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Testimony in Opposition of the Sponsor Amendment to LD 359 An Act to Prohibit Net Energy Billing by Certain Customers

To the Joint Standing Committee on Energy, Utilities, and Technology

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Senator Lawrence, Representative Sachs, and other distinguished members of the joint Standing Committee on Energy, Utilities, and Technology: As a Maine resident, a co-owner of a community solar farm, and the author of numerous articles on solar energy and net metering in *US News & World Report* and other venues, I write to oppose LD 359, “An Act to Prohibit Net Energy Billing by Certain Customers.”

LD 359 seeks to change the way net metering credits are calculated in Maine. Currently, net metering is an exchange of electrons, not of money. Solar customers are credited by the kilowatt-hour (kWh) for any excess electricity their solar arrays send to the grid. Utilities do not purchase electrons from customers: they merely redistribute them at retail rates to other customers, then deliver other electrons back to solar customers. The net balance of kWh is then either credited or billed to the solar customer, and the solar customer is billed a delivery charge for the service, which net metering credits cannot reduce. Non-solar customers are not affected by utilities providing this service to solar customers, as solar customers pay for the maintenance of transmission and distribution services the same way non-solar customers do. Under current Maine practices, there is no “cost-shifting” of the cost of maintaining the grid from solar to non-solar customers.

Changing kWh credits to costs-of-energy credits allows utilities to make a profit off this service—at the expense of solar customers, with no cost savings for non-solar customers. LD 359 allows for utilities to credit solar customers at the wholesale rate for any excess electricity the solar customer produces, then charge retail rates for any grid electricity the solar customer consumes—and continue to assess a transmission and delivery charge for the service.

Retail-rate net metering policies have been central to the growth of the solar industry in the United States. Florida’s retail-rate net metering program has allowed the state to rise to third nation-wide in terms of solar power production. In 2024, one third of California’s electricity came from solar in large part because of its long-standing support for retail-rate net metering. Yet we have seen the crippling affect on the solar industry when net metering policies are changed from retail rates to avoided cost rates. When California’s “net metering 3.0” came into effect in April 2023, compensation rates were reduced by 75 percent, new solar installations in the state dropped by 61 percent, and 17,000 solar installation jobs were lost.

Retail-rate net metering policies also create downward pressure on retail rates for non-solar customers. When residential customers add solar to their roofs, any interconnection upgrades are paid for by the homeowner. When utility-scale or community solar arrays are added to the grid, the installer pays for any grid

interconnections or upgrades. For example, Ampion's 48 community solar projects have added 215 MW (DC) to the grid. Maine's solar industry is helping electric utilities meet ever-increasing demand for electricity without utilities having to build expensive transmission lines from faraway central power plants—expenses that the utilities then pass on to ratepayers. Locally produced electricity also entails lower line losses across distribution lines, again putting downward pressure on rates. And locally produced electricity, especially when paired with local battery storage, allows utilities to avoid purchasing high-cost electricity during periods of high demand.

As noted above, utilities don't pay anything for the power solar owners produce: they merely send that power back to those consumers and charge a delivery fee. What they lose is the ability to build new things that they can then charge ratepayers for. End retail rate net metering in Maine and you will see solar installations decline and electricity rates for all Mainers increase.