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Testimony in Support: LD 839, An Act to Lower Consumer Electricity Costs by Prohibiting the Recovery Through Rates of Costs Attributable to Net Energy Billing

Greetings Senator Lawrence, Representative Sachs, and honorable members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Alf Anderson, and I am an Associate State Director for Advocacy and Outreach for AARP Maine. AARP is a non-profit, non-partisan social mission organization with more than 200,000 members across the state. We work on a range of energy issues at the state level. The core principles we approach this work with include affordability, reliability, and accountability.

I'm here today to testify in support for LD 839. The purpose of this bill is to shift the stranded costs associated with the Net Energy Billing (NEB) program from ratepayers to taxpayers.

AARP Maine supports this bill because the public policy, social, and economic benefits associated with the NEB program should be paid for through progressive income taxes and not through regressive electricity rates. Income taxes take household income into account when setting tax rates. Electricity prices do not. As a result, lower- and middle-income households pay a higher proportion of their income for essential electric service compared to higher income households. This is particularly challenging for older adults and others who have very limited and/or fixed income.

This bill would calculate the amount that should be appropriated for NEB by including the revenues that may result from monetizing the value of the program's kilowatt hours as an offset to the overall costs, a calculation that is routinely done by the Public Utilities Commission in setting the amount that must be included in electricity rates annually.

While some argue that the benefits of the current NEB programs exceed the costs, this is not true for the purposes of setting electricity rates. It is only true by considering social and economic benefits that are not part of the rate setting process for our electricity bills. In particular, to the extent that this program is beneficial to reducing greenhouse gas emissions and reducing the reliance on natural gas, the price of the competitive bids for the Standard Offer in the wholesale market will reflect this benefit.

The public policy costs associated with the \$100 million and more rate increases for the

current NEB program is having a significant and adverse impact on the affordability of electric service, particularly at a time when electricity customers are also faced with classic ratepayer obligations for electric grid reliability and resilience in the face of severe storms like the ones we have been witnessing in our state recently.

We recognize that this bill leaves unanswered the question of how this funding will be allocated from within the General Fund. However, we expect that the elected officials who support NEB under its current funding mechanism will prioritize the program in future budgets to continue delivering the societal and economic benefits through the progressive tax structure and therefore, will avoid causing unintended burdens and disparities that involves Maine's most vulnerable. AARP Maine recommends your support for the overall intent of this bill and recommends an Ought to Pass vote.

Thank you for the opportunity to provide our views on this important bill. If I can answer any questions or provide any further information, you can reach me at aanderson@aarp.org or 207.330.1147.

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