



## Vermont Law School Energy Clinic

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# Vermont PSB Rule 5.100 Revisions - Net Metering

*What to know about the PSB's Proposed Net Metering Changes and how you can act to preserve your ability to go solar.*

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The Public Service Board is currently revising the net metering program (Rule 5.100). As directed by the Vermont legislature in Act 99, the PSB must design a revised program with input from impacted parties and the public.

**The proposed rule makes a number of changes to the current net metering program that harm Vermonters who want to go solar:**

- **Eliminates the solar adder**, an additional credit for each kWh a solar system produces that is applied directly to a customer's bill. The solar adder is currently between 4-6¢ per kWh, depending on the size of the system.
- **Replaces the adder with positive and negative "adjusters"** for siting and renewable energy credits (RECs). Solar generation would be credited at the applicable residential retail rate, plus or minus the relevant adjusters.
- The proposed **REC adjuster** will penalize solar customers who consume solar power from their own solar systems (the only way to "go solar") rather than turning over their RECs to the utility. It will cost customers in total **a 6¢ per kWh penalty** to retain and retire their RECs in order to go "solar," "renewable," "clean," or "green." No other state penalizes a solar customer in this manner.
  - **+ 3¢ per kWh:** Customers who transfer RECs to the utility will receive a 3-cent bonus, but will not consume solar energy from their panels and are legally prevented from making any renewable energy claims.
  - **- 3¢ per kWh:** Customers who retain and retire their RECs will have an additional 3-cents per kWh subtracted from the base net metering rate. These customers who reduce Vermont's greenhouse gas emissions will be treated the same as a customer who sells their RECs out of state for additional profit.



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### Other changes to the rule include a new siting adjuster:

- The proposed **siting adjuster** will increase or decrease the credit depending on a) size and b) a list of eight preferred siting criteria: a rooftop, parking canopy, brownfield, landfill, quarry/gravel pit, previously developed site, on the premise of the consumer of the majority of the electricity, or on a site approved by the town.
  - **+ 1¢ per kWh**: Smaller than 15kW *or* smaller than 150 kW and on preferred siting listed above.
  - **0¢ per kWh**: 150-500kW and on preferred siting.
  - **- 2¢ per kWh**: 15-150 kW, not on preferred siting.
  - **- 3¢ per kWh**: 150-500kW, not on preferred siting.

### What stays the same:

- **Unused net metering credits** will be forfeited to the utility without compensation after 12 months.

### What the proposed rule means for existing solar installations:

- Existing installations will receive their utility's net metering rate on file with the PSB on December 31, 2016 for 20 years from the date system is installed.
- Existing installations will receive solar adder for 10 years from date installed.
- Existing installations will not be subject to the proposed adjusters.

### What does this mean for Vermonters who want to go solar?

**The Homeowner:** Tom and Jan want to go solar and reduce their carbon footprint by installing a 5kW array on their home's roof in GMP territory. Under the current rule they would receive \$0.20/kWh. Under the new rule they would receive less than \$0.13/kWh. For a typical family's electric use, this would change the solar array's payback period from 13 to 20 years.

**The Town or Small Business:** Residents of Barnard have voted to go solar and fund a bond to put a 30kW array on the roof of the town's Emergency Services Building. Under the current rule, they would receive \$0.19/kWh. Under the new rule, they would receive less than \$0.13/kWh. For Barnard's project this rule would change the payback period from 14 years to 22 years.

