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No. 1373

H.P. 952

House of Representatives, April 11, 2017

An Act To Protect and Expand Access to Solar Power in Maine

Reference to the Committee on Energy, Utilities and Technology suggested and ordered printed.

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative BERRY of Bowdoinham.
Cosponsored by Representative DENNO of Cumberland, Senator DION of Cumberland and Representatives: ACKLEY of Monmouth, DeCHANT of Bath, MAREAN of Hollis, POULIOT of Augusta, RYKERSON of Kittery, SEAVEY of Kennebunkport, Senators: DOW of Lincoln, JACKSON of Aroostook.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 35-A MRSA §3209-A**, as enacted by PL 2011, c. 262, §1, is repealed and
3 the following enacted in its place:

4 **§3209-A. Net energy billing**

5 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
6 following terms have the following meanings.

7 A. "Eligible facility" means an electric generating facility that uses a renewable
8 capacity resource as defined in section 3210, subsection 2, paragraph B-3 or is an
9 efficient combined heat and power system as defined in section 3201, subsection 7-A
10 and that:

11 (1) In an investor-owned transmission and distribution utility territory, does not
12 have an installed capacity greater than 2 megawatts; or

13 (2) In a consumer-owned transmission and distribution utility territory, does not
14 have an installed capacity greater than 100 kilowatts unless the consumer-owned
15 utility elects, pursuant to rules adopted by the commission, to allow an eligible
16 facility to have an installed capacity of up to 2 megawatts.

17 B. "Net energy billing" means a billing and metering practice under which a
18 customer is billed on the basis of net usage over the billing period, taking into
19 account accumulated unused kilowatt-hour credits from previous billing periods.

20 C. "Shared ownership" means a shared financial interest as defined by the
21 commission of an eligible facility by multiple persons who have distinct billing
22 accounts with a transmission and distribution utility.

23 D. "Third-party ownership" means ownership of an eligible facility by a party other
24 than the customer of a transmission and distribution utility whose billing account
25 receives net energy billing credits.

26 **2. Net energy billing.** A customer of a transmission and distribution utility may
27 elect net energy billing in accordance with this section and rules adopted by the
28 commission. A transmission and distribution utility may not charge any fee or
29 assessment to a customer that elects to use net energy billing.

30 A. A customer who elects net energy billing must receive bill credits per kilowatt-
31 hour of electricity generated equal to the customer's transmission and distribution and
32 generation service rates per kilowatt-hour.

33 B. Unused bill credits expire 12 months from when they are received.

34 C. The commission by rule shall permit eligible facilities with shared ownership or
35 3rd-party ownership to be eligible for net energy billing. The commission may not
36 limit the number of participants in a shared ownership project but may set a minimum
37 share size.

38 **3. Cost and benefits review.** The commission shall undertake a comprehensive
39 review of the ratepayer costs and benefits from net energy billing within an investor-

1 owned transmission and distribution utility's territory in accordance with this subsection.
2 The review must be conducted when an investor-owned transmission and distribution
3 utility enters into net energy billing agreements for a total generating capacity of:

4 A. Five percent of its annual peak demand;

5 B. Eight percent of its annual peak demand; and

6 C. Every additional 3% of its annual peak demand beyond 8%.

7 The commission shall consider all identifiable costs and benefits over multiple time
8 periods. The commission shall consider any costs of net energy billing separately from
9 the reduced purchase of electricity from transmission and distribution utilities arising
10 from generation by the customer.

11 4. Rules. The commission shall adopt rules governing net energy billing in
12 accordance with this section. Rules adopted pursuant to this section are routine technical
13 rules as defined in Title 5, chapter 375, subchapter 2-A.

14 **Sec. 2. 35-A MRSA §3475** is enacted to read:

15 **§3475. Solar energy rebate program; fund**

16 **1. Definitions.** As used in this section, unless the context otherwise indicates, the
17 following terms have the following meanings.

