



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

March 26, 2025

**Testimony re: LD 839: “An Act to Lower Consumer Electricity Costs by Prohibiting the Recovery Through Rates of Costs Attributable to Net Energy Billing”**

This legislation aims to prohibit the use of the Public Utilities Commission’s (PUC) established reconciliation process for recovering Net Energy Billing (NEB) program costs from ratepayers, instead directing the establishment of a fund to receive appropriations from the General Fund for cost reconciliation. It is important to note that ReVision is open to consideration of judicious use of taxpayer dollars to support the transformation of Maine’s energy economy to align with the vision embedded in our own mission: to build our just and equitable electric future, especially at the time of programmatic establishment. However, given the recent debates about the budget, this bill will retroactively damage the investments thousands of Mainers have made in their participation of the NEB program—which delivers benefits in excess of costs.

This legislation also proposes the codification of NEB program costs and benefits, which we oppose, as the appropriate path to finalizing the quantification of NEB program benefits and the fairness of the recovery of NEB program costs is in active proceedings already underway at the PUC.<sup>1</sup> Ratepayers deserve clarity and transparency regarding net programmatic costs—or net benefits. LD 839, in Sections 1-5, attempts to define direct costs and benefits of each NEB program (Kilowatt-Hour Credit or Tariff) in statute. This proposal does not take into account all tangible, monetized benefits of the NEB program, such as the \$64.8 MM NEB customers have invested in transmission and distribution system upgrades.

**I. NEB Program Delivers Benefits in Excess of Program Costs**

Understanding improvements in both rate design and cost/benefit accounting are likely forthcoming in the dockets referenced above, we believe the Public Utilities Commission’s (PUC) longstanding recovery of NEB program costs in electricity rates is reasonable and appropriate. Ratepayers receive benefits from the NEB program in the form of direct monetary benefits and as avoided costs. Such benefits are in addition to emissions reductions<sup>2</sup> and the achievement of our state’s statutory targets<sup>3</sup> for the use of renewable, efficient, and local energy resources and serve to lower electric ratepayers’ bills.

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<sup>1</sup> See Docket No. 2024-00149, which seeks to refine the accounting of NEB program costs and benefits, and Docket No. 2024-00137, which seeks to improve the fairness of the recovery of these costs and benefits in rates.

<sup>2</sup> Chapter 38 MRSA, Section 576-A

<sup>3</sup> Chapter 35-A MRSA, Section 3210



The PUC's independent accounting of NEB program costs and benefits, the Sustainable Energy Advantage (SEA) report,<sup>4</sup> highlights the following categories of benefits associated with the program in calendar year 2023, including revenue streams that directly reduce customer bills as well as benefits associated with electricity price suppression from reduced and avoided costs.

- Proceeds from sales of energy and of capacity rights from Tariff NEB program facilities (\$15.88 MM)
- Renewable Portfolio Standard (RPS) cost reductions, including from Renewable Energy Credit (REC) price suppression (\$31.89 MM)
- Energy price suppression, including demand reduction induced price effects (DRIPE) (\$3.42 MM)
- Capacity benefits, including uncleared capacity value and reduced share of regional capacity costs paid for by Maine (\$860,000)
- Transmission & Distribution (T&D) System Benefits (\$45.73 MM)
- Reliability benefits (\$1.17 MM)

Because benefits and costs associated with the operation of the NEB program first accrue to the utilities, it is administratively efficient for the PUC to rely upon rate-setting mechanisms to allocate program benefits and to recover program costs from ratepayers, —a process which LD 839 prohibits. It would be premature and counterproductive to restructure the recovery of NEB program costs before the PUC has completed its in-depth consideration of refinements to the calculation of program of benefits and costs,<sup>5</sup> and to the rate design for allocating benefits and costs to ratepayers.<sup>6</sup>

## **II. Kilowatt Hour Credit Program Benefits to the Transmission & Distribution System**

In Section 1, LD 839 codifies a process for accounting the costs associated with utilities' lost T&D revenues. However, it should be clear that it is appropriate for NEB customers to utilize kWh credits to offset T&D charges on their bills as NEB projects contribute real, tangible benefits to the T&D system. LD 839 inappropriately singles out costs, ignoring these system benefits.

Distributed energy resources (DERs) do more than simply reduce the amount of energy generation required from fossil fuel power plants. DERs also produce savings by reducing costs associated with the delivery of electricity to serve load. As summarized in the SEA report, the following are examples of NEB program benefits that contribute to T&D savings for all ratepayers:

- **Avoided T&D Investments:** DERs reduce local system peaks and alleviate grid constraints in a manner that delays or avoids the need for new grid investments.
- **Avoided T&D Line Losses:** By virtue of their proximity to load, DERs reduce the need to transfer energy across the T&D system, which reduces energy losses and load on the grid.

