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THE MAINE SENATE
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**Testimony of Senator Nicole Grohoski
In Support of LD 327, "An Act to Provide Maine Ratepayers with Equitable Access to
Interconnection of Distributed Energy Resources"**

**Before the Committee on Energy, Utilities and Technology
10 May 2023**

Good afternoon Senator Lawrence, Representative Zeigler, and fellow members of the Joint Standing Committee on Energy, Utilities and Technology. As you know, my name is Nicole Grohoski and I am honored to represent the 22 communities of Senate District 7. I am here in support of LD 327, "An Act to Provide Maine Ratepayers with Equitable Access to Interconnection of Distributed Energy Resources."

Background

Over the past year, I've heard from many of my constituents and local, well-established Maine-based solar companies about escalating issues with interconnecting behind-the-meter distributed generation projects to the grid. Challenges include unclear processes, lengthy delays (we're talking years), lack of transparency around interconnection costs, the need for dispute resolution, the need for technical expertise to understand information utilities provide to customers, incorrect interpretations and application of the Public Utilities Commission's (PUC) Chapter 324 screenings, the lack of transparent utility capacity data and math, incorrect and unsubstantiated data, and more.

For example, just yesterday, a constituent visiting the State House with a group of school board members told me that her family had given Versant Power a payment of \$1000 to interconnect solar that is installed on their house. Over a year later, the array remains useless because Versant has not processed their interconnection. This sort of delay and the accompanying lack of info about what is happening is unacceptable. I wish I could say that this was an isolated interaction, but it seems like everytime I'm out and about in my district, I hear a story like this.

In 2021, our colleague and then Senator David Woodsome, had heard these concerns, too, and introduced LD 1100, "An Act to Support the Continued Access to Solar Energy and Battery Storage by Maine Homes and Businesses" which this body passed. This bill directed the PUC to

hire an expert to evaluate interconnection practices in Maine, which was completed by the Interstate Renewable Energy Council (IREC).

Based on the PUC's draft rule released in December 2022, I am concerned with how the PUC may intend to implement the IREC report. The additional rulemaking deadlines assigned to the PUC within LD 1100 that the PUC has missed are also problematic. Given these concerns – reinforced by the many and frequent concerns of my constituents – I seek to reiterate the importance of addressing interconnection issues and to refocus the Commission's work.

Senator Woodsome clearly foresaw the issues we're seeing today, which he shared in his April 2021 testimony in front of this committee: "If [the interconnection] issue is left unaddressed or improperly managed, it threatens to affect much smaller projects and ultimately make it all but impossible for homeowners or businesses to build their own solar projects." His forecast has come true, and we have the opportunity—once again—to fix this.

Like Senator Woodsome, I am introducing this bill to address many of the issues that continue to come before this committee pertaining to the expansion of behind-the-meter solar and energy storage systems in Maine.

What Does LD 327 Actually Do?

Overall, the proposed legislation has five parts, with the first three addressing interconnection issues, and the second two to provide more transparency and information to this body regarding solar energy programs here in Maine.

1. Section 6 and Section 8 (1): Adoption and implementation of cost allocation methods for interconnection studies
 - a. This was included in LD 1100 – the PUC was required to adopt cost allocation methods by September 2022 and this has not yet occurred.
 - b. Additionally, Section 6 requires the Commission to annually evaluate interconnection costs and common system benefits – or the benefits to all ratepayers as a result of distribution upgrades that reduce the need for capital investments by utilities.
2. Section 5 and Section 8 (2): Adoption of interconnection rules reflective of best practices and inclusive of energy storage systems
 - a. The adoption of interconnection rules overall was also required in LD 1100, and this deadline has also been missed. We should adopt interconnection rules that reflect nationally-recognized best practices such as those established by IREC.

