Testimony in Support of LD 1321:
"An Act to Reform Net Energy Billing by Establishing Limitations on the Programs' Duration and Compensation"

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 1321, a necessary and measured reform of Maine's costly and misaligned net energy billing (NEB) programs.

Over the past several years, Maine has embarked on an aggressive course to subsidize distributed solar energy through its NEB policies. While well-intentioned, these programs—particularly the tariff-rate model—have spiraled in cost, shifted billions of dollars in risk onto ratepayers, and disproportionately benefited large, often out-of-state investors at the expense of Maine families and small businesses.

The Maine Office of the Public Advocate estimates that NEB will cost Maine ratepayers more than $220 million annually by 2025—money that comes directly out of the pockets of electricity customers in the form of higher bills.[1] In a state with the fifth highest residential energy costs in the nation and a long winter heating season, these costs hit the most vulnerable Mainers the hardest.[2]

LD 1321 takes prudent steps to limit the duration and compensation of these programs, bringing them more in line with market realities and ensuring that clean energy development is not achieved through opaque, regressive wealth transfers.

Specifically, this bill:

- Restricts new large-scale solar projects from entering the kilowatt-hour credit NEB program unless they are already in the pipeline, preserving space only for smaller projects (20 kW or less), which are far more likely to serve Mainers, not investors out for personal profit.
- Caps compensation under the tariff rate program to the standard-offer supply rate—tying compensation to actual avoided costs and ensuring ratepayers are no longer overpaying for artificially high credits.

[1] https://www.maine.gov/meopa/sites/maine.gov.meopa/files/inline-files/Actual%20Cost%20of%20NEB%20for%20Legislature%20-%20Final.pdf

[2] https://www.electricchoice.com/electricity-prices-by-state/

- Establishes sunset provisions—capping participation in either NEB program at 20 years after project approval or by 2045, whichever is sooner. This introduces essential predictability for both utilities and developers.
- Requires renewable energy credits generated under NEB to be sold in-state, promoting local energy markets and ratepayer value, rather than out of state investors being subsidized by Maine ratepayers.

These reforms are not radical. Instead, they bring balance to a program that has veered off course. They ensure that any subsidies provided in the name of environmental benefit are limited in duration, transparently administered, and tied to actual public benefit—not investor returns.

LD 1321 reins in a program that has ballooned into one of the state's most significant energy cost drivers. It represents responsible governance—ensuring future energy investments deliver real value for Maine ratepayers.

We urge the committee to vote “Ought to Pass” on LD 1321. Thank you for your time and consideration.