



Testimony in Support of LD 839:

“An Act to Lower Consumer Electricity Costs by Prohibiting the Recovery Through Rates of Costs Attributable to 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. 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 839.

LD 839 represents a much-needed course correction in Maine’s energy policy. At its core, this bill is about fairness, transparency, and consumer protection. It prohibits the inclusion of certain net energy billing (NEB) costs in the operating expenses of transmission and distribution utilities—costs that are ultimately borne by ratepayers, regardless of whether they participate in or benefit from the program.

Net energy billing functions as a hidden subsidy, particularly as structured under Maine’s current policy. It shifts the financial burden of rooftop solar and other small-scale renewable installations from participants, who tend to be wealthier households and large institutions,¹ to the general public, including low—and middle-income Mainers who can least afford rising energy costs.

The Public Utilities Commission’s estimates indicate that the kilowatt-hour credit NEB program alone is on track to cost Mainers nearly \$220 million annually by 2025.² These inflated costs stem from the fact that utilities must charge the costs of excess energy under NEB to fellow consumers, far above the actual avoided cost of generation. This overpayment distorts price signals and undermines Maine’s broader goal of achieving cost-effective, reliable, clean energy.

As long as utilities can pass these excess costs through to ratepayers, the incentives will remain misaligned. LD 839 would end this unfair cost-shifting, making utilities and distributed generation developers more accountable for the actual market value of their contributions. Furthermore, the bill’s creation of the Net Energy Billing Cost Stabilization Fund offers a more transparent and deliberate approach to financing NEB, should policymakers choose to subsidize these technologies through direct appropriation, rather than burying the costs in Mainers’ electricity bills.

¹ A Stanford study found that primarily wealthy americans take advantage of similar solar rebates or credits. <https://news.stanford.edu/stories/2022/11/solar-panels-largely-confined-wealthy-americans>

² <https://www.bangordailynews.com/2023/04/13/mainefocus/maine-community-solar-costs-harwood/>



Maine Policy Institute supports market-driven energy solutions that ensure affordability, reliability, and innovation. Energy subsidies should be debated and voted on in the Legislature, not hidden in rate structures beyond public view. LD 839 takes a step in the right direction by restoring transparency to how we fund renewable energy programs and protecting most Mainers from excessive and regressive electricity rate hikes.

We urge this committee to support LD 839 to help make Maine's energy policy more equitable and sustainable. Thank you for your time and consideration.