An Act Relating to Net Energy Billing and Distributed Solar and Energy Storage Systems

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

Presented by Senator LAWRENCE of York.
Cosponsored by Representative ZEIGLER of Montville.
Be it enacted by the People of the State of Maine as follows:

Sec. 1. 2 MRSA §9, sub-§6-A is enacted to read:

6-A. Distributed Solar and Energy Storage Program. The Distributed Solar and Energy Storage Program, referred to in this subsection as "the program," is established to provide funding to foster the continued growth of cost-effective distributed solar facilities and energy storage systems in this State. The office, as funding allows, shall develop the program no later than July 1, 2024.

A. As used in this subsection, the following terms have the following meanings.

(1) "Distributed solar facility" means a solar generating facility:
   (a) Interconnected to a transmission and distribution utility as defined in Title 35-A, section 102, subsection 20-B; and
   (b) That is colocated with an energy storage system.

(2) "Energy storage system" has the same meaning as in Title 35-A, section 3481, subsection 6.

B. The program must be designed to obtain and provide available federal funds to support cost-effective distributed solar facilities and energy storage systems. The program must be consistent with the recommendations contained in the Final Report of the Distributed Generation Stakeholder Group dated January 6, 2023 and submitted by the office to the Joint Standing Committee on Energy, Utilities and Technology pursuant to Public Law 2021, chapter 390, section 4. The office shall consult with the Public Utilities Commission in developing and administering the program.

C. In order to support the office in administering the program, the office may receive funds from the Public Utilities Commission.

D. The office shall apply for available federal funds to fund the program, including, but not limited to, funds from the United States Environmental Protection Agency's Greenhouse Gas Reduction Fund. Nothing in this paragraph limits other uses of federal funds received by the office consistent with applicable federal requirements.

Sec. 2. 35-A MRSA §3209-A, sub-§1, ¶B, as enacted by PL 2019, c. 478, Pt. A, §3, is amended to read:

B. "Distributed generation resource" means an electric generating facility that uses a renewable fuel or technology under section 3210, subsection 2, paragraph B-3 and is located in the service territory of a transmission and distribution utility in the State. "Distributed generation resource" does not include an electric generating facility with a nameplate capacity greater than 660 kilowatts that was placed in service prior to November 25, 2019.

Sec. 3. 35-A MRSA §3209-C is enacted to read:

§3209-C. Net energy billing cost recovery

The commission shall ensure that net energy billing benefits and net energy billing costs are allocated in accordance with this section.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.
A. "Net energy billing" means net energy billing arrangements under section 3209-A or 3209-B.

B. "Net energy billing benefits" means all benefits determined by the commission to be reasonably attributable to net energy billing, including but not limited to:

(1) Avoided energy and capacity costs. In determining avoided energy and capacity costs, the commission shall use reasonable estimates of energy and capacity market prices and account for transmission and distribution line losses. The commission may determine different avoided costs for different time periods, including but not limited to peak and off-peak periods and summer and winter periods;

(2) Avoided transmission and distribution costs. In determining avoided transmission and distribution costs, the commission shall use estimates of the marginal transmission and distribution costs and may determine different avoided costs for different time periods;

(3) Avoided fossil fuel costs. The commission shall determine avoided fossil fuel costs based on estimated reductions in oil, gas or other fossil fuel use and estimated market prices for these fuels;

(4) Avoided transmission and distribution line losses;

(5) Demand reduction induced price effects; and

(6) Transmission and distribution plant extensions or upgrades funded by net energy billing customers.

C. "Net energy billing costs" means all legitimate and verifiable costs incurred by a transmission and distribution utility directly attributable to net energy billing. "Net energy billing costs" does not include any costs incurred by a project sponsor, as defined in section 3209-A, subsection 1, paragraph D, a net energy billing customer or any other entity, as determined by the commission by rule.

2. Determination of costs and benefits. The commission shall annually determine the net energy billing costs and net energy billing benefits for the previous year.

A. When determining the avoided energy and capacity costs under subsection 1, paragraph B, subparagraph (1), the commission shall use any available regional avoided energy supply cost study that the commission finds has been developed through a transparent process, with input from state agencies, public advocates and utilities or energy efficiency administrators from at least 3 other states in New England. When relevant information specific to the State is not provided in the regional study, the commission may use the regional information in the regional study or information from other sources supported by evidence in the commission's record.

B. To the extent possible, the commission shall ensure net energy billing benefits accrue to ratepayers.

C. The commission shall allocate to each investor-owned transmission and distribution utility its pro rata share of net energy billing costs and net energy billing benefits. The allocation must be based on each utility's total retail kilowatt-hour energy sales to ratepayers that pay net energy billing costs and receive net energy billing benefits. The commission may determine the means to be used for the allocation required under this
subsection, which may include the direct transfer of funds between transmission and
distribution utilities.

3. Reporting of costs and benefits. The commission shall submit a report by March
31st each year to the joint standing committee of the Legislature having jurisdiction over
utilities matters regarding net energy billing costs and net energy billing benefits, including
costs authorized to be collected by transmission and distribution utilities in rates.

4. Rules. The commission shall adopt rules necessary to implement this section. Rules
adopted by the commission under this subsection are routine technical rules as defined in
Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill:

1. Establishes a mechanism for allocating net energy billing benefits and net energy
billing costs;

2. Excludes from use in net energy billing programs any electric generating facility
with a nameplate capacity greater than 660 kilowatts that was placed in service prior to
November 25, 2019; and

3. Establishes the Distributed Solar and Energy Storage Program to provide funding
to foster the continued growth of cost-effective distributed solar facilities and energy
storage systems in this State.