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**State of Vermont  
Public Utility Commission**

**FOR IMMEDIATE RELEASE:**

**MEDIA RELEASE**

**VERMONT PUBLIC UTILITY COMMISSION ISSUES  
BIENNIAL UPDATE OF NET-METERING PROGRAM**

**Montpelier, VT** – On May 1, 2018, the Vermont Public Utility Commission (“Commission”) issued its required update of the State’s net-metering program. Based on review of the information presented in its proceeding, the Commission determined that adjustments are necessary to ensure that the net-metering program remains financially sustainable, with a balance between the pace of net-metering development and the program’s impact on electric rates.

The net-metering program, established in 1999, is only one of several programs available for developing solar and other types of renewable energy in Vermont. Customers who install net-metering systems can offset their electric bills through financial incentives that result in bill credits that are significantly higher than the customer’s base electric rate. These financial incentives also make net-metering the most expensive of Vermont’s renewable energy programs because the utility is essentially “buying” the net-metered output at substantially more than market rates for comparable renewable energy. Solar net-metering systems receive up to 18.9 cents per kilowatt-hour (kWh) compared to solar prices of 10-13 cents under the State’s standard-offer program and roughly similar or lower prices for power purchase agreements and utility-built systems.

Based on the information presented in this proceeding, net-metering projects continue to be installed at a rapid pace since the current program went into effect on January 1, 2017. In addition, the program has been successful in encouraging many projects to be built on “preferred sites,” such as rooftops and previously disturbed terrain, and in customers transferring their renewable energy credits (“RECs”) to Vermont utilities to count toward the State’s renewable energy requirements. In calendar year 2017, the Commission received more than 2,500 applications, the second-highest number ever, and approved permits for a total of 42.6 megawatts (“MW”) of capacity. These applications tended to be smaller in size and located on preferred sites. However, there also continues to be substantial interest in building larger net-metering systems. The Commission has received notice of approximately 30 applications for larger systems, to be filed in the next few months, for several MW of new net-metering capacity.

The amount of net-metering commissioned in 2016 and 2017, if continued, would exceed the levels necessary to meet Tier II of Vermont’s Renewable Energy Standard (“RES”), which imposes a requirement for each utility to acquire a certain portion of its power supply from small, in-state renewable energy. However, more cost-effective sources of solar and other types of local renewable power are available to meet the RES requirements and the goals of the State’s Clean Energy Plan, which recommends planning “carefully to meet all three tiers of the RES in a least-cost manner” and to “strive to lower both energy bills and electric rates.”

The Commission also considered the effect of high net-metering prices on electric rates for all residential and business customers in Vermont. In this proceeding, a number of Vermont utilities expressed concern about the effect on rates of continued high net-metering prices. Vermont Electric Cooperative and Washington Electric Cooperative each reported that in 2017, the total number of net-metering applications and their capacity exceeded the totals during the prior three and four years combined in their respective territories. According to Green Mountain Power Corporation (“GMP”), a single year of net-metered deployment at the current pace and current prices will add roughly \$2.3 million per year of upward rate pressure for GMP customers.

For these reasons, and based on the information presented in this proceeding, the Commission determined to adjust the incentives paid to future net-metering systems. The changes will be phased in over two years so their effect is not abrupt and the Commission can assess how such changes affect the pace of net-metering deployment. Specifically, there will be a gradual reduction in the incentive payment for customers who transfer their RECs to their utility, by 1 cent per kWh in each of the next two years. In addition, there will be a 1-cent reduction in the price paid to the very largest net-metering systems (over 150 to 500 kW), which have better economies of scale than residential-sized systems. For most customers, these reductions will be partially offset by a simultaneous increase in the statewide blended residential electric rate (resulting in a net reduction of one-half cent for all residential systems next year and 1.5 cents for the biggest systems).

Below is a summary of the effect of these changes.

#### Summary of Changes to Adjustor Values and Compensation

Category	2017	2018	2019
Category I (up to 15 kW)	\$0.189	\$0.184	\$0.174
Category II (>15 to 150 kW on preferred site)	\$0.189	\$0.184	\$0.174
Category III (>150 to 500 kW on preferred site)	\$0.169	\$0.154	\$0.144
Category IV (>15 to 150 kW on non-preferred site)	\$0.149	\$0.144	\$0.134

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For more information about the 2018 biennial review of the net-metering program, contact: PUC Staff Attorney Jake Marren, 802-828-2358, [jake.marren@vermont.gov](mailto:jake.marren@vermont.gov).

The May 1, 2018 order (Case No. 18-0086-INV) can be found by searching for the case number on [ePUC, the PUC online document management system](#).