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Testimony on Net Energy Billing Legislation in 2025

February 6, 2025

Senator Lawrence, Representative Sachs, and members of the committee, my name is James Cote and I am here on behalf of Versant Power to provide our testimony on legislation regarding net energy billing for this session.

Versant Power agrees with the relatively broad consensus that the cost of the current net energy billing program (NEB) is likely to lead to significant affordability concerns for electricity customers over the coming decades. As you know, this is important not only for household budgets or business balance sheets, but from a statewide policy perspective. As we encourage Maine people and businesses to electrify more aspects of their lives, the affordability of that electricity matters greatly.

At the same time, Versant recognizes that renewable energy, and distributed generation resources specifically, will play a critical role in our state's ability to meet our climate and energy goals. We know that programs that incentivize the deployment of cost-effective and strategically sited renewable energy projects have the potential to bring significant benefits to customers and the grid.

Our objective is to work with you to find the policies that maximize the benefits these resources can provide while minimizing their potential for detrimental ratepayer impacts as much as possible. We are confident that goal is shared by many of you as well.

For example, we were supportive of the Committee's efforts during a previous legislature to design a successor program for larger projects and were pleased to have been active participants in the stakeholder process that produced the underlying recommendations. We support the usage of competitive bidding to identify the most cost-effective projects and the targeting of benefits to lower and moderate-income customers.

As a T&D utility, Versant plays an important role in the NEB program and remains prepared to implement program changes as efficiently as possible.

We stand ready and willing to work with the Committee and other stakeholders to provide relevant information, discuss potential impacts, and help evaluate the costs and benefits of various approaches that may come before you for consideration in this legislature.

As the committee debates this and future bills that would make reforms to the current NEB program, Versant Power offers the following for your consideration:

Update on Solar Deployment

Following the legislature's decision to limit most projects' ability to participate in the current NEB program to those that reached commercial operation by December 31, 2024, Versant Power experienced a surge in interconnection activity and ended the year with one of the highest (if not the single highest) rate(s) of solar penetration as a percentage of peak load in the nation.

In 2024 alone, and governed by the requirements of the MPUC's Chapter 324 interconnection rules:

- Versant interconnected a total of 218 MW of solar to its two distribution systems:

  - 600 Level 1 projects
  - 5 Level 2 projects
  - 65 Level 4 projects

- Versant received and processed 871 interconnection applications (522 in 2023, 530 in 2022).

As of the close of 2024, Versant Power now has ~367MW of solar energy interconnected to our two distribution systems alone (additional amounts are connected at the transmission level).

With an annual system-wide peak load of ~358MW in 2024, Versant now has the equivalent of ~102% of its system peak represented by solar resources.

That percentage is higher in our northern Maine Public District where we currently have the equivalent of ~113% of that district's peak load in solar resources.[1]

For context, we understand that Hawaii and California – likely the states with the next highest penetration rates – currently have roughly 80% and 82% of their peak loads represented by in-service solar capacity respectively.

The implications of this new dynamic include:

- New techniques, technologies and tools will be necessary to dynamically and efficiently manage the system.
  - That is a primary reason Versant is implementing an Advanced Distribution Management System (ADMS), with a significant amount of the associated costs funded by a US DoE grant awarded jointly to the Governor's Energy Office, Versant and Central Maine Power.
  - Energy storage for grid operational purposes will also be a critical tool.
- Interconnection will continue to become more challenging as the solar penetration rate continues to increase, requiring new solutions and approaches. Energy storage will also increase the hosting capacity of the system and enable additional interconnections of Distributed Energy Resources (DER).
- There will be an increased need to site new renewable generation resources more strategically – and pair them with storage – in order to maximize the value of these resources and minimize their costs to other ratepayers.

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[1] Versant operates two service districts, our southern Bangor Hydro District (BHD) and northern Maine Public District (MPD, that are not electrically interconnected. The BHD district is connected to ISO-New England and the MPD only connects into New Brunswick, Canada through the NMISA market administrator.

The MPD system has a load peak of 91MW, and with the 110 MW of currently operational solar generation, MPD has 113% of the system peak represented by solar generation.

- Ideally, these resources can provide multiple benefits, including in some cases, meeting current or projected grid needs (something that will be evaluated more fully in the Integrated Grid Planning process currently underway).

Locational & Grid Dynamics

Many NEB projects that are operational or are currently being constructed in Maine are located in areas far from existing load and in places on the electric grid that are relatively less robust. This dynamic leads to significant engineering challenges, and often significant cost to project sponsors, in order to safely and reliably interconnect these resources.

Versant Power understands that hosting capacity data is an important tool for developers to site projects more strategically, where they may require fewer upgrades and result in lower costs. We have worked diligently alongside stakeholders to develop a hosting capacity tool, which is currently available on our website, and believe it will provide access to valuable data.

Given the importance the specific locational of a project has to determining the costs and benefits that will result from its development, we would recommend that the locational value of projects on the grid – along with other siting considerations – should be an important factor that is evaluated as the Committee considers future NEB reforms.[2]

Customer Billing

Beyond cost, Versant is also concemed with what it believes to be an increasing level of customer confusion and frustration when it comes to the billing associated with the NEB program, especially with community solar projects.

Customers frequently contact Versant Power as a trusted source of information regarding their electricity with questions related to aspects of their arrangement with a rooftop or community solar provider into which Versant has no visibility. Versant always works to help customers navigate their way to answers wherever possible, but unfortunately, we are often unable to directly resolve customer concerns.

We hope that changes Versant has made to our bill design – including a new specific bill for NEB customers – will clear up some confusion but also believe a long—term solution that affords consumers the clarity and transparency they deserve – should be a part of any reforms. Other states, including at least one in New England, have recently recognized similar concerns and responded with legislation that seeks to standardize and clarify the information that customers receive from developers in order to avoid such customer confusion.

We would be happy to work with the Committee and other stakeholders to improve this situation.

Conclusion

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[2] See, e.g., *"Effects of distributed PV generation on California's distribution system, Part 1: Engineering simulations, and Part 2: Economic analysis."* Cohen, Callaway, University of California at Berkeley

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Versant Power appreciates the Committee's ongoing consideration of commonsense policy adjustments that may be possible to help control costs for ratepayers, maximize the value of projects enrolled in the NEB program, treat project developers fairly, and improve customer experiences.

We welcome the opportunity to engage with the Committee and other stakeholders to provide information and context that we hope will result in the best possible policy outcomes.

Thank you for your consideration and we would be pleased to answer questions or provide more information for the work session.