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<sup>4</sup> Analysis of 2023 Net Benefits of Net Energy Billing Program, Sustainable Energy Advantage. Report prepared for the Maine PUC, as updated February 2025, accessed in Docket 2024-00149 at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/MatterManagement/MatterFilingItem.aspx?FilingSeq=127797&CaseNumber=2024-00149>.

<sup>5</sup> ME PUC Docket 2024-00149

<sup>6</sup> ME PUC Docket 2024-00137

- **Reduced Regional Network Service Charges:** DERs reduce the monthly peaks used to assess this charge, which determines the costs assigned to Maine for use of the regional transmission system.
- **Upgrades to T&D Infrastructure Paid by NEB Customers:** When interconnecting projects to the grid, NEB customers often make substantial investments to the T&D system, upgrades which can deliver shared benefits to all ratepayers. Specifically these upgrades can:
  - Deliver reliability benefits by installing newer equipment that meets the utilities' most current planning standards.
  - Avoid upgrades that would have eventually been required in the normal course of the utility's operation to serve new load or to replace aging infrastructure. In this manner, NEB customers offset the cost of upgrades that would have been borne by all ratepayers.
- NEB customers pay ongoing operations and maintenance costs for certain grid infrastructure upgrades – another way the NEB program contributes to reductions in T&D costs for all ratepayers.

The Legislature, in its passage of LD 1986 (2023), recognized the importance of proper accounting and quantification of such benefits to the T&D system. The PUC remains in the process of defining an improved mechanism for appropriately capturing these important monetizable benefits in rates in its open proceeding, Docket 2024-00149. Therefore, legislation that codifies costs without full inclusion of direct monetized benefits is not ripe.

### **III. Tariff Program Benefits to the Transmission & Distribution System**

LD 839 also seeks to codify Tariff program benefits in Section 4. Again, however, there are more direct economic benefits as a result of the Tariff program than solely energy resale and capacity rights, which are listed. Section 4, therefore, should be more inclusive. In fact, Docket 2024-00149 is actively considering the categories of monetized benefits that should be considered in determining annual program costs.

To explain further, in the docket, the utilities have provided the total investment from NEB customers on T&D upgrades from 2021-2023: for CMP, this was \$38.1MM, and for Versant, it was \$8.3 MM. This means that by the end of 2023, NEB customers had invested at least \$46 MM in Maine's T&D grid. By the end of 2024, that had risen to \$64.8 MM. As the SEA report provides, and the ongoing proceeding is expected to clarify, a portion of these upgrades provide shared benefits to all ratepayers, which should be considered in the determination of annual NEB program costs.

Beyond infrastructure upgrades associated with project interconnections, NEB customers are providing real value to all ratepayers in the form of benefits to the T&D system. In fact, in 2024, \$74 MM of the total \$196 MM in benefits that solar in Maine provided reflect benefits to the T&D system.<sup>7</sup>

### **IV. Conclusion**

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<sup>7</sup> Status and Cost & Benefit Analysis of Maine's 2024 Solar Market, Sustainable Energy Advantage. Report prepared for the Maine PUC, accessed at: [https://www.maine.gov/mpuc/sites/maine.gov/mpuc/files/inline-files/Maine-Solar-Y2024\\_CBA\\_Final%20V4.pdf](https://www.maine.gov/mpuc/sites/maine.gov/mpuc/files/inline-files/Maine-Solar-Y2024_CBA_Final%20V4.pdf)



LD 839 attempts to define costs and benefits of the NEB program in statute. However, this legislature, in its passage of LD 1986 (2023) asked the PUC to properly account for benefits to ensure that any future decisions regarding costs—such as the legislation before you today—reflect net costs, or net benefits. Given that work is not complete, it is premature to define such terms in statute.

Thankfully, Docket 2024-00149 is appropriately considering how the PUC might identify and directly capture in the calculation of NEB program costs certain monetized benefits—including benefits to the T&D system—that currently accrue to Maine ratepayers only indirectly. We ask that given the legislature’s request for this accurate accounting, the SEA Reports be utilized in the adoption of public policy moving forward, and therefore, we ask you to vote ought not to pass on LD 839. Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read "Lindsay Bourgoine", with a long, sweeping horizontal line extending to the right.

Lindsay Bourgoine  
Director, Policy & Government Affairs  
ReVision Energy