

Net Metering Rulemaking Update

Melissa Bailey

July 20, 2016

Background

- Act 99 (2014) directed the Public Service Board to oversee development of a Net Metering Rule to take effect on January 1, 2017.
 - Public Service Department issued a report in October 2014.
 - Working groups met throughout the spring of 2015 to discuss aspects of Vermont's net metering program.
 - Parties submitted initial comments on June 12th and reply comments on July 10th 2015.
- Under Act 99, the Board was to adopt a final rule by July 1, 2016, or issue an Order to govern the Net Metering Program while rulemaking continued.

Public Service Board Draft Rules

- The Public Service Board issued 3 versions of the Draft Rule on December 7th, February 19th, and March 8th, 2016.
- This rule was submitted to the Secretary of State, beginning the formal rulemaking process.
 - 2 Public Hearings were held in Montpelier.
 - A comment deadline of May 12th was set; more than 500 written comments were submitted.
- On June 30th the Board issued an Order and a new Draft Net Metering Rule.
 - Motions to reconsider were due July 15th.
 - 10 parties filed motions and/or comments on the latest draft.

Proposed Changes

- Net Metering Rate is the lesser of utility's blended rate or the statewide average blended rate.
- Establishes 4 categories of NM projects based on size and siting; Category 5 eliminated in this draft.
 - Creates "siting adjustors" to promote development in desirable locations (between \$.01/kWh and \$- .03/kWh)
 - Different administrative processes for each category of project
- Sets a "REC adjustor" (+/- \$.03/ kWh)
- REC and siting "adjustors" revisited every 2 years
- Sets annual cap of 4% of each utility's peak load.
- Establishes "non-bypassable charges"
- "Grandfathers" existing systems for 10 years.

Statutory Criteria

- (A) Advance VT's renewable goals and total renewables targets
- (B) Achieve deployment consistent with Energy Plan unless PSB determines energy plan is inconsistent with goals in (A)
- (C) To extent feasible, ensure no cost shifting in each retail electricity provider's revenue requirement
- (D) Account for all costs and benefits of net metering, including T&D and potential to reduce consumption of fossil fuels
- (E) Ensure all customers who want to participate in net metering have the opportunity to do so
- (F) Balance, over time, pace of deployment and cost of program with NM's impact on rates
- (G) Account for changes over time in the cost of technology
- (H) allows a customer to retain ownership of RECs but
 - Reduces the credit to the customer if they elect to retain the RECs
 - Requires utilities to retire net metering RECs that are transferred for RES

Next Steps

- June 30th Board Order stated:
 - The proposed Rule currently on file with the Secretary of State will be withdrawn
 - Once motions are considered, draft will be revised
 - New Draft Rule will be pre-filed with ICAR and filed with SoS, restarting the rulemaking process
 - Additional hearings and comment period.
 - Review by Legislative Committee on Rules.
 - Utility tariffs are due October 1, 2016.
- Unclear whether a new rule can be formally adopted by January 1, 2017. Potential for another Board Order and Interim Rule.