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June 2, 2021

Senator Mark Lawrence
Representative Nicole Grohoski
Senator Trey Stewart
Representative Steven Foster

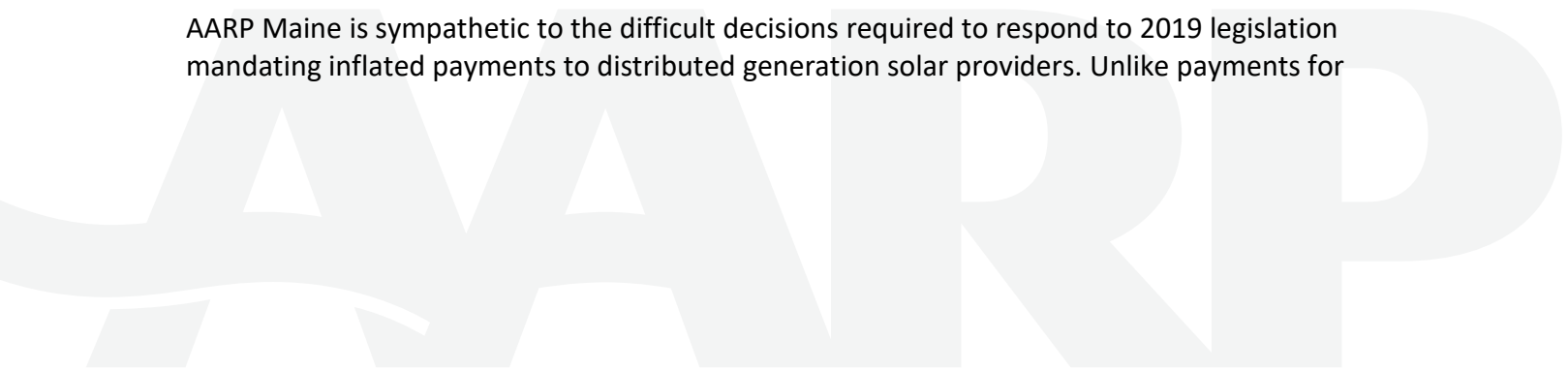
**COMMENTS AND RECOMMENDATIONS TO THE NET ENERGY BILLING SUBCOMMITTEE,
COMMITTEE ON ENERGY, UTILITIES, AND TECHNOLOGY**

AARP Maine has been following the testimony on the various bills submitted on Net Energy Billing (NEB) and the discussions to date of the NEB Subcommittee. We submitted testimony on L.D. 709 and supplemental testimony to the NEB Subcommittee on April 15, 2021. On behalf of our more than 200,000 members in Maine, AARP appreciates the careful deliberations and gathering of information by the Subcommittee. Our comments reflect our concerns with the proposals that were presented by Senator Lawrence and Representative Grohoski at the NEB Subcommittee meeting on May 28, 2021.

AARP Maine continues to track and engage deliberations regarding legislation that will impact Maine ratepayers in an effort to represent all consumers, but especially those older Mainers living on a fixed income who are far more likely to feel the burden of even the smallest rate hike. Like healthcare and broadband, accessibility is actually about affordability. If a large proportion of older Mainers cannot afford to pay their electric bills, it will fall to other ratepayers and the state to support electric service for a population often forgotten, and with little voice, in subcommittees such as this one.

In the past four years, AARP Maine led statewide campaigns mobilizing thousands of our members on rate cases with Central Maine Power and Emera, successfully representing consumers at the negotiation table and keeping rate increases fair on both sides. Obviously, the Subcommittee's recent discussion on the issue caught our attention due to its potentially negative impact for our 200,000 members and their families.

AARP Maine is sympathetic to the difficult decisions required to respond to 2019 legislation mandating inflated payments to distributed generation solar providers. Unlike payments for



contracts that are competitively bid and that reflect actual market prices, these small distributed generation projects are guaranteed payments set in the legislation. This generous payment structure has already stimulated projects that, when approved, will total 2,000 Megawatts (MW) of solar production. The Public Utilities Commission (PUC) issued a report in November 2020 to estimate the cost to ratepayers. The NEB rate far exceeds the actual costs of generation supply, thus shifting costs to distribution rates.

While the longer-term benefits of community solar projects are generally legitimate, the expense to ratepayers year-over-year calls into question the financial impacts lower income ratepayers will feel with consistently steep annual rate hikes caused by the current NEB policy. There is no disagreement that rates will significantly increase based on the current NEB policy. According to the Commission's Report, the distribution rate increase is approximately \$15 million for every 100 MW of solar acquired under these NEB contracts.

