



JANET MILLS
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

DAN BURGESS
DIRECTOR OF GOVERNOR'S
ENERGY

OFFICE

TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act Relating to Net Energy Billing and Distributed Solar and Energy Storage Systems L.D. 1986

**GOVERNOR'S ENERGY OFFICE
May 24, 2023**

Senator Lawrence, Representative Zeigler, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Ethan Tremblay, and I am the Policy and Markets Program Manager for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 1986.

This bill contains three provisions related to the present, past, and future of distributed generation and energy storage. It seeks to address fundamental issues related to the transparency and allocation of both costs and benefits attributable to the existing net energy billing programs; clarifies that the purpose of those programs has always been to support the deployment of new distributed generation; and establishes a new cost-effective successor program based on the thoughtful work of the Distributed Generation Stakeholder Group and mindful of the significant near-term opportunities to access federal funds. The GEO recognizes that there needs to be a balance of potential ratepayer costs as well as the benefits of existing and future distributed generation programs.

Section 1 of the bill establishes the Distributed Solar and Energy Storage Program to provide funding to foster the continued growth of cost-effective distributed solar facilities and energy storage systems in the state. The program would be developed and implemented by the GEO based on the recommendations of the Distributed Generation Stakeholder Group, and would be designed to obtain available and forthcoming federal funds. The GEO is well-positioned to pursue eligible funds to support the program, some of which may be available as soon as this summer. As the Distributed Generation Stakeholder Group's analysis demonstrated, a carefully designed competitive successor program that prioritizes well-sited projects benefiting low-income and disadvantaged communities – and thus unlocks additional federal benefits – can provide significant net benefits to the state and put downward pressure on electricity rates for all customers. The clear direction contained in this bill would position Maine well to compete for federal funds and continue to advance the deployment of beneficial distributed generation and grow our clean energy economy.

Section 2 of the bill clarifies that the net energy billing programs were established to support the development of new distributed generation resources. A substantial portion of existing projects currently operating in the net energy billing programs were already constructed and operating prior to the expansion of the program enacted in 2019, and therefore were not reliant on the programs to be financially viable. However, the GEO would urge the committee to be cautious about retroactive

changes that could impact existing contracts. The Committee may wish to instead ensure a future program makes this clarification, allowing only new projects to benefit from an incentive.

Section 3 of the bill establishes specific statutory authority and direction for the Public Utilities Commission to calculate and allocate the benefits and the costs of net energy billing programs. The Commission would ensure that all benefits and costs are fairly and transparently accounted for, and, to the extent possible, benefits accrue to ratepayers. This process would not deprive a utility of the ability to recover appropriate costs associated with the programs; rather, it would establish a process by which a comparable level of scrutiny and review would take place regarding the program costs and benefits as is undertaken for other utility expenditures. Distributed generation programs can produce significant benefits, many of which may accrue to ratepayers through reduced or stabilized costs in other areas of their utility bill. Maine ratepayers – and policymakers – should be empowered to understand the full impact of these programs.

The GEO recognizes that the existing distributed generation programs enacted by the Legislature in 2019 have resulted in substantial new renewable energy development, growing our clean energy economy, expanding the supply of renewable energy on our grid, and supporting progress toward important emissions reduction and renewable energy requirements. These programs, while providing significant benefits, also include costs to ratepayers. In an effort to contain the costs of the current programs while honoring existing customer contracts, the GEO has led discussions in prior sessions around capping the program and prospectively modifying the tariff rate. Should the Committee seek to make further adjustments, the GEO would suggest considering prospective modifications such as limiting new net energy billing projects to 1 MW in capacity, a reduction from 2 MW under current law, as well as setting an end date for entry into the commercial and industrial tariff rate program at the end of this year.

The GEO would like to acknowledge and thank the members of the Distributed Generation Stakeholder Group for their considerable time, expertise, and input which contributed to the development of a thoughtful successor program proposal that builds off lessons learned from existing programs, optimizes net benefits of distributed generation, and would lower electricity rates for customers. The GEO is committed to continuing to work with the Committee and other interested parties to ensure the important issues discussed today are addressed, and that costs are adequately contained while also providing a workable transition to foster the continued growth of cost-effective distributed solar facilities and energy storage systems in the state.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read 'Ethan Tremblay', with a stylized, cursive script.

Ethan Tremblay, Policy and Markets Program Manager
Governor's Energy Office