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PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission
Neither for Nor Against
LD 417, An Act to Facilitate Net Energy Billing

March 2, 2023

Senator Lawrence, Representative Zeigler, and Honorable Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 417, An Act To Facilitate Net Energy Billing on behalf of the Maine Public Utilities Commission (Commission).

Cost Considerations

This bill makes numerous changes relating to net energy billing data and the sharing and application of that data for billing purposes as it relates to a customer, project sponsor and the utility. While the Commission does not know the costs associated with the implementation of LD 417 at this time, we are concerned that it could be costly to comply with the requirements of this bill and those costs would be passed on to all ratepayers. These costs may well include substantive upgrades to the utility billing systems. Thus, the Commission suggests that the Committee explore the utility costs to comply with this legislation before proceeding to enactment.

Project Sponsor Complaints

Section 5 of the bill requires the Commission to establish a process for receiving and responding to complaints from project sponsors related to a transmission and distribution (T&D) utility's compliance with the requirement that a T&D utility correct any net energy billings errors it makes within one billing cycle and provide in writing to the customer and project sponsor a description of the error and what the utility did to correct that error. The Commission notes that it already has a process to receive and resolve complaints from project sponsors regarding potential violations by utilities of the Commission's rules and it already deals with customer billing errors; therefore, we do not think it is necessary to require the Commission to establish a new process to address these types of issues.

Furthermore, the Commission is not clear what is meant by the following language in the bill - "the commission may direct a transmission and distribution utility to pay to a customer any costs the commission finds to have been incurred by the customer as a direct result of that transmission and distribution utility's error." If the utility makes a net energy billing error, they are already required to credit that customer for that error within 45 days of the discovery of the error. If the intent of this language is to address something beyond this, the Commission would find it helpful to have more

clarity on what this language is intending to do, that does not already occur in these types of situations.

Assistance Programs

Section 2 of the Act specifies that a customer's participation in a net energy billing program may not limit that customer's ability to participate in assistance programs administered by the Maine State Housing Authority or the Efficiency Maine Trust and we are unclear what is intended by this language. Currently, customers' qualification to participate in a low-income assistance program is not affected by a customer's choice to enroll with a project sponsor. An issue can arise, however, for customers who enroll with a project sponsor and receive assistance because the low-income assistance can only be provided towards the customer's bill with the electric utility. In these situations, there can be a scenario where a customer's utility bill is significantly reduced, but the customer is later charged for the electricity that the customer subscribed to with the project sponsor through a separate bill sent by the project sponsor. The system currently does not provide for low-income credits to be applied to a bill from a project sponsor. It is important to keep in mind that the reason the assistance is applied to charges assessed by the utility is to ensure that the customer stays current with their utility bill and does not become disconnected. If the primary goal of this section is to enable low-income customers to participate in the benefits of distributed generation, it may be worth exploring alternative program designs for these customers given the challenges of trying to divert money from low-income programs.

Application of Net Energy Billing Credits

LD 417 requires that a T&D utility apply unused net energy billing credits available from the oldest previous billing cycle before applying credits generated in the current billing cycle and newer unused credits. As specified, this is likely to require changes to the utilities current billing systems and could be costly. Additionally, by applying credits in this manner, it may make it more complicated for a customer to compare usage amounts with generated/subscribed amounts in real time because the credits will not be applied to the billing period when the credits were generated. Further, it does not address the underlying problem of a customer who has over-subscribed with a project sponsor, which leads to credits remaining on a customer's account for more than 12 months. If a customer has subscribed to more electricity than the customer is using, the customer will have unused credits, regardless of whether or not the credits are taken from the oldest previous billing cycle or the current billing cycle. Furthermore, the application of credits as proposed in LD 417 is in direct conflict with how net energy billing is defined in statute.¹

The Commission also notes that currently, expired net energy billing (kWh)² credits are used to benefit participants in an arrearage management program (AMP). In the first report of the Electric Ratepayer Advisory Council, it was recommended that these expired credits be used to fund the low-income assistance program, instead of AMP. The Commission notes that net energy billing programs result in ratepayer impacts and the Committee may want to consider if it is equitable to forego this source of relief for low-income customers.

¹ 35-A M.R.S. § 3209-A(1)(C). "Net energy billing" means a billing and metering practice under which a customer is billed on the basis of the difference between the kilowatt hours delivered by a transmission and distribution utility to the customer over a billing period and the kilowatt hours delivered by the customer to the transmission and distribution utility over the billing period, taking into account accumulated unused kilowatt hour credits from the previous billing period.

² 35-A M.R.S. §3209-A(8)

Rulemaking

This bill requires the Commission to adopt rules regarding utility data and crediting. Currently, rules adopted pursuant to 35-A M.R.S. § 3209-A are major substantive rules. The Commission suggests that if this bill is to go forward that the bill is amended to specify that rules adopted by the Commission to initially comply with the requirements of LD 417 are routine technical rules, unless the Committee would like the ability to review rules related to this bill before they become effective.

Conclusion

It is possible that the modifications contemplated in this bill could result in benefits to customers participating in a net energy billing program, however, we would caution against making these changes at this time, without first looking at this issue more comprehensively with a focus on the customer and how those costs may be allocated in a fair manner that does not result in significant ratepayer impacts.

I would be happy to answer any questions or provide additional information for the work session.