- b. The need for interconnection processes for energy storage was also specifically included in LD 1100. The IREC report notes, “Maine’s procedures for interconnection are not prepared to accommodate the unique features and capabilities of energy storage systems.” In response to that feedback, the PUC’s Notice of Inquiry notes the Commission welcomes comments on whether energy storage systems should be addressed in its rulemaking. I believe this is a misinterpretation of LD 1100, which specifically directs inclusion of energy storage systems, and I seek to redirect the PUC’s rulemaking in this regard.
 - c. The PUC should be proactively including energy storage provisions within interconnection rules to both address immediate issues and to avoid predictable harm to Maine’s efforts to expand the use of interconnected energy storage, which we know is critical in reaching our codified net zero goals.
 - d. The last paragraph of Section 5 intends to clarify the provision in LD 1100 that distribution upgrade cost waiver eligibility should not be determined by project size – it should be based on project location as on-site solar systems do not have the flexibility to locate somewhere else on the grid to minimize interconnection costs. This was specified in LD 1100, but it has been interpreted differently.
- 3. Section 1, Section 2, Section 7, and Section 8 (3): Hiring an interconnection ombudsman through fees assessed to developers
 - a. Dispute resolution to address interconnection issues is costly and requires technical expertise on behalf of the consumer and at times can render a whole project uneconomical. The IREC report specifically recommended hiring an interconnection ombudsman fully paid for by developers – not ratepayers. Right now, costs incurred by the PUC to assist aggrieved parties are currently funded by ratepayers.
 - b. The PUC’s Notice of Inquiry declines IREC findings given costs to hire an ombudsman, which is fair, if the cost were to be borne by ratepayers. Based on feedback from developers and the immense desire for efficient, rapid resolution of these issues, I propose we adopt IREC’s recommendation and require developers to fully fund this position. The legislative language has been designed to potentially accept any federal funding or private dollars available for this type of program, but the intent is that it is fully paid for by developers.
- 4. Section 8 (4): Studying and evaluating whether the commercial and industrial tariff as implemented is maximizing value to all ratepayers
 - a. In 2019, LD 1711, “An Act to Promote Solar Energy Projects and Distributed Generation Resources in Maine” required that the program must maximize value to all ratepayers. Over time, we have adjusted programs to ensure this remains true.

- b. In 2021, the nonpartisan Daymark study conducted a rigorous economic analysis of the program's costs and benefits under multiple scenarios, and concluded “the kWh credit program is providing net benefits to all Maine utility customers. The costs of the new tariff rate program exceed the benefits calculated in this report. This result corresponds to the projects in the kWh program reducing load requirements of the utilities, while projects in the tariff rate program do not.”
 - c. With this critical analysis in hand, I personally have concerns about the way the commercial and industrial tariff is being implemented, and for that reason, I have included a section within this legislation asking the PUC to conduct an evaluation of whether the tariff rate has been implemented in a way that maximizes the value of the portfolio of the resources to all ratepayers.
 - d. The PUC will then bring this information and recommended actions for consideration back to this committee, so we can increase our understanding of the economics and make thoughtful decisions regarding future implementation.
- 5. Section 3 and Section 4: Requiring annual reporting from the PUC to the Legislature on solar energy costs and benefits, including specific avoided costs
 - a. As you know, it is very difficult for the Legislature to make programmatic decisions if we only see one side of the balance sheet. This committee – and the general public for that matter – is regularly presented with costs only, and at times, those costs even include line items such as lost utility revenue, which quite frankly, is not a cost at all.
 - b. Time and time again, nonpartisan economic research has shown that solar development can result in real, quantified electric system benefits as well as economic benefits and environmental benefits.
 - c. My goal here is to be more prescriptive. Let’s see the true costs and the real, quantifiable benefits – including avoided costs – too.
 - d. Again, the PUC will bring this information to the committee on a regular basis so EUT members will better understand the expansion of solar energy in Maine with clear, factual information to inform decisions around future program design.

In conclusion, LD 327 seeks to address solar and storage interconnection issues that Maine residents and business owners face as they try to become more energy independent on their own properties. These folks are not asking for special treatment, just basic service from electric utilities and their regulators.

Thank you for your attention and I am happy to answer any questions you may have.