



Testimony in Support of LDs 32, 257, 450, and 515:
“An Act to Repeal the Laws Regarding Net Energy Billing”

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. We are 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 favor of LDs 32, 257, 450, and 515 which are bills proposing to abolish Net Energy Billing.

Net Energy Billing (NEB) represents a well-intentioned but fundamentally flawed policy that distorts Maine’s energy market, increases costs for ratepayers, and fails to deliver meaningful environmental benefits. Repealing NEB is necessary to restore fairness in Maine’s energy markets and ensure affordable energy for all Mainers.

Economic Distortions and Rising Energy Costs

NEB shifts significant costs onto non-participating ratepayers. Under NEB, the value of credits provided to customers who generate their own electricity through renewable systems often exceeds the actual market value of that energy. These excess costs are absorbed by other ratepayers, disproportionately burdening low- and middle-income households that are least able to afford rising electricity rates.

The Maine Public Utilities Commission has previously noted that NEB creates cost-shifting mechanisms that drive up rates for consumers who do not participate in the program.¹ At a time when Maine’s electricity prices are already among the highest in the region, we cannot afford to subsidize programs that benefit the few at the expense of the many.²

Inefficiency and Lack of Equitable Outcomes

NEB is an inefficient and inequitable means of promoting renewable energy. By rewarding large-scale projects and high-income individuals with substantial subsidies, the program leaves lower-income Mainers with limited access to its benefits. This exacerbates existing inequalities while doing little to meaningfully advance Maine’s renewable energy goals.

¹ <https://www.pressherald.com/2024/07/05/electricity-rates-are-going-up-heres-whats-driving-it/>

² https://www.eia.gov/electricity/monthly/epm_table_grapher.php?t=epmt_5_6_a



Moreover, NEB incentivizes the overdevelopment of solar projects that are out of alignment with Maine’s broader energy needs. These projects do not prioritize grid reliability, nor do they adequately address energy demand patterns, resulting in an inefficient allocation of resources.

Environmental Reality

While proponents of NEB argue that the program advances environmental goals, the reality is that NEB’s impact on Maine’s overall carbon footprint is minimal. Maine’s energy grid is already one of the cleanest in the country, with renewable resources generating 67% of Maine’s in-state electricity as of 2023.³ Doubling down on inefficient solar subsidies does little to displace carbon emissions, particularly when the majority of Maine’s energy-related emissions come from heating and transportation, not electricity generation.⁴

Conclusion

Net Energy Billing is an unsustainable and unfair policy that imposes hidden costs on Maine’s most vulnerable residents while failing to address Maine’s energy or environmental challenges. Repealing NEB is a necessary step to protect ratepayers and restore fairness and efficiency in Maine’s energy policies.

For these reasons, the Maine Policy Institute strongly urges this committee to vote “Ought to Pass” on these bills. Thank you for your time and consideration.

³ <https://www.eia.gov/state/analysis.php?sid=ME>

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<https://www.maine.gov/energy/initiatives/clean-transportation#:~:text=Roughly%20half%20of%20Maine's%20carbon,fuels%20including%20gasoline%20and%20oil.>