



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

Neither For Nor Against

**LD 327, An Act to Provide Maine Ratepayers with Equitable Access to
Interconnection of Distributed Energy Resources**

May 10, 2023

Senator Lawrence, Representative Zeigler, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Patrick Scully, Commissioner of the Maine Public Utilities Commission testifying neither for nor against the sponsor's amendment to LD 327, An Act to Provide Maine Ratepayers with Equitable Access to Interconnection of Distributed Energy Resources.

Background

Chapter 324 of the Commission's rules governs the interconnection requirements for small generators, including solar projects, seeking to interconnect to the utility's distribution system. Originally adopted in 2010, the Commission has amended chapter 324 five times in recent years to enhance the interconnection process and to comply with statutory changes. Pursuant to Public Law 2021, chapter 264¹ the Commission engaged the Interstate Renewable Energy Council, Inc. (IREC) to evaluate Maine's procedures and practices to ensure solar and storage projects that serve a customer's own electricity needs are interconnected efficiently and without bearing costs for distribution grid upgrades. IREC also evaluated the transparency of the screening process for these projects as well as the dispute resolution process. IREC's evaluations and recommendations were provided in a report to the Commission in February 2022.

After receiving the IREC report, the Commission initiated an inquiry to provide interested persons an opportunity to comment on the IREC report and held a conference for interested persons to discuss the issues with IREC representatives. The Commission initiated another inquiry on December 5, 2022, and included draft amendments to Chapter 324 in the "Notice of Inquiry" (NOI) that incorporated many of the suggestions made in the IREC report. In response to the NOI and draft amendments the utilities and multiple parties filed comments. Due to the comments received the Commission determined additional information was needed and asked a series of questions through a procedural order in March 2023, with comments filed on these questions, mostly around cost allocation issues, in April 2023. The Commission will be deliberating proposed amendments to Chapter 324 on May 16, 2023. We will provide the Notice of Rulemaking with the proposed rule once it is issued.

¹ LD 1100

It is important to note that these interconnection rules and issues are extremely complicated and technical and since 2019 the Commission has been fully engaged in updating and refining its rule. As mentioned above, after completing a draft rule we thought would be workable based on our work with IREC, we received extensive comments that pointed to additional issues that needed to be reconciled. While we did not meet the rulemaking deadline required pursuant to Public Law 2021, chapter 264, it was important to the Commission to ensure that any changes to the rule would be efficient and effective and provide for the safety, reliability and power quality of the grid. We have concerns that this legislation could upend this process just as it is nearing completion.

LD 327

Cost Allocation

LD 327 requires the Commission to adopt rules within three months of the effective date of this Act that establish a reasonable allocation of costs for interconnection studies and utility infrastructure upgrades and ensure an on-site solar generator is not required to pay an amount of such costs that causes the interconnection of the generator to be uneconomic. The bill defines an on-site generator as a generator that uses solar power and is a participant in either the kilowatt hour or tariff rate net energy billing (NEB) program and for which a majority of the net energy billing credits from the generator are applied to load at the site of the generator.

While it may be reasonable to establish a fixed fee or have no fee for the interconnection of small rooftop solar projects designed to serve load at a residence or small business, the bill as proposed would minimize the cost of interconnection for *any* NEB solar project in which at least 51% of the output is used on site. This could include relatively large commercial customers and projects that export meaningful amounts of power to the grid. Upgrade costs for such projects could, depending on location, amount to many tens of thousands of dollars. The possible shifting of these costs to ratepayers could be substantial. Additionally, it could create a strong incentive to build more NEB projects on sites where there is no additional capacity on the circuit and the upgrade costs would otherwise be prohibitive, and thus not only upgrade costs but significant additional NEB program costs could be shifted to ratepayers. This requirement conflicts with the proposed rules the Commission will consider next week, and which has been in development for over a year with input from multiple parties (including the OPA, GEO and EMT, NRCM, multiple developers and the utilities).

It also requires the Commission to annually evaluate the allocation of costs of interconnection, consider the total cost of the interconnections from the prior 12 months compared to the common system benefits resulting from those interconnections and determine whether the cost allocation method should be adjusted. The Commission may need to hire a consultant to conduct this analysis. It is important to bear in mind that interconnection costs paid by interconnecting generators are only those costs needed for that generator to safely connect and may not represent upgrades that would otherwise be needed.

Reporting on the Costs and Benefits of Solar

LD 327 directs the Commission to annually report on matters related to solar development in the State including the costs and benefits from solar including: (1) revenue from the sale of renewable energy credits (RECs); (2) societal benefits through avoided greenhouse gas emissions; (3) reduced electricity supply and demand prices; and (4) avoided or reduced costs associated with electricity

capacity requirements, environmental compliance requirements, portfolio requirements, REC price suppression and electricity and transmission and distribution costs. The Commission would need to engage a consultant to help with components of this analysis. Many of these elements can be difficult to quantify and the Commission is unclear what is intended by several of these reporting elements. For example, is the revenue from the sale of RECs to be included limited to revenue accruing to ratepayers? Under NEB, the generator retains the RECs and can either sell those RECs or retire them; thus, there are no revenue generated to the benefit of ratepayers. What environmental compliance requirements would the Commission be assessing, especially as it relates to avoided or reduced costs? Is this referring to greenhouse reduction goals? The Commission likely would need to rely on the Department of Environmental Protection to assess this. In relation to the avoided or reduced costs associated with electricity T&D costs, would the Commission be looking at specific projects built in a utility's service territory? This would make sense because the location of projects matter when assessing avoided costs, but this may require the Commission to rely on utility projections. Alternatively, a consultant could use general modeling averages, which may be a simple solution, but much less accurate.

Ombudsman

LD 327 requires that the Commission to appoint an interconnection ombudsman to assist persons seeking interconnections governed by Commission rules. The ombudsman position is funded by a fee assessed on persons seeking interconnections, federal funds and contributions from private and public sources.

After considering the concerns behind the suggestion of an ombudsman, the Commission developed a process to assist small interconnecting generators who otherwise found the Commission's existing dispute resolution process to be daunting, a process set forth in Section 15 of Chapter 324. We are using existing resources within the Consumer Assistance and Safety Division (CASD) to do this work. The first part of this informal dispute resolution process is negotiation among the utility and the interconnecting generator with assistance from the CASD in the facilitation of communication between the utility and generator. If negotiation is not successful, the CASD elevates the dispute to assigned Staff attorneys and analysts to proceed with the next stage of the informal dispute resolution, a rapid response mechanism. The utilization of CASD personnel and designated staff has been especially helpful in assisting customers unrepresented by counsel and is aimed at making the dispute resolution more accessible to all customers. To date the vast majority of complaints have been resolved at the informal dispute resolution stage, with only a few disputes elevated to the Commission's staff attorneys for resolution. The Commission is not opposed to the appointment of an ombudsman, but this may be unnecessary or duplicative of the existing process.

Conclusion

While we understand the concerns behind this legislation, we caution that it may complicate the existing work to adopt new rules that address many of them. If the Committee moves forward with this legislation, we would suggest extending the time deadlines. This is a complicated area of regulation that requires extensive stakeholder input. Alternatively, the Committee could review the amendments to Chapter 324 that we will be deliberating next week and provide us with feedback and any suggested enhancements.

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