



Testimony in Support of LD 359:

“An Act to Prohibit Net Energy Billing by Certain Customers”

Senator Lawrence, Representative Sachs, and the distinguished members of the Committee on Energy, Utilities and Technology, my name is Harris Van Pate, and I serve as policy analyst for Maine Policy Institute. Maine Policy is a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in support of LD 359.

We submit this testimony in support of LD 359, which takes necessary steps toward reforming Maine’s flawed Net Energy Billing (NEB) program. While we firmly believe that a broad-based repeal of NEB is the best policy for Maine ratepayers, we acknowledge that this bill represents meaningful progress in curtailing the worst abuses of this costly and inefficient subsidy scheme.

Net Energy Billing: A Market-Distorting Burden on Ratepayers

Since its expansion in 2019, Maine’s NEB program has placed a growing burden on nonparticipating ratepayers, inflating electricity costs and undermining the reliability of our energy market. By allowing certain customers to receive artificially high credits for the excess energy they send back to the grid, NEB shifts costs onto ratepayers who do not or cannot participate in the program—including low-income Mainers, small businesses, and industrial users.

Analysis from the Maine Public Utilities Commission (PUC) has confirmed that NEB, in its current form, results in massive above-market compensation for solar energy producers, leading to higher electricity bills statewide.¹ Given that energy affordability is already a major issue in Maine, policymakers must act to reduce these additional costs.

How LD 359 Improves NEB

This legislation introduces common-sense limitations to ensure that NEB remains focused on individual self-generation rather than serving as a financial windfall for offsite investors and large-scale developers. Specifically, it:

- **Prohibits shared financial interest in distributed generation resources.** This closes a loophole that allows speculative investors to profit from

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<https://www.maine.gov/meopa/sites/maine.gov.meopa/files/inline-files/Actual%20Cost%20of%20NEB%20for%20Legislature%20-%20Final.pdf>



NEB at the expense of Maine ratepayers by developing community projects and selling membership to certain ratepayers.²

- **Requires that eligible distributed generation resources be located on the same side of the meter as the customer.** This ensures that NEB benefits those who genuinely use their own energy rather than developers seeking to exploit the system.
- **Mandates that all NEB credits remain with the individual customer.** This prevents entities from pooling or transferring credits, reinforcing the program's intended purpose as a tool for personal energy management rather than a subsidy vehicle for large-scale projects.

By implementing these reforms, LD 359 will help limit the cost-shifting impact of NEB, ensuring that Maine's energy policies do not disproportionately burden ratepayers who cannot participate. While this reduces the ability of collective entities to take advantage of the NEB system, it still preserves the small single-rate-payer households that the NEB program was initially intended to cover.

A Broader Need for Reform

While this bill represents an improvement, it does not address the underlying flaws of the NEB program itself. Net Energy Billing, by design, creates market distortions and unfair cost-shifting, forcing utilities to pay above-market rates for distributed energy while passing those costs onto other consumers. Maine would be better served by a comprehensive repeal of NEB in favor of a competitive, technology-neutral energy policy that fosters affordability, reliability, and innovation.

We encourage the Legislature to take further steps beyond LD 359 to phase out NEB entirely and replace it with policies that promote fair competition and cost-effective energy solutions.

Conclusion

We appreciate the Committee's attention to this vital issue. While LD 359 does not go as far as we would prefer, it is a necessary step in the right direction. We urge the committee to support its passage and to continue exploring reforms that eliminate energy market distortions and prioritize Maine ratepayers over special interests. Thank you for your time and consideration.

² <https://www.maine.gov/mpuc/regulated-utilities/electricity/neb> From the Maine PUC website, entities can market "projects to residential and small commercial customers"