



May 18, 2023

Senator Mark Lawrence, Chair
Representative Paige Ziegler, Chair
Committee on Energy, Utilities and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony in opposition to LD 1778, “An Act to Ensure a Sustainable Electric Grid”

Senator Lawrence, Representative Ziegler, members of the Energy, Utilities and Technology Committee

My name is Jeremy Payne and I am a principal with Cornerstone Government Affairs Group here to testify in opposition to LD 1778 on behalf of our client the Maine Renewable Energy Association (“MREA”)

For the last few years there is no likely no other issue that has received more time and attention from this committee than Net Energy Billing (“NEB”) It is clear there are those who wish to see today’s NEB policy to continue unimpeded, others who wish to see lessons learned and applied to a successor program, and still others who want to see it entirely halted

In fact, in the last three years there has been not one¹, but two² retroactive policy changes enacted and applied to many of the projects attempting to reach commercial operation under today’s NEB law – notably, the industry willingly participated in many of these conversations and ultimately did not oppose either one Some of you on this committee rightly chose to use a scalpel to make targeted changes to the NEB program, unfortunately, LD 1778 is a sledgehammer

To be clear, the NEB program is not perfect – but neither is any other energy or even non-energy policy the Legislature creates and state agencies implement What is important is that this committee dedicates time to these programs, studies them closely, and ultimately designs policy improvements for the next iteration of the policy to continue delivering value to Maine consumers and predictable processes for developers aiming to deploy their capital here If we care about the state’s business reputation, our commitment to addressing climate change, and to offering consumers a choice about which sources of energy powers their homes and businesses, we cannot and must not continue trying to retroactively change or – in the case of LD 1778 – completely eliminate programs A number of states are on their 2nd, 3rd, or 4th iteration of their

¹ LD 936, 130th Maine Legislature –
<http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0692&item=6&snum=130>

² LD 634, 130th Maine Legislature –
<http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=SP0248&item=6&snum=130>

distributed generation (“DG”) policies – and they have wisely chosen to prospectively apply lessons learned to their successor programs, as opposed to trying to stop investment in its tracks as this legislation would do

It is important to remember that our DG resources are offering meaningful value to consumers, to the grid, and those companies actively involved in developing and constructing them. There are grid upgrades being paid for by DG companies right now – and in the end those investments will help reduce future grid resiliency costs as we continue our pursuit of beneficial electrification.

We must also draw your attention to the fact that our grid’s limitations effectively place a natural cap on the number of projects and megawatts that will be able to interconnect and become operational. As recently as last year we spoke to this committee about project attrition rates that we expected would be somewhere in the 50-60% range for a number of reasons (e.g., grid limitations, permitting challenges, supply chain issues, and more). Based on more recent information coming out of cluster studies, it appears that our attrition percentage estimates have proven to be far too low. As of now, we expect attrition will cause 80-90% of projects to not be built.

As often happens, there are those who may provide information speaking about cost concerns but it is equally important to balance that consideration with the anticipated benefits. According to a 2021 study by Daymark Energy Advisors³, the NEB program is helping to stimulate our economy. Specifically, if we were to assume approximately 900 megawatts of NEB projects become operational, they are estimated to support 7,000 job-years and \$782 million in economic activity in Maine.

We were glad to play an active role in the DG 2.0 stakeholder process led by the Governor’s Energy Office – and we look forward to being able to speak to those ideas in the weeks ahead to help design a successor program to build on the successes of NEB.

This legislation also proposes removing the so-called “100 megawatt cap,” and this idea has come before this committee twice this session (and many times before), and has been repeatedly rejected primarily for four reasons:

- 1) It would run counter to the long-standing intent of Maine’s Renewable Portfolio Standard (“RPS”), which is to incent as much in-state (or at least in-region) clean energy development as possible to help diversify our energy mix, reduce environmental impacts, and to encourage investment and the creation of new jobs,
- 2) Today’s RPS in Maine – in combination with those of other New England states – has led to significant investment by MREA member companies, totaling well over \$2 billion in the last two decades, paying more than \$25 million annually in property taxes and employing over 2,500 Mainers,

³ Daymark Energy Advisors, page 5 <https://www.renewablemaine.org/docs/Daymark-NEB-Presentation.pdf>

- 3) Existing statute places very reasonable geographic limitations on those resources that are eligible, and specifically allows renewable energy that is delivered into the New England bulk power system, regardless of where it is generated, to qualify for the RPS. This includes resources owned and operated by the Canadian government, including Hydro Quebec (“HQ”) and New Brunswick Power. Notably, according to page 115 of their 2022 annual report, HQ currently has 16 hydro generating stations rated less than 100 MW totaling 680 MW, for which they have not sought Maine RPS certification. One has to wonder why they have never pursued certification for the RPS, and
- 4) Lastly, it is important to understand why the cap exists at all – when restructuring occurred in the last 1990s the largest in-state renewable generator was Wyman hydro, followed by Harris. This is still true today for Maine-based hydropower assets, with Wyman at 85MW and Harris at 82MW. In years past, this committee saw fit to adjust the eligibility standards to make room for Maine-based clean energy projects in excess of 100MW (e.g. Kibby Wind at 132MW, and 152MW Three Corners solar project under construction in Benton, Clinton and Unity Township).

This change may also lead to drastically oversupplying the RPS market with thousands of megawatts of Canadian-government owned hydropower, which would crash the price of Renewable Energy Certificates (“RECs”). Despite claims to the contrary, if large-scale hydropower was made eligible for Maine’s RPS there is no evidence it would supply Maine with lower cost power – and it would certainly discourage investment in Maine-based renewables if private companies are asked to compete with government-owned generation.

Ultimately, the question is whether state incentive programs are meant to help grow Maine’s homegrown clean energy economy, or to send ratepayer dollars to corporations owned and operated by the Canadian government?

We respectfully urge you to vote ought not to pass

Thank you