



Kathleen Newman, Director of Government Affairs and Community Relations

LD 1347 An Act to Eliminate the Current Net Energy Billing Policy in Maine

April 4, 2023

Testifying: Neither For Nor Against

Senator Lawrence, Representative Zeigler, Members of the Joint Standing Committee on Energy, Utilities and Technology ("EUT"), my name is Kathleen Newman, presenting testimony neither for nor against LD 1347 An Act to Eliminate the Current Net Energy Billing Policy in Maine.

Whether to eliminate the incentive program that supports the solar industry is a major policy decision – one that is timely and impactful on many of CMP's customers – both our interconnection customers and our electricity customers. To this end, we refrain from a support or oppose position but lay out aspects of the program you should consider.

The solar program designed under LD 1711 several years ago, and amended several times since, has achieved the targeted goal of establishing and engendering a robust solar industry in Maine. As you heard from our team last week, we have seen an unprecedented increase in interconnection applications and Net Energy Billing ("NEB") applications having processed over 700 interconnection requests since 2019 and having interconnected over 300 MW into the system, with another 500-plus MW in queue working toward interconnection.

The benefits of such burgeoning distributed generation create opportunities such as time-of-use rate designs that can save customers money, potential price suppression effects in the commodities market and creation of jobs here in Maine.

The challenges with the program are around the cost of continuing to incentivize this development at the current levels. Currently, CMP's projections indicate \$105M in customer costs, to be paid through stranded costs beginning later this year. This equates to about \$5/month for an average residential customer. As more projects come online, these costs will grow and these amounts will comprise almost a third of CMP's costs to run the grid. The result is that the appetite to invest in grid modernization; system improvements needed to address more frequent and severe storms and other innovative grid design needs, will be less doable given the rate impacts resulting from the NEB program. The costs of these programs on our customers are unsustainable and should be considered in a balanced way to better align the outcomes.

These are very difficult policy decisions to make. CMP believes reform is needed to contain cost and wishes to have a constructive seat at the table should the Committee move forward to explore constraining the program from its current form. Thank you for your consideration.