

February 20, 2025

Senator Mark Lawrence
Representative Melanie Sachs
Joint Committee on Energy, Utilities, and Technology
c/o Legislative Information Office
100 State House Station
Augusta, Maine 04333

Opposition to LD 257, “An Act to Eliminate the Practice of Net Energy Billing,” LD 32, “An Act to Repeal the Laws Regarding Net Energy Billing” and LD450 “An Act to Lower Electricity Cost by Repealing the Laws Governing Net Energy Billing”

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities, and Technology—

I have recently been in contact with some of our local legislators including Senator Trey Stewart regarding some of the challenges with our state’s Net Energy Billing program. I believe there may be creative ways to address these challenges, and I am saddened to see such legislation that suggests the best solution is to abolish the Net Energy Billing program entirely. I wish to offer my perspective on Senator Stewart’s LD 257, which holds true for the identical bills, LD 32 LD 450.

As you know, Maine’s Net Energy Billing (NEB) program has been around for a long time—including before 2019 when it appears the policy changes of concern were made. In 2018, the Limestone Water and Sewer District (LWSD) chose to invest in solar energy as a way to manage and reduce costs for the ratepayers in our community. At that time, the NEB program was not as beneficial as it ultimately became, but our special district made the commitment and put a long term plan in place that would support our community. As the NEB program developed, LWSD representatives worked with the Town of Limestone and the Maine School of Science and Mathematics to form a committee and secure a project to benefit our community even further.

I would like to be clear—the elimination of the NEB program would have a devastating impact on our small community in Northern Maine and would undermine the efforts we have made to make our community more resilient. The abolishment of the program makes absolutely no sense especially on the energy supply side where standard offer providers enjoy a near total monopoly. Admittedly the transmission and distribution companies are suffering a revenue loss that affects the profit margins for their shareholders, but what if an additional revenue stream could be offered? The comments below may present a solution.

The root of this problem really goes back to the late 1990s when regulators and the state legislature deregulated our electric energy companies and required them to sell their generation assets. Before this time, we had well-run electric utilities like Maine

Public Service that were looking out for their customers and local communities. Transmission and distribution costs could be offset through the sale of electricity by the same company. When our state moved toward deregulation and separation of generation from transmission and distribution, the thought was that competition would be created for the supply of electricity. But what really happened was that we ended up with two monopolies instead of one. The transmission and distribution companies now only have one source of income to maintain the physical aspects of the grid, plus they were required to manage the billing for the electricity suppliers so customers would only have a single bill to pay.

To make matters worse, customers like LWSD in Northern Maine (Maine Public District) were isolated from the ISO New England grid so the only supplier option was New Brunswick Power who became our standard offer provider. Since we had no competition for electricity suppliers, the legislature agreed to index the Maine Public District standard offer rate to that of Southern Maine. Fast forward to 2022 when the standard offer cost was artificially inflated by the rising, volatile cost of natural gas, our electricity costs jumped overnight from \$0.06/kWh to \$0.11/kWh, and it continues to rise even though New Brunswick Power's cost of generation through mostly hydropower has remained relatively unchanged.

One solution to this problem is to take a step back from deregulation and consider allowing transmission and distribution companies to own a limited portion of distribution generation assets like wind, solar, battery storage and hydroelectric plants. When deregulation was first implemented, generation assets are permitted to be owned by investor-owned utilities under 35A part3 Chapter 3204-6 “**6. Generation assets permitted.** *On or after March 1, 2000, notwithstanding any other provision in this chapter, the commission may allow an investor-owned transmission and distribution utility to own, have a financial interest in or otherwise control generation and generation-related assets to the extent that the commission finds that ownership, interest or control is necessary for the utility to perform its obligations as a transmission and distribution utility in an efficient manner.*” Legislative clarification could be offered that would encourage the PUC to recognize that ownership of renewable distributed generation assets by investor-owned transmission and distribution utilities would not only increase operational efficiencies of Maine's electric grid but would also help offset T&D revenue losses associated with the expanded use of Net Energy Billing programs. This approach would provide three separate benefits:

- 1.) Enhanced competition on the supply side of electric power.
- 2.) Additional revenue streams to help offset the cost of maintaining the physical grid infrastructure with less burden on ratepayers.
- 3.) Increased acceptance of distributed generation assets by transmission and distribution companies as well as improved grid efficiency and resilience by giving these companies more control over these assets.

Maine's electricity system is complex. That means that the solutions to solve the challenges it presents must be complex, as well. These solutions should focus more on

the communities, citizens and electric ratepayers of Maine and less on the benefit to out of state developers and investors. While some may desire to simply repeal entire programs and sections of law, such actions will devastate communities like Limestone that have chosen to self-generate for the purposes of increased resiliency for our ratepayers and our community. We urge you to reject LD 450, LD 257 and LD 32.

Thank you for considering our community's perspective. Please do not hesitate to contact me with any questions.

Sincerely,

Chuck Kelley
Chairman, Limestone Water & Sewer District
Board of Trustees