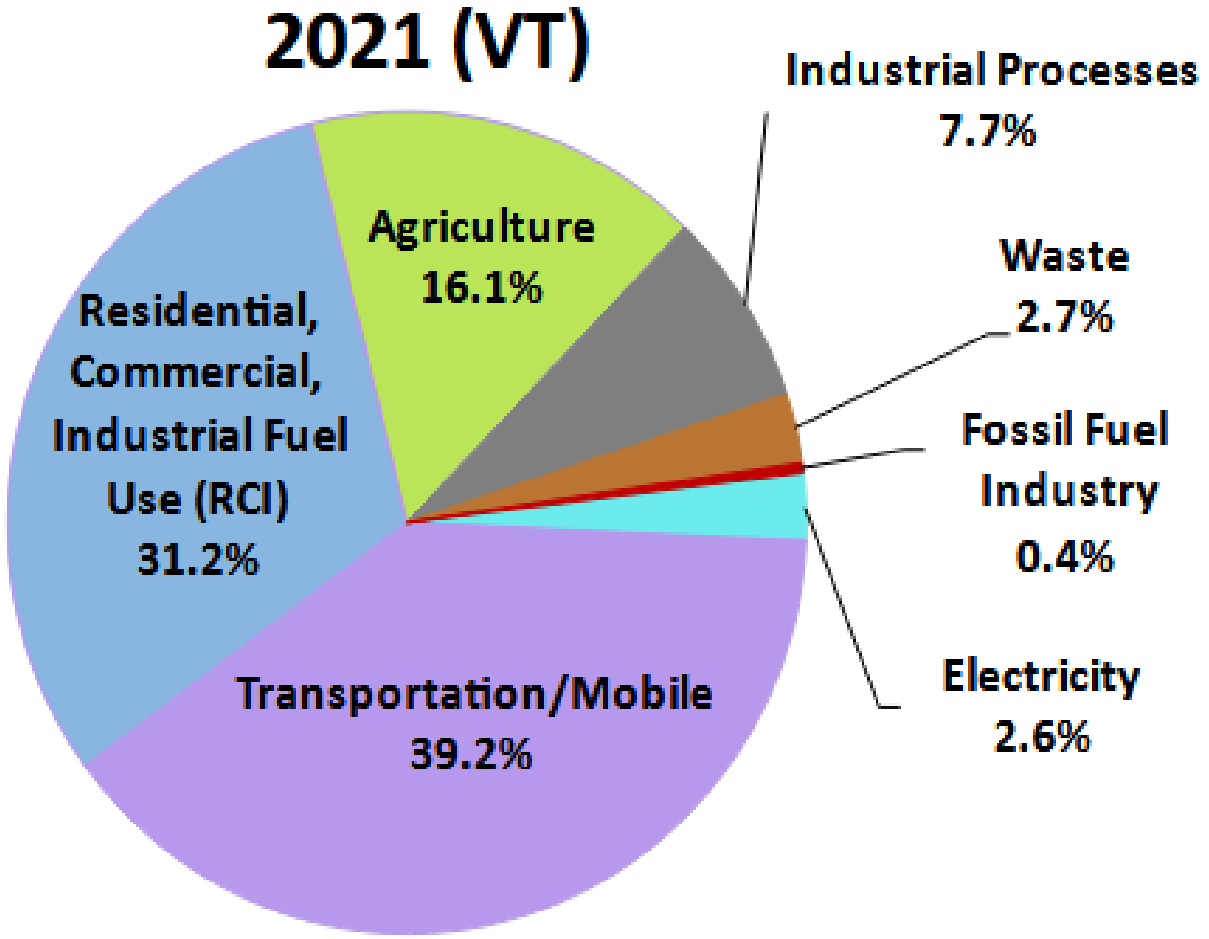
Vermont solar – regional context

Vermont has significantly greater percentage of distributed solar than any other New England state



