April 9, 2025

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

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities, and Technology:

I respectfully submit this testimony in opposition to two bills in front of you today, LD 1321 and LD 1317, both of which would retroactively damage solar investments—including the many we have made—under our state's Net Energy Billing (NEB) program.

Established in 1972, Avesta Housing's mission is to improve lives and strengthen communities by promoting and providing quality affordable homes for people in need. In our current housing crisis, successfully carrying out this mission is critical. Having celebrated our 50th anniversary in 2022, we are proud of our growth as the largest nonprofit affordable housing provider in northern New England, with more than 100 properties providing homes to more than 4,600 people.

As a mission-driven nonprofit, utilizing solar technology is an ideal way to develop affordable housing that is both energy efficient and environmentally friendly. Realized savings from predictable energy costs—versus reliance on the volatile, increasing costs of fossil fuels for both electricity and heating—help us to control operating costs and invest further in our mission. This results in more housing opportunities for those in need. In fact, we would not be able to initiate many of our projects without an upfront investment in solar.

Our portfolio of solar here in Maine is broad—we have installed onsite arrays to power our affordable housing communities in Fryeburg, Gorham, Limerick, Portland, Scarborough, Standish, and Waterboro, and have plans to install even more solar at communities in Gray, Portland, Sanford, and Westbrook. The majority of these projects are smaller rooftop arrays installed onsite to directly power our housing units.

LD 1321 proposes significant cuts to current compensation rates for distributed generation through the removal of the ability to utilize credits to offset transmission and distribution charges. This proposal would reduce value for all our projects in half overnight, leaving us in an incredibly challenging situation of needing to continue to meet our debt obligations while taking a major cut in revenue. With rental revenue capped by federal and state regulations, affordable housing properties like ours do not have financial reserves to cover such a cost. This change would have significant impacts on our overall budget and the financial sustainability of many of our projects, and thus on the services we provide and the Mainers we serve.

Commented [SO1]: Is it just because we're a nonprofit or is it because affordable housing doesn't have margins for this kind of cut?

Commented [PH2R1]: The latter

Even more, this bill also no longer allows the development of projects greater than 60kW after November 1, 2025, shutting off our ability to construct future projects adequate to serve many of our multi-family developments. Our larger installations are indeed greater than 60kW and would no longer have an opportunity to participate in the Kilowatt Hour Credit Program, even though the Public Utilities Commission's reporting shows repeatedly that this program provided net benefits to all ratepayers.

LD 1317 changes the compensation rates for the Tariff Program, which impacts multiple projects we have built. Our projects would now be subject to either a 51% or 31% reduction in credit value, depending on whether they receive the original or alternative tariff rate. Such changes will have real impacts on solar customers like us who invested in distributed energy generation in pursuit of energy cost predictability and sustainability.

If either bill were to pass, Avesta would be significantly, directly financially harmed, which as a non-profit, means our mission to provide affordable housing at a time of intense need would certainly be hindered. As noted above, our property operating costs are directly linked to their debt obligations, and, at the project outset, we model solar savings based on NEB program rules to finance our housing developments overall. Retroactive rate cuts would significantly challenge our overall finances given our reliance on solar savings to ensure the long-term financial viability of our affordable housing properties.

For the continued operation and development of critically needed affordable housing in this state, and for fairness to the many non-profit entities like ours that chose to invest in our state's clean energy transition, please oppose LD 1321 and LD 1317. Please do not hesitate to contact me with any questions.

Sincerely,

Patrick Hess
Director of Real Estate Development
Avesta Housing