



Testimony in Favor of L.D. 1830

Dirigo Solar LLC - May 9, 2023

Senator Lawrence, Representative Zeigler, and distinguished members of the Energy, Utilities, and Technology Committee. My name is Robert Cleaves and I am a Cofounder of Maine-based Dirigo Solar. We strongly support L.D. 1830.

Maine is at an important inflection point in de-carbonizing its grid. Through NEB, it has unleashed distributed scale solar, utilizing existing distribution infrastructure and delivering power locally. But because of the size of these projects, costs are often higher and this “build out” is not without a cost. At the same time, we have started to meaningfully promote “utility scale” solar, which tends to be lower in cost. My company knows something about both markets.

Dirigo, along with our partners at BNRG Renewables, have developed and financed energy projects worth over \$150 million in our State. Seven projects (in Milo, Oxford, Fairfield, Augusta, Hancock, Palmyra, and Winslow) are operational and delivering power to CMP and Versant at 3.4 cents per kWh. In 2021 alone, these projects saved Maine ratepayers more than \$3.9M, according to utility filings with the PUC. These savings will no doubt be greater in 2022 and 2023 due to higher standard offer power prices and additional projects coming online. Additionally, Dirigo has a large pipeline of projects under development, including projects on contaminated sites and community scale NEB projects.

What is exciting about this legislation is that it offers significant ratepayer savings that will counter the higher cost of community scale solar. And given its focus on contaminated lands, it will also make an important contribution to a vexing environmental problem facing our state.

First, we support the proposal that the additional procurement of 5% of Maine’s 2021 load favors contaminated sites, including PFAS-contaminated land. PFAS contamination represents an existential threat to Maine and farmers in PFAS-contaminated areas urgently need relief. An important part of the solution involves redeveloping PFAS-contaminated land for energy generation, such as solar, so that farmers can realize value from land that is restricted from farming for years to come. The prioritization of renewable development on contaminated lands will align state policy with the federal opportunities included in the Inflation Reduction Act, namely the 10% Investment Tax Credit (ITC) adder for brownfield projects. We are also encouraged to see language in this proposal guaranteeing ratepayer savings.

The second critical piece of this legislation is that it ensures that all the economic and environmental benefits of the previous rounds of procurement are realized by requiring the PUC to void contracts for projects from the previous solicitations that are no longer moving forward, and re-bid that output amount in this new solicitation. This is important for several reasons.

1. Even though the cost of utility-scale solar has increased, the cost of other forms of energy are dramatically higher.

20MW Solar Project Savings...	...in 2020	...in 2023
Standard Offer Supply (CMP)	\$0.073/kWh	\$0.176/kWh
Solar Project Bid (with inflation)	\$0.03/kWh	\$0.05/kWh
Ratepayer Savings (per kWh)	(\$0.043/kWh)	(\$0.126/kWh)
Ratepayer Savings (percentage)	59%	72%
Ratepayer Savings (10-yr total)	\$16 million	\$49 million

2. The combined ratepayer savings from ensuring that previously-awarded projects come online plus the additional 5% would make a dramatic contribution in addressing stranded costs resulting from the NEB program. PUC filings by CMP and Versant for Dirigo’s 67 MW of operational assets show annual ratepayer savings of \$3.9 million, or about \$58,000/MW. If we extrapolate these savings across past and proposed solicitations, we get a conservative estimate of ratepayer savings of \$75M/year.

Ratepayer Benefits based on Operational Dirigo Projects	MWac	Ratepayer Savings/MWac/Year	Ratepayer Savings/Year
Operational Dirigo projects (7)	67 MWac	\$58,384	\$3,911,740
Dirigo projects under development (2)	40 MWac		\$2,335,360
Other projects with PUC contracts (18)	773 MWac		\$45,130,832
Additional 5% procurement (TBD)	400 MWac		\$23,353,600
Totals	1280 MWac		\$74,731,532

We need this legislation now. It guarantees ratepayer savings, whether measured by the standard offer, the wholesale price, or the results that CMP and Versant have achieved by selling Dirigo’s power.

The entire energy landscape has shifted since the 3210-G Tranche 1 and Tranche 2 contracts were awarded. And during this time, the relative ratepayer benefit of these projects has grown: Yes, costs have increased for solar and wind projects, but not as significantly as the cost of natural gas. Maine would be foolish to not do everything it can to promote as many new projects as possible. By structuring the procurement to free up previously awarded capacity but place an emphasis on contaminated land, we can strike a balance between reusing contaminated lands for beneficial use and capitalizing on the most promising grid-scale projects in the pipeline.

It’s not often that a policy solution brought forward in the Legislature helps meet so many goals. By passing this legislation, you will be saving ratepayers money and helping the State meet our clean energy goals. It’s a win-win, and for that reason we urge you to pass L.D. 1830. Thank you.