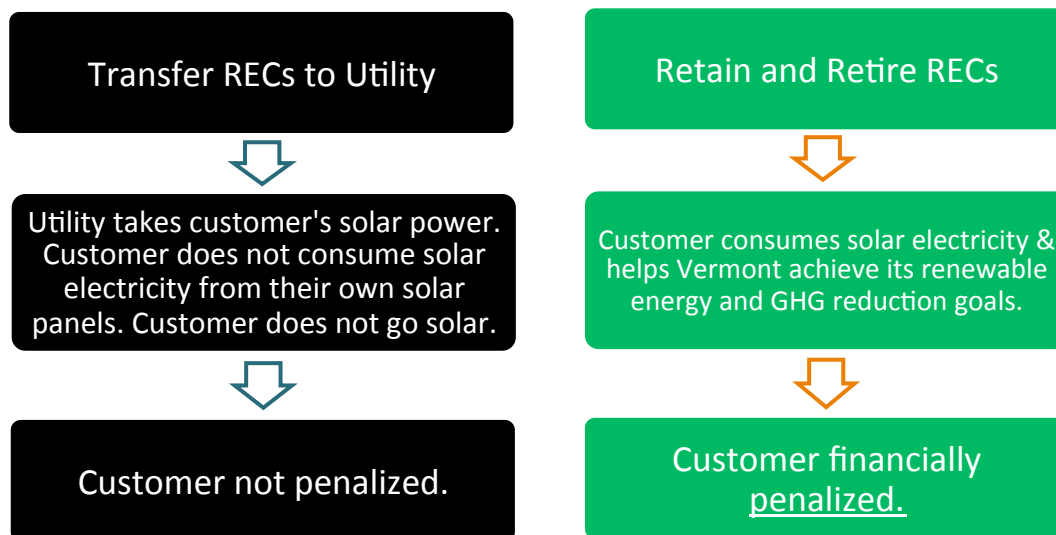
**The Community Solar Group:** A 150 kW community solar array planned for Richmond would receive less than \$0.13/kWh if sited in a preferred location. Currently, that same size array receives \$0.19/kWh. The proposed rule would change the payback period for Richmond's ground-mounted community solar array from 9 years to 15 years—or longer if negative siting adjusters apply.

### So what does this mean for Vermonters who want to go solar?

Vermonters who seek to go solar in 2017 and beyond will find that the economics are substantially worse than they are today. If the rule is finalized in its current form, many Vermonters will find that it makes significantly less financial sense to go solar.

Furthermore, honest solar installers would no longer be able to market their installation services as providing “solar” or “renewable energy” for customers who choose the most economical option. Vermonters interested in buying solar panels would be faced with a stark choice: either turn over your right to your solar power to the utility, or receive a substantial reduction in credit that undermines the fundamental economics of your solar array.

There is no sound policy reason for creating this dilemma, which will prevent Vermonters from going solar, harm honest solar companies and slow the adoption of solar energy in Vermont. No other state has provisions that economically force the solar customer to turn their RECs over to the utility:



### To comment on the proposed net metering rule:

- Email written comments to: [psb.clerk@vermont.gov](mailto:psb.clerk@vermont.gov) by May 12, 2016.
- Attend a public hearing on Wednesday, May 4 @ 7:00 PM Montpelier HS Cafeteria, 5 High School Drive or Thursday, May 5 @ 10:00 AM PSB Hearing Room 112 State Street 3rd floor.
- In addition you should copy your letter to your legislators. (See sample letter attached.)

The full-text of the proposed net metering rule (5.100) is available at:

<http://psb.vermont.gov/statutesrulesandguidelines/proposedrules/rule5100>

VIA Email psb.clerk@vermont.gov  
Vermont Public Service Board  
RE: Proposed Rule 5.100  
Date:

Dear Vermont Public Service Board:

As Vermonters who install solar for our homes and businesses, we believe that it is important to legally "go solar." We want to be able to claim we consume the solar energy that is generated from our solar panels. It will be financially prohibitive for Vermonters to retain and retire their RECs under the new rule. Citizens, businesses, and community organizations who go solar contribute additional renewable energy toward Vermont's 90% renewable energy goal and greenhouse gas reduction goals.

There is no sound policy reason to penalize us by reducing our net metering credit compared to a customer who turns their RECs over to the utility. Our decision to go solar has the same benefit to the climate and contributes equally toward Vermont's renewable energy and greenhouse gas reduction goals. It is bad public policy to compensate a Vermonter who helps the state achieve its renewable and climate goals with the same credit as a customer who sells the RECs out of state for profit and does not contribute renewable energy for Vermont.

Furthermore, the proposed rule would harm Vermont's local solar installers by putting them in an impossible position where they have to decide between having a viable, competitive business, or a business that actually sells solar to their customers. Currently there are too many deceptive solar marketing claims and this rule change will only worsen the situation.

We respectfully request that you amend Rule 5.100 to credit Vermonters who go solar by retaining and retiring their RECs for Vermont greenhouse gas reductions in a similar manner to those who turn their RECs over to the utility.

Sincerely,