Washington Electric Cooperative

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WEC and Net Metering

WEC

- Washington Electric Cooperative serves the most rural utility territory in Vermont
- We have a higher-than-average share of low-income
- We have a highly residential territory (95% plus) and a high (10%) penetration of net metering among our membership
- We have provided our members with 100% renewable power, mostly locally generated, for years, at lower cost than net metering

Net Metering

- Net metering drives rates in WEC territory by removing members from paying the cost of providing them electrical service – and slows adoption of electric vehicles and heat pumps
- All other WEC members bear most of the cost of added grid and infrastructure costs, including to accommodate net metering
- These costs fall disproportionately on lower-income ratepayers – they subsidize the costs for ratepayers who can afford net-metering systems
- The PUC recognizes this important inequity and has been using the biennial adjustment process to partially limit this inequity – although not as much as it should in our view

Public Utilities Heavily Regulated in VT

Governance

- A Board of members Democratically elected by the membership oversees WEC
- "Ordinary" members have access through Currents, Website, attending board meetings, public hearings and comments, participation in Board elections, publicly available plans, filings, etc.
- WEC is a non-profit Cooperative owned and governed by members
- Independent financial audits are done annually

Federal and Regional Oversight

- WEC is a federal Rural Utilities Service Borrower, oversees virtually all financial/operational decisions
- FERC, ISO New England, VELCO and other federal and regional entitles have oversight roles
- Other non-profit lenders have oversight as well

State Oversight

- Cooperative utilities in VT likely have the heaviest state regulatory oversight in the United States
- In many states, cooperatives are not regulated by the state at all, or to a much lower level (NH)
- Department of Public Service oversight as the public ratepayer advocate
- Public Utility Commission oversight is stringent and wide-ranging
- Integrated Resource Plans are significant undertakings that take more than a year to produce
- Rate cases need approval and significant detail must be provided on how we spend ratepayer revenue
- Service Quality and Reliability plans and reports track how well we operate
- Consumer protection statutes and rules adjudicate disputes with members and govern how we interact with members
- Natural resource, historic preservation, public safety and other agencies have impacts as well

Net Metering - Limited Regulation in VT

PUC/DPS

- Certificates of Public Good – limited to system stability and may be removed for balcony solar
- PUC rate making authority for net metering
- Limited ability to protect consumers through DPS/PUC process

Financial

- Financial/lending relationships are private
- State and ratepayers have no visibility into contracts, terms or finances
- Typically for-profits, not publicly owned, often based out of state

Federal and Regional Oversight

- FERC oversight fairly limited to broad impacts/general policies governing net metering
- ISO New England and VELCO role almost entirely through the utilities – we have reporting burden not the developers or system owners
- Before the end of group net metering, little distinction between the large net metering systems and merchant generators, except less oversight

What this Bill Does

Handcuffs Regulators

- The DPS has an obligation to represent the interest of ratepayers. That happens in large part through the PUC process – this bill seriously limits it
- The PUC has the obligation to represent the interests of all Vermonters, and to balance the benefit and cost of sources of power – this bill seriously limits it

Expected to keep Net Metering Rates high

- The ability to manage the price paid for Net Metering power is essential to control the higher cost for this renewable power and the cost shift to non-net metering ratepayers – this bill removes it for 2026
- Recent adjustments have been minor – less than ¾ of a cent per kWh reduction for new projects in 2024 case
- Existing projects saw an increase in value due to increased rates over time
- Meanwhile, cost of solar equipment has declined, as renewable energy advocates have highlighted

Adjustors help incent better development

- Where projects are built is often very important
- Allows placement of generation near load or where the system can accommodate it
- Encourages development in disturbed terrain and rooftops
- Reduces costs for all ratepayers – this bill removes this possibility for 2026
- In short, according to the PUC in Case 24-0248-INV "the siting adjustors are accomplishing the goal of steering development to better locations"

Why it Matters

Net Metering

- Can have significant impacts on the grid and on utility finances in the aggregate
- Causes a regressive cost shift among utility customers/members
- Inefficient way to increase renewable power generation – one of the costliest sources
- Increases electric bills, slowing beneficial electrification because of higher rates

PUC’s Biennial Review – Case No. 24-0248-INV

“Without the decrease to incentives for new systems … the cost of new net metered power would have increased, shifting even more costs to ratepayers who do not net meter and further increasing statewide electric rates” - p.2

“… one of the highest-cost sources of new renewable capacity in Vermont” – p.4-5

“… remains concerned about the overall cost of the net metering program and its corresponding impact on non-participating Vermonters, particularly those Vermonters who are highly energy-burdened” – p.5

“… the unintended, counter-productive effect of diminishing investments in more cost-effective means of reducing Vermont’s greenhouse gas emissions, such as electric vehicles and cold-climate heat pumps” – p.6

“… net metering is one of the least effective actions that Vermonters can take to lower the state’s greenhouse gas emissions” – p.6