Electric Sector – GHG context

The electric sector contributes less than 3% of Vermont's GHG emissions



Net metering, standard offer and GHG emissions

- With 100% Renewable Energy Standard, net metering and standard offer are no longer climate mitigation programs
  - RES Tier 2 requires 20% of electricity come from in-state renewables
  - Projects in NM and SO programs displace other, generally less expensive renewables
- Net metering and standard offer are now about how renewable generators get paid, not whether they get built
- There are other methods of ensuring renewables are built

Standard Offer Program

History of Standard Offer Program

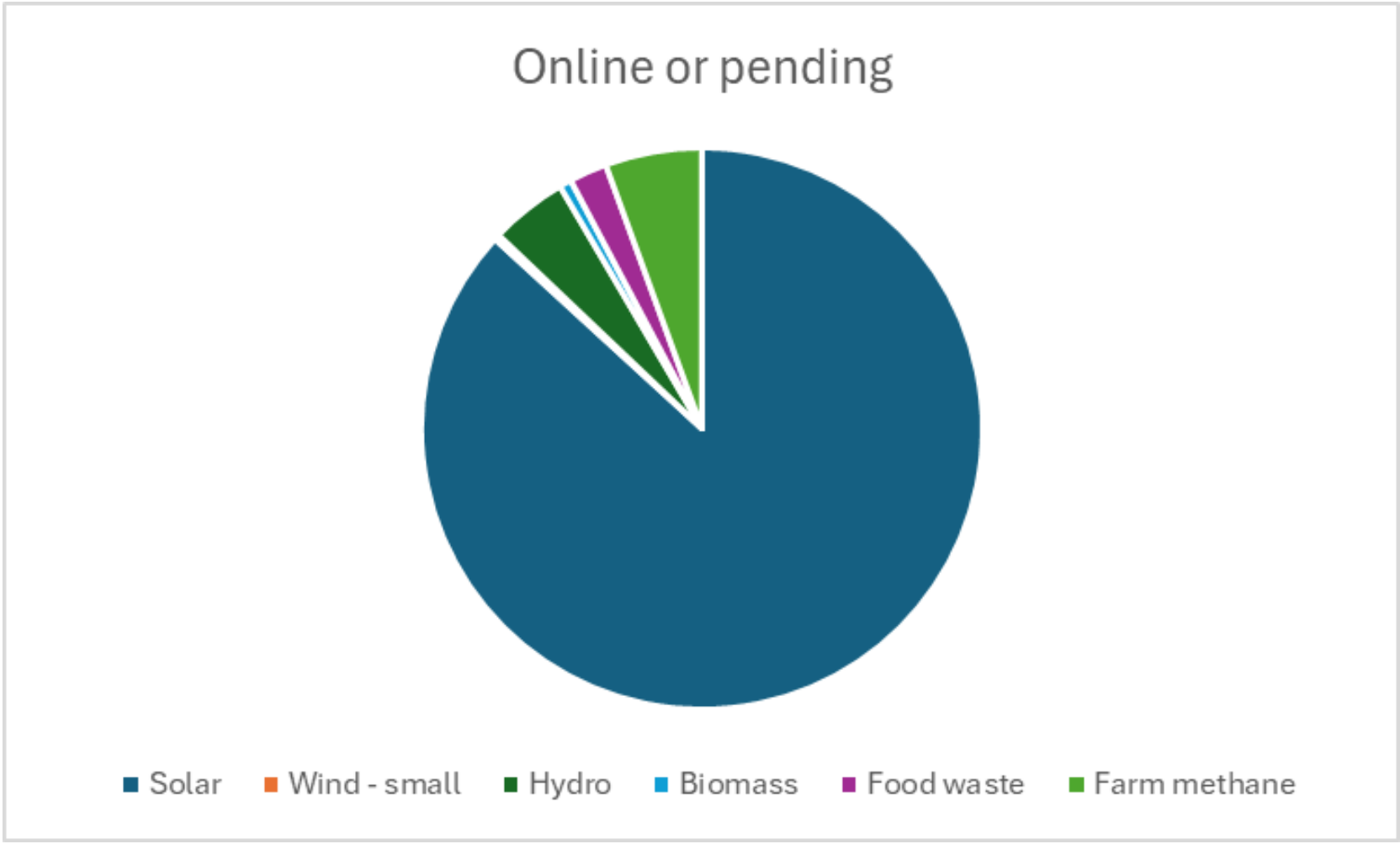
- 2009 – Standard Offer program created
  - 50 MW program cap
  - 2.2 MW cap on individual project
  - Administratively set prices
- 2012 – Program cap expanded to 127.5 MW
  - Required use of market-based mechanism to set prices

