



# Impacts of Suspending Statewide Blended Retail Rate

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April 30, 2026

# What Rule 5.128 Says

Rule 5.128 requires the **Public Utility Commission (PUC)** to **update the Statewide Blended Retail Rate (SBRR)** **at least once every two years** to reflect current electricity costs.

## 1. BIENNIAL REQUIREMENT

The PUC must conduct a proceeding and update the SBRR **at least once every two years**.

## 2. BASED ON CURRENT COSTS

The update reflects current retail **electricity costs** across Vermont utilities.

## 3. REFLECTS REAL-WORLD CHANGES

Keeps compensation aligned with **changes in rates, costs, and system value** over time.

## 4. APPLIES TO NET METERING

The updated SBRR is used to **determine compensation** for net metering systems.

## The Intent of Rule 5.128

To ensure net metering compensation remains **current, accurate, predictable**, and **tied to real-world electricity values**.

# Impacts of Suspending the Statewide Blended Retail Rate

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**We agree with the Department's focus on affordability for ratepayers. That goal is critical.**

**The concern is not the objective—it's the mechanism.**

Suspending the SBRR shifts costs onto a narrow group of existing projects that made **long-term infrastructure investments** under a well-established framework and it will likely raise the cost of future Tier II resources.

- Imagine a town funding extensive flood repairs pursuant to a promise for full reimbursement by FEMA only to have the amount of reimbursement significantly reduced after completion of the work.

**Key Impacts overlooked by the PSD in its proposal to suspend the SBRR update:**

- 1. Financial Risk:** Serious financial risk to existing projects - Extends to local banks, owners, and offtakers (commercial and residential)
- 2. Risk Premium:** Erosion in the market's faith in regulatory stability - introduces a "risk tax" on the cost of future infrastructure, specifically the build out of non-net metered Tier II projects
- 3. Rate Payers and the Market:** Increase in costs, via reduced savings, for offtakers, including numerous LMI customers, municipalities, schools and non-profits.

# Financial RISK - Milton–Lamoille Solar (500 KW Net Metered Project)

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## Project Economics

- Base compensation (incl. REC value): **18.4¢/kWh (SBRR) - 5.0¢/kWh (NM2.5 Adjuster) = 13.4¢/kWh (gross)**
- Offtaker discount (8% – Milton Schools): **12.3¢/kWh (Net Compensation after discount)**

## Structure

- Land lease: **Town of Milton**
- Offtaker: **Milton Schools**

## Financing

- **\$1.1M debt closed March 2026**
- Underwritten DSCR: **1.25**
- Assumed: **Standard SBRR update (Aug 2026)**

## Impact of SBRR Suspension

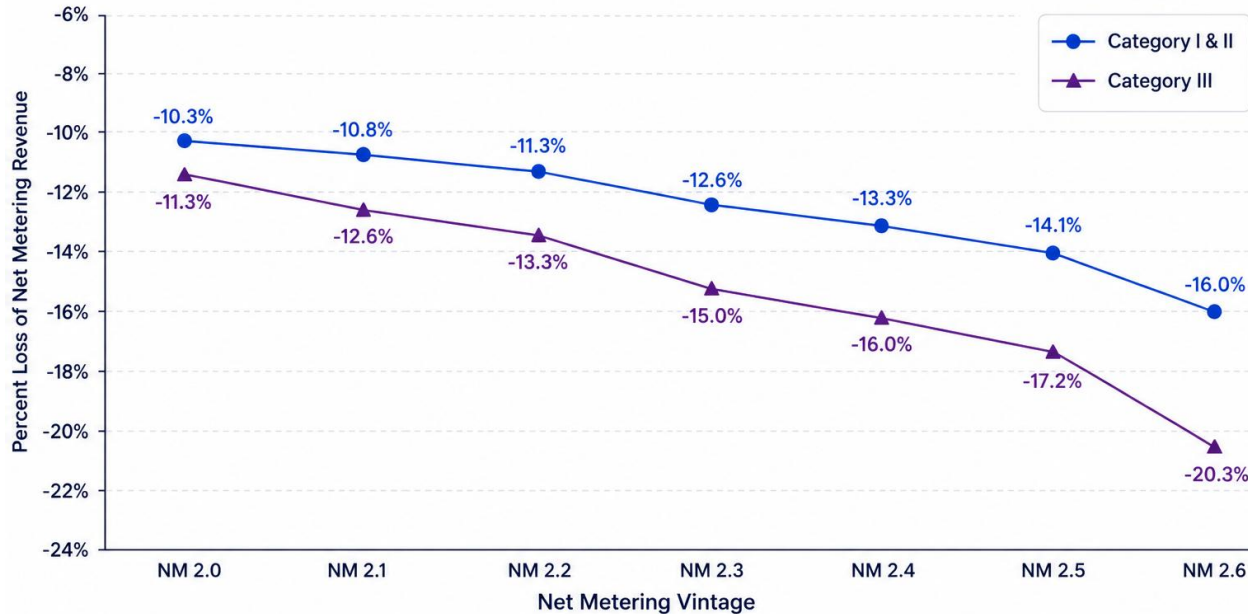
- DSCR declines from **1.25x → 1.02x**
- **Project moves from financeable → BANK COVENANT FAILURE before it even generates**



# Financial RISK – Blanket SBRR Suspension Creates Uneven Impacts

## Percent Loss of Net Metering Revenue if SBRR is Suspended

*Percentage of Lost Income by Net Metering Vintage and Category*



**Losing the planned 2.31¢/kWh in SBRR reduces revenue for all net metering vintages.**

The later the vintage, the lower the baseline rate—so the same 2.31¢/kWh loss results in a larger percentage impact.