AARP Maine objects to both proposals submitted for consideration at the May 28th meeting. Our concerns reflect the high cost and unreasonable bill impacts associated with both proposals. If either proposal is adopted, the result would be a Legislative approval of a 20-year contract between electric ratepayers and distributed generation solar providers that would require payments totaling \$115,000,000 to \$153,000,000 annually from ratepayers, resulting in a distribution rate increase of 15% to 20% annually.¹

In addition to the clear cost concerns, we feel the need to flag the ad-hoc procedure lacking any sort of formal and transparent process. The Subcommittee's deliberations are the equivalent of a rate case for investor-owned utilities without the formal hearings, testimony, and cross examination of witnesses that occurs at the PUC. Not only does this invite future threats to the legitimacy of the decision reached, it also removes Maine ratepayers and regulating bodies entirely from a consequential utility policy decision. These contract payments are unsustainable if Maine is to invest in, and implement, our climate change agenda. Most importantly, these contract payments reflect a statutorily based price that has never been documented as a reflection of either market value or actual avoided costs in distribution rates.² As you know, these projects were not required to be sited in locations to achieve any specific distribution service value.

We urge the NEB Subcommittee and the full Energy, Utilities and Technology Committee to compare these cost and rate impacts with other public purpose programs reflected in electric rates. For example, the statewide cost of the current Low Income Assistance Programs

¹ These rate impacts reflect the Public Utilities Commission cost estimates of the distributed generation policies adopted in 2019. These cost estimates have been distributed to the Committee during these discussions.

² A Report by Daymark Associates submitted to the Committee by the solar industry may reflect useful information, but there has never been a stakeholder review of this Report and there has never been a third party evaluation of the impact of distributed generation on distribution services and rates in Maine. This lack of rigorous analysis contrasts sharply with the regular third party evaluation and review of Efficiency Maine's programs.

implemented by all of Maine's electric utilities totals \$7.8 million annually. The FY 2020 ratepayer costs for the Efficiency Maine programs total \$35.4 million assessed by the PUC to all electric utilities. Clearly, the costs of these distributed generation contracts, if allowed to continue under the current pricing structure, will dwarf the costs associated with any rate case or public purpose program currently in effect.

Finally, we urge you to consider a more appropriate expansion of the solar program, one that can be implemented to achieve many of the distribution benefits you desire. The PUC has, in the past, acquired solar projects via competitive bids at 3-4 cents per kWh for 20-year contracts. There is no basis for the 12-15 cent per kWh payments to these distributed generation solar projects (and authorized by the NEB and Tariff pricing structures mandated in prior legislation), which would be three to four times higher than previous projects.

The rate increases stemming from this NEB policy will impact Maine's ability to achieve affordable electrification, pay for other worthy climate change projects and achieve our climate change goals. We believe we can responsibly and sustainably inspire renewable energy growth, without overleveraging the very ratepayers who deserve a seat at the table. Such increases should be weighed against our need to remain economically competitive to attract new and existing jobs as well as the obligation to ensure that our fixed and lower income residents can afford essential electricity services. Moreover, as documented in the November 2020 PUC Report, individual ratepayer savings resulting from participation in the NEB program will be offset to a substantial degree by rate increases resulting from lost utility revenues that are ultimately paid for by the general body of ratepayers.

AARP Maine recommends that the NEB Subcommittee and the EUT Commission take the following actions as soon as possible:

- Enact a moratorium on the implementation of pending distributed generation projects based on the strictest possible criteria. The Committee should focus on the criteria identified in the most recent information provided by the Governor's Energy Office. Even with this approach, allowing 600-650 MW to continue would probably result in an annual 10% distribution rate increase.
- Order the PUC to undertake a public process to evaluate the costs and benefits of distributed generation and compare the current program to the expansion of more traditional solar projects acquired with competitive bids that could be designed to achieve specific distributed generation benefits.
- Require that any distributed generation program be evaluated pursuant to the same third party and stakeholder evaluation process implemented for Efficiency Maine programs.
- Explore the potential for ratepayer costs associated with the implementation of the NEB pricing structure adopted in 2019 to be paid for outside of the electric rate structure. Such an evaluation might conclude that a program buy out and payments via the General Fund or bonds would be more equitable and fair to the solar providers and the ratepayers.

Thank you for your consideration of our views. We urge you to treat the ratepayer impacts of any resolution regarding this issue as the highest priority.

Jane H. Margesson.

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Acting State Director
AARP Maine