

Making It Worse: The Public Service Department's Response to Trump's Attack on Home Solar

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Testimony to HEDI
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Net Metering Compensation in 60 Seconds

By Rule, every two years since 2017, the PUC updates the net metering rates. There is also a formula in statute for setting the “blended retail residential rate” (blended rate)

For own use (generation that offsets the customer’s power use within the month), you receive the statewide retail rate minus any adjustors the PUC determines as necessary

For all excess power (electricity that is generated above the customer’s use in the current month and all power that is generated by off-site net metering), you receive the blended rate minus the same adjustors as for own use

All excess power is turned into bill credits that can be applied to a bill for up to 12 months

After 10 years, any positive adjustors (from pre-2021 net metering) expire, and customers get only the blended rate



What PSD is Recommending

PSD Recommendation to PUC

- ▶ No blended rate increase and no new adjustors. This cuts compensation to the over 20,000 Vermonters currently net metering
- ▶ REV estimates freezing the blended rate for an offsite 500kW system will see a \$30,000 in loss in revenue while a typical homeowner will get \$386 less between now and 2028
- ▶ PSD estimates the savings from freezing the blended rate at \$8m/yr. REV estimates **this is about 10¢/mo for the average ratepayer**
- ▶ PUC initiate rulemaking to revamp net metering. PSD advocating for own use compensated at retail rate and reducing the value of excess generation (about 40% of all new net metered power) from the blended rate to avoided cost: currently 14¢/kWh down to about 7¢/kWh

PSD alternative if recommendation above is not adopted

- ▶ Blended rate of 18.4¢/kWh increases to 20.7¢/kWh
- ▶ Current -4¢/kWh adjuster increased to -6¢/kWh
- ▶ This doesn't impact current net metering customers but makes it more expensive for new people to net meter



Net Metering Deployment

- ⇒ For net metering <25 kW, there's a 28% drop in GPG submissions from 2023 (2,296) through 2025 (1,667). And this was before the 30% federal ITC was eliminated
- ⇒ There's been a 33% drop in net metering CPG submissions in Q1 2026 relative to Q1 2025
- ⇒ Using the PSD's formula, the "cost shift" for one year of new net metering added about 20¢/mo to the average bill, in WEC, it added about \$1.00
- ⇒ Roughly 60% of the "cost shift" for net metering comes from lost sales to the utility, which is like saying there's a cost shift for energy conservation programs

ENERGY INSTITUTE BLOG

POSTED JULY 14, 2025 BY SEVERIN BORENSTEIN / 49 COMMENTS

Every Electricity Demand Reduction is a Cost Shift

That's not an ethical judgment, just simple math.

Over the years, our team of bloggers has put out quite a few posts on rooftop solar, many of which discuss [the cost shift from solar adopters](#) onto other rate payers (including Lucas's now-quaintly-titled 2018 post, "[Why Am I Paying \\$65/year For Your Solar Panels?](#)"). Invariably, someone responds with a comment or email saying some variation of, "by that logic, anyone who buys a more efficient refrigerator or installs LED lighting or turns up the A/C setpoint to use less electricity is imposing a cost shift on other customers".

That's right! Practically anyone who takes an action to reduce their electricity use creates a cost shift. That's just a fact, not a moral judgment. It's true of natural gas as well, and is [creating serious policy concerns](#). (And there is a closely related issue regarding the [gas tax](#) as more people switch to EVs.)

Over 250 people have submitted comments to the PUC so far and not a single one has been in favor of making net metering more expensive



PSD Proposal Contradicts Its Own Consumer Guidance

Since 2018, the PSD has been telling Vermonters that the blended rate will be recalculated every two years and net metering credits adjusted accordingly

HOW TO USE THIS GUIDE

There are many ways to build and finance a solar PV system. ***A Vermonter's Guide to Residential Solar*** can help you decide whether it makes sense for you to go solar and, if so, how.

Changes in Compensation Rates Over Time

Every two years (or more often, as necessary) the PUC will recalculate the blended residential rate. If the blended residential rate changes (or one of the other utility-specific rates, if used, changes), then the value of the credits you receive will also change.

In contrast to this, it is the intention of the PUC that the REC adjustor and siting adjustor in place when you begin net metering will continue to apply to your system, even if these values are changed for new projects in the future. (As noted above, positive adjustors expire ten years after system installation.)