18 A. "Eligible commercial customer" means a customer of a transmission and
19 distribution utility located in the State that is an owner or tenant of commercial
20 property located in the State, including but not limited to nonresidential property that
21 is owned by a municipality or a not-for-profit organization.

22 B. "Eligible resident" means a resident of the State whose household income is less
23 than 200% of the median household income of the State.

24 C. "Eligible 3rd-party owner" means an owner of a qualified solar energy system
25 located in the State that is connected to the electric meter of an eligible resident or
26 eligible commercial customer.

27 D. "Low-income or moderate-income resident" means an eligible resident whose
28 household income is less than 100% of the median household income in the State.

29 E. "Qualified solar energy system" means a solar photovoltaic system or a solar
30 thermal system that is installed after July 1, 2017.

31 F. "Qualified solar photovoltaic system installer" means a person who has been
32 qualified by the Efficiency Maine Trust to install solar photovoltaic systems designed
33 to generate electricity and who holds all necessary licenses for such work from the
34 State.

35 G. "Qualified solar thermal system installer" means a person who has been qualified
36 by the Efficiency Maine Trust to install solar thermal systems and who holds a
37 current license from the State as a master plumber, as a master oil burner technician
38 or as a propane and natural gas technician or has been certified as a type II, type III or
39 universal heating, ventilation and air conditioning refrigeration technician through a

1 certification program approved by the United States Environmental Protection
2 Agency.

3 H. "Solar photovoltaic system" means a solar energy device with a peak generating
4 capacity of 200 kilowatts or less used for generating electricity for use in a residence
5 or place of business that is connected to the electric grid.

6 I. "Solar thermal system" means a configuration of solar collectors and a pump, heat
7 exchanger and storage tank or fans designed to heat water or air for the purpose of
8 space heating, domestic water heating or both space and domestic water heating.
9 Solar thermal system types may include forced circulation, integral collector storage,
10 thermosyphon and self-pumping systems.

11 **2. Solar energy rebate program.** The Efficiency Maine Trust shall administer a
12 solar energy rebate program. To the extent that funds are available in the fund
13 established in subsection 3, an eligible resident, eligible commercial customer or eligible
14 3rd-party owner is entitled to a rebate for the installation of a qualified solar energy
15 system in accordance with this section and rules adopted under this section.

16 A. After accounting for any allocation for administrative costs pursuant to subsection
17 3, in each fiscal year the trust shall allocate 40% of available funds for eligible
18 commercial customers, 20% of available funds for low-income or moderate-income
19 residents and 40% of available funds for other eligible residents. At the end of the
20 trust's fiscal year, the trust may reallocate any unexpended funds according to this
21 formula.

22 B. The trust shall set rebate levels for qualified solar energy systems according to the
23 following requirements.

24 (1) From the effective date of this section to June 30, 2019, the rebate for eligible
25 residents may not exceed 12% of the cost of installation and the rebate for
26 eligible commercial customers may not exceed the lower of 12% of the cost of
27 installation or \$50,000.

28 (2) For the period from July 1, 2019 to June 30, 2022, the rebate for eligible
29 residents may not exceed 10% of the cost of installation and the rebate for
30 eligible commercial customers may not exceed the lower of 10% of the cost of
31 installation or \$40,000.

32 (3) Rebates for low-income or moderate-income residents may not exceed 25%
33 of the cost of installation for projects that are eligible for federal renewable
34 energy tax credits or 45% of the cost of installation for projects that are not
35 eligible for federal renewable energy tax credits.

36 C. Third-party owners are eligible to receive a rebate on behalf of eligible residents
37 or eligible commercial customers in accordance with paragraphs A and B.

38 D. To qualify for a rebate, a qualified solar energy system must be installed by a
39 qualified solar photovoltaic system installer or a qualified solar thermal system
40 installer.

41 E. For the purposes of determining household income for eligible residents, the trust
42 may rely on a signed affidavit or affirmation by the applicant attesting to the

1 applicant's household income as filed under state or federal tax returns. The trust
2 shall assess the accuracy of income claims through random verification with the
3 Department of Administrative and Financial Services, Maine Revenue Services of no
4 less than 5% of rebate applications.