- 2017 Renewable Energy Standard goes into effect
  - Sets in-state distributed generation requirement
  - Makes the Standard Offer program redundant

Diversity of Resource Types

SO program requires technology diversity:

- Solar
- Large wind
- Small wind
- Farm Methane
- Hydro
- Biomass
- Landfill methane
- Food waste

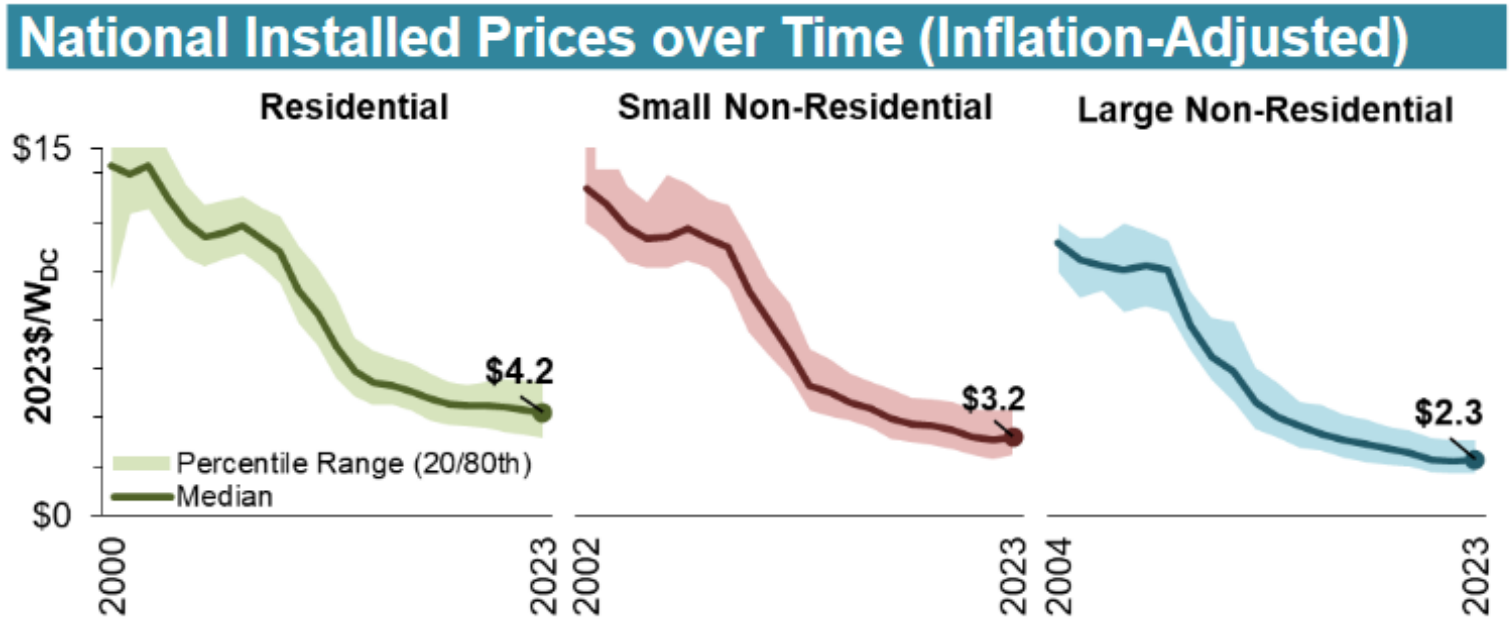


Prices under the Standard Offer program

The RFP process provides competition and has resulted in lower prices, consistent with national trends

