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THE MAINE SENATE
131st Legislature

3 State House Station
Augusta, Maine 04333

Testimony of Senator Matthew Harrington

Presenting LD 1465, "An Act to Amend the Calculation of Tariff Rates and Billing Credits Under Net Energy Billing"

January 9, 2024

Senator Lawrence, Representative Zeigler and members of the Committee on Energy, Utilities and Technology, I am Senator Matthew Harrington, and I have the honor of serving the communities of Waterboro, Alfred, Lebanon and Sanford. I am pleased to sponsor LD 1465, "An Act to Amend the Calculation of Tariff Rates and Billing Credits Under Net Energy Billing."

The 129th Legislature's effort to jumpstart solar investment to meet Maine's clean energy goals triggered a gold rush for solar developers from across the world who came to take advantage of our rich net energy billing subsidies. As reported by the Public Utilities Commission last week, over fourteen thousand projects are either operating or in the queue, representing over nineteen hundred megawatts of power.

Solar developers are cleaning up, while Maine's electric ratepayers are getting taken to the cleaners. We've created over \$100 million in above-market costs with more to come, unless we make some changes to the NEB program.

This legislation seeks to restore some balance – protecting Maine ratepayers from rising costs associated with the NEB subsidies, while providing fair reimbursement to developers and subscribers.

Rather than basing subsidies in the tariff rate program for commercial and institutional customers on the standard offer rate, this bill requires the PUC to base the tariff rate on an annual forecast of wholesale energy market prices in New England. The tariff rate would be based on the value of energy, not the standard offer rate which contains other market components such as capacity and reserves.

LD 1465 also changes the way energy credits may be applied. Currently the energy credits apply against the **total** amount of a customer's bill – Supply AND transmission and distribution, including stranded costs. So, the customers who are *creating* the NEB-related stranded costs can avoid *paying* any stranded costs, not to mention avoiding paying the costs for programs like Efficiency Maine Trust and the Electric Lifeline Program. This bill would change the formula so that energy credits can