5 F. The trust may elect to distribute rebates for low-income or moderate-income
6 residents through agreements with one or more providers of affordable housing
7 development or services, as long as the trust does so through a public selection
8 process and is reasonably confident that participating households are likely to meet
9 the definition of low-income or moderate-income residents.

10 **3. Funding level; fund.** The commission shall assess transmission and distribution
11 utilities to collect funds for the solar energy rebate program under subsection 2 in
12 accordance with this subsection. The assessments by the commission under this
13 subsection must be in accordance with the following schedule:

14 A. For the period from July 1, 2017 to June 30, 2019, the assessment is 0.017 cent
15 per kilowatt-hour;

16 B. For the period from July 1, 2019 to June 30, 2021, the assessment is 0.013 cent
17 per kilowatt-hour; and

18 C. For the period from July 1, 2021 to June 30, 2022, the assessment is 0.008 cent
19 per kilowatt-hour.

20 The Efficiency Maine Trust shall establish a solar energy rebate program fund to be used
21 solely for the purposes of this section. The commission shall transfer all assessments
22 made under this subsection to the trust to be deposited in the fund. Any interest on funds
23 in the fund must be credited to the fund. Funds not spent in any fiscal year remain in the
24 fund to be used for the purposes of this section only. The trust may use up to 5% of the
25 fund to cover the costs of verification of eligibility and administration of the solar energy
26 rebate program.

27 **4. Rules.** The Efficiency Maine Trust shall adopt rules necessary to implement the
28 provisions of this section, including procedures and standards for demonstrating
29 eligibility for a rebate under this section and for quality assurance protocols. Rules
30 adopted under this section are routine technical rules as defined in Title 5, chapter 375,
31 subchapter 2-A.

32 **5. Report.** The Efficiency Maine Trust shall report by December 31st of each year
33 to the joint standing committee of the Legislature having jurisdiction over utilities and
34 energy matters a description of actions taken by the trust pursuant to this section during
35 the prior 12 months.

36 SUMMARY

37 This bill amends the laws governing net energy billing. It prohibits a charge to a
38 customer that elects to use net energy billing. It provides specific provisions related to
39 net energy billing including:

1 1. It provides that customers using net energy billing receive bill credits netted
2 against delivery and supply charges on a one-to-one basis;

3 2. It provides that unused bill credits accumulate on a 12-month rolling basis;

4 3. It limits the installed capacity of an eligible facility to 2 megawatts in the territory
5 of an investor-owned transmission and distribution utility and to 100 kilowatts in the
6 territory of a consumer-owned transmission and distribution utility, except that the
7 consumer-owned transmission and distribution utility may elect to allow an eligible
8 facility with installed capacity up to 2 megawatts;

9 4. It allows an eligible facility with shared ownership or 3rd-party ownership to be
10 eligible for net energy billing and prohibits the Public Utilities Commission from limiting
11 the number of participants in a shared ownership project, but allows the commission to
12 set a minimum share size; and

13 5. It requires a comprehensive review of ratepayer benefits and costs from net
14 energy billing when any investor-owned transmission and distribution utility in the State
15 enters into net energy billing agreements for a total generating capacity equal to 5% of
16 the annual peak demand and again for every additional 3% of the utility's annual peak
17 demand thereafter.

18 This bill also establishes a solar energy rebate program to be administered by the
19 Efficiency Maine Trust. The program is to be funded through an assessment collected by
20 the Public Utilities Commission from transmission and distribution utilities. Available
21 funds are to be distributed in the following manner: 40% to eligible commercial
22 customers, 20% to low-income or moderate-income residents and 40% to other eligible
23 residents. This bill requires the trust to adopt routine technical rules to administer the
24 program and requires the trust to submit an annual report to the Legislature that describes
25 the actions of the trust related to the rebate program.