Standard Offer avg. price 2010 = $0.30

Standard Offer avg. price 2022 = $0.0819



Standard Offer Litigation

- Standard Offer is not a typical procurement program
  - Generally, utilities are directed to procure specific resource types
  - Standard Offer requires State government to select resources and set the price paid to those resources
- Over 20 legal proceedings related to Standard Offer program since 2014
  - VT Supreme Court, Federal Energy Regulatory Commission, VT Federal District Court, Second Circuit Court of Appeals

Net Metering

History

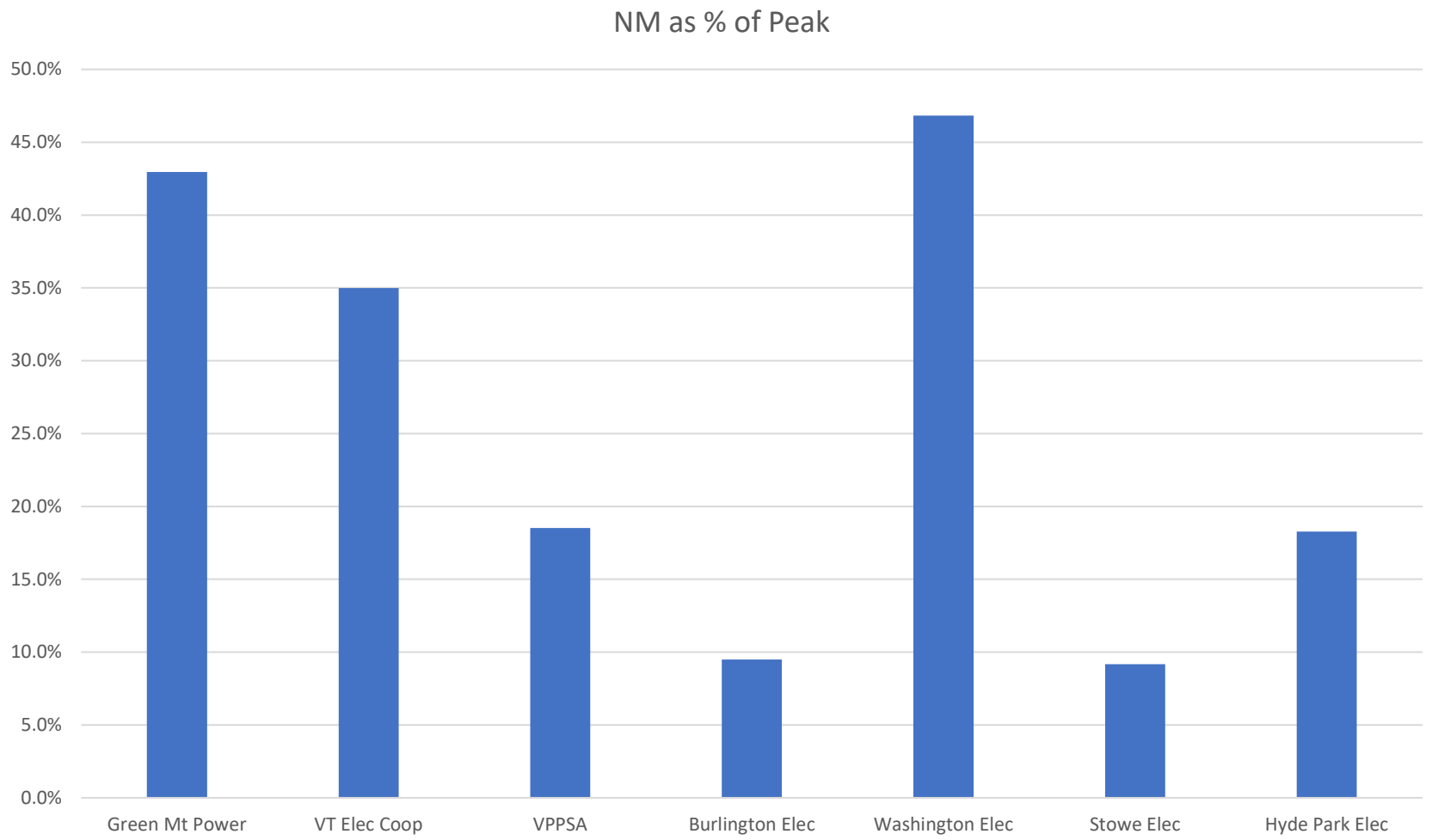
- 1998 – net metering first authorized, 15 kW project cap
- 2008 – group net metering authorized, expanded overall program cap from 1% to 2% of utility load, expanded project size cap to 250 kW
- 2011 – Program cap expanded to 4%, project size cap increased to 500 kW; solar adder of 6 cents introduced
- 2014 – Program cap expanded to 15%, NM 2.0 process initiated
- 2017 – NM 2.0 starts, program cap removed, compensation based partly on whether RECs are transferred to utility
- 2024 – Significantly limits group net metering

