



# Net Metering Vermont

## Policy Description

When the amount of electricity generated onsite by an electric customer is greater than what is needed during a given billing period, the excess electricity can be net metered. This results in monetary credits that can be applied to the customer's future utility bills. Electric customers producing onsite electricity are allowed to net meter in Vermont, provided they obtain a Certificate of Public Good (CPG)<sup>1</sup> from the Vermont Public Service Board. CPG application information and forms are available on the Vermont net metering program website.<sup>2</sup>

Net metering is available to individual customers or groups of customers that operate onsite systems up to 500 kW in capacity that generate electricity using eligible renewable resources. Systems that use non-renewable resources are limited to 20 kW and have a higher efficiency standard.

### Eligible Combined Heat and Power (CHP) Net Metering Technologies:

- Renewable Resources: biomass, biogas from sewage treatment plants and landfills, and anaerobic digestion of agricultural products, byproducts, and wastes
- Non-renewable Resources: solid waste that is not agricultural or silvicultural, as well as nuclear fuel, coal, oil, propane, and natural gas

### Energy Credits

If electricity generated by an eligible customer (or group of eligible customers) exceeds the electricity supplied by the electric utility, the electric utility provides a monetary credit. Each credit earned is equal to the dollar amount of the underlying energy rate that the customer would typically pay to the utility for that billing period. Credits can be saved by the end-user(s) and used within 12 months of the month they were earned. Credits expire after the 12-month period without compensation.

## Net Metering Credit Adjustors

### Size and Siting Credit Adjustors

As of January 1, 2017, prospective customers seeking a CPG must categorize their systems by technology, size, and siting, which will determine adjustments to net metering credits received for that system. These credit adjustors incentivize small-scale projects constructed on a preferred site and disincentivize larger projects. Positive credit adjustors are applied for 10 years, while negative adjustors are applied in perpetuity. These credit adjustors are applied to the net metering credits earned by the eligible customer(s).

The credit adjustors are as follows:

- Category I Systems (non-hydro facilities 15 kW or less) = + \$0.01 per kWh.
- Category II Systems (non-hydro facilities greater than 15 kW and less than or equal to 150 kW, sited on a "preferred site") = + \$0.01 per kWh.
- Category III Systems (non-hydro facilities greater than 150 kW and less than or equal to 500 kW, sited on a "preferred site") = - \$0.02 per kWh.
- Category IV Systems (non-hydro facilities greater than 15 kW and less than or equal to 500 kW, not located on a "preferred site") = - \$0.03 per kWh.

<sup>1</sup> "Certificate of Public Good," Frequently Asked Questions | State of Vermont Public Utility Commission. Available: <https://puc.vermont.gov/telecommunication/frequently-asked-questions>

<sup>2</sup> "Net-Metering," Net-Metering | State of Vermont Public Utility Commission. Available: <https://puc.vermont.gov/electric/net-metering>

A "preferred site" means one of the following:

- A new or existing structure whose primary use is not the generation of electricity.
- A parking lot canopy over a paved parking lot.
- A tract previously developed for a use other than siting a plant on which a structure or impervious surface was lawfully in existence prior to July 1 of the year preceding the year in which an application for a CPG was filed.
- A brownfield site.
- A sanitary landfill.
- The disturbed portion of a gravel pit, quarry, or similar site for the extraction of a mineral resource.
- A specific location designated in a duly adopted municipal plan for the siting of a renewable energy plant.
- A site listed on the National Priorities List, provided development will not compromise or interfere with remedial action on the site and the site is suitable for development of the plant.
- The same parcel as, or directly adjacent to, a customer that has been allocated more than 50% of the net metering system's electrical output.

### Renewable Energy Credit (REC) Adjustors and Net Metering

Renewable Energy Credits (RECs) are bought and sold by energy producers and are tracked through the Vermont Renewable Energy Standard (RES). RECs are gained through the production of qualified renewable energy and can be sold by the producer to a utility or kept by the producer for no monetary credit in order to retain full rights of the renewable energy produced.<sup>3</sup> Under the RES, there are several methods for the utilities to meet the state's renewable energy requirements, including net metering. Starting January 1, 2017, the Vermont Public Utility Commission (VPUC) enacted REC adjustors to the net metering credit to incentivize net metering customers to sell their RECs. These incentives have proved to be successful in encouraging many projects to be built on "preferred sites," such as rooftops, disturbed terrain, and customer sites for those who are looking to transfer their RECs to Vermont utilities. The credit adjustors<sup>4</sup> are as follows:

- RECs provided to utility: + \$0.01 per kWh, for the next 10 years
- RECs kept by customer: - \$0.03 per kWh, perpetuity

## Policy Outcomes

Information on net metering projects is available on the VPUC net metering public portal.<sup>5</sup> Two biomass facilities—Allard Lumber and Green Mountain College—and one farm methane facility—Hinsdale Farm—generate power under the net metering program and utilize recovered waste heat for their processes. Allard Lumber Company in Brattleboro, Vermont, utilizes excess sawdust from the sawmill process to create steam, which powers a 142 kW steam turbine. Exhaust heat from the turbine is routed to wood kilns for process heating and to heat buildings. Excess wood chips are sold to schools, municipal facilities, and private sites for heating fuel. The facility was awarded a CPG in September 2016, authorizing the biomass CHP plant to operate as an eligible net metering facility in the state of Vermont.



**Allard Lumber, Brattleboro, Vermont**

Photo courtesy of [www.commonnews.org](http://www.commonnews.org)

## For More Information

**U.S. DOE NEW ENGLAND CHP  
TECHNICAL ASSISTANCE  
PARTNERSHIP (CHP TAP)**

[www.nechptap.org](http://www.nechptap.org)

Date produced: May 2021

<sup>3</sup> Vermont RES Policy Profile (in preparation)

<sup>4</sup> "Biennial Update of the Net Metering Program," *Vermont PUC*, <https://puc.vermont.gov/document/biennial-update-net-metering-program>

<sup>5</sup> "Vermont Public Utility Commission," *Net Metering Projects | Vermont Public Utility Commission* <https://epuc.vermont.gov/?q=node%2F95>