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Vermont Public Service Board has one more chance to get net metering rules right.

Karl R. Rábago and Sam Swanson

On June 30, the Vermont Public Service Board issued an Order establishing a revised net metering program pursuant to Act 99. The program establishes the rules for compensation, siting, and charges on distributed clean energy facilities from wind, solar, and other renewable energy sources. After nearly two years of development, the latest version of the new rules is deeply flawed and out of step with best practices in other states. The Board has one more chance to modify its rules and to preserve the future of Vermont's clean energy growth. It should take that opportunity.

Fair compensation for value produced is the touchstone of net metering policy. When customers become electricity generators they put private capital to work for the benefit of everyone who uses electricity in the state. The electricity these customers make, use, and in some cases export to the grid all adds value for everyone. It is clean, locally produced, and most importantly, goes to work right in the distribution grid, avoiding the need for costly transmission.

The new net metering program rules look like an effort to kill the distributed energy market in Vermont with a death by a thousand small cuts—creating an unnecessarily complex and negative gauntlet of rules and conditions. The rules undercut the value of net metering investments, and will likely stall the growing clean energy market in Vermont. Experts on the ground in Vermont have described the potential consequences of the new rules as "grave," and frustrating to Vermont's efforts to expand reliance on clean, local energy.

Most notably, the new net metering rules proposed by the Board adopt several approaches that are out of step with best practices in other states where net metering policy is supporting growth in renewable energy generation.

The Board's new rules put utilities in the driver's seat on a host of potential new charges to be imposed on new and existing customer generators.

The rules adopt an arbitrary cap on market growth, which would stifle the growing clean energy business and distort markets through artificial scarcity.

The rules adopt an arcane and stingy structure for setting the compensation credit value for generation that is excess to a customer's on-site needs. This provision is troubling in that it can frustrate energy efficiency, reduce the size of generation systems, and deny all Vermont customers of the benefits of locally-produced clean energy.

Finally, the Board rules will effectively foreclose development of new affordable community shared solar projects, which are vital to enabling solar energy access to low and moderate income customers, renters, or others who can't install their own solar systems. These impacts result not only from rate credit reductions, but also from unnecessarily narrow project ownership requirements in the Board's rules.

The Vermont Public Service Board now has the chance to fix these and other errors in the net metering rules, through its process of rehearing on the rule. Even though the rule has been in the works for the past two years, some of the most troubling provisions actually only appeared in late stage versions of the rules. Vermont's clean energy future is at stake.

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