Statutory Directive

- Under 30 V.S.A. § 8010, PUC required to balance a number of goals in developing its NM rules
  - Advances statutory renewable goals and targets
  - Achieves level of deployment consistent with Comprehensive Energy Plan
  - To the extent feasible, ensure that NM does not shift costs
  - Accounts for all costs and benefits of net metering
  - Balance pace of deployment and cost of program
  - Accounts for changes over time in cost of technology
  - Allows customer to retain ownership of renewable attributes

Geographic distribution

Amount of net metering varies considerably by utility



Compensation for net metering resources

- Customers should be able to net meter
  - Reduction in utility's revenue from lost sales is similar to the loss of sales from efficient appliances
- Legitimate questions as to:
  - What is appropriate compensation for generation exported back to the grid during times of excess production?
    - If a utility can purchase solar for 9 cents why should it pay 14 cents for excess net metered solar?
  - What should net metered customers pay for using the grid as a "back-up" when they are not generating?
    - There are costs to maintaining a reliable electric grid

Recent PUC Price Determination

Category	Current	August 1, 2024 - July 31, 2026
Category I (up to 15 kW)	$0.15141/kWh	$0.14398
Category II (>15 to 150 kW on preferred site)	$0.15141/kWh	$0.14398
Category III (>150 to 500 kW on preferred site)	$0.12141/kWh	$0.11398
Category IV (>15 to 150 kW on non-preferred site)	$0.11141/kWh	$0.10398

"Vermonters have a number of ways to take individual action to address climate change – including installing weatherization measures and heat pumps or switching to hybrid and fully electric vehicles. Given that … 87% of Vermont's electric power supply mix already consists of renewable or non-carbon electricity, net-metering is one of the least effective actions that Vermonters can take to lower the state's greenhouse gas emissions."

Sources

Slide 2: Data from ISO-NE 2024 DG Forecast (https://www.iso-ne.com/static-assets/documents/100009/2_2024_pv_forecast_final.pdf) and 2024 CELT Report (https://www.iso-ne.com/system-planning/system-plans-studies/celt)

Slide 3: Pie Chart from Vermont 2024 Greenhouse Gas Inventory (https://climatechange.vermont.gov/climateactionoffice/greenhouse-gas-inventory)

Slide 7: Data from Standard Offer Facilitator (https://vermontstandardoffer.com/standard-offer/technologies/)

Slide 8: Lawrence Berkely National Lab, 2024 Tracking the Sun at 30 (https://emp.lbl.gov/sites/default/files/2024-10/Tracking%20the%20Sun%202024_Report.pdf)

Slide 13: Data from PSD 2025 Annual Energy Report at 48 (https://publicservice.vermont.gov/sites/dps/files/documents/2025_Annual_Energy_Report_1-15-2025.pdf)

Slide 16: *In re: biennial update of the net-metering program*, Case No. 24-0248-INV, Order of 5/30/24 at 6 and 40.