# Market Risk – Freezing Market before ITC Expires

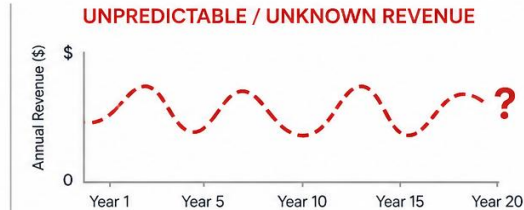
## You Can't Sell a Solar System If You Don't Know the Revenue

Predictable Revenue = Bankable Project = Solar Gets Built

Unknown Revenue = No Financing = No Solar

### REVENUE IS UNKNOWN OR UNPREDICTABLE

Project Cannot Be Sold or Financed



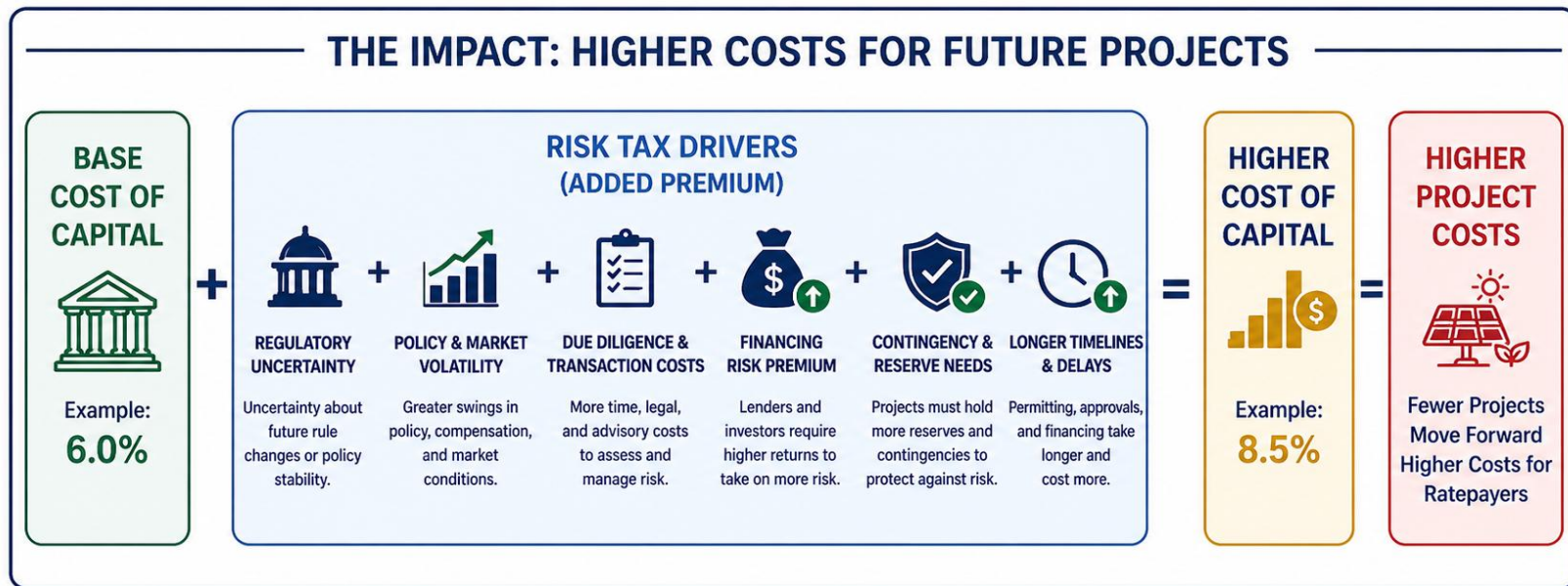
 Lenders cannot underwrite. Investors will not invest. The project does not get built.



**PREDICTABLE REVENUE IS THE FOUNDATION OF EVERY SOLAR PROJECT.**

Without a known revenue stream, there is no financing, no investment, and no clean energy.

# Risk Premium – Regulatory Uncertainty Drives up Costs for All Projects



**BOTTOM LINE:** A “RISK TAX” RAISES THE COST OF CAPITAL FOR EVERY FUTURE PROJECT, including non-net metered Tier II projects—ultimately increasing costs for all ratepayers.

# Desired Outcomes

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- **PUC updates the SBRR as required in the rule** - mitigates the uneven and extensive financial harm of freezing the rate
- **Defuse market concern with stability of regulatory policy –**
  - The PUC, in its Biennial Update Order, clearly and firmly dismisses the Department’s recommendation to ignore the mandates of Rule 5.128.
  - Legislature signals to parties its intent regarding updates to the SBRR and avoiding harmful impacts to existing systems
- **Initiation of a Framework for establishing NM 3.0 for prospective projects-** Engage a broad set of stakeholders in a process that is data driven and carefully weighs competing interest.



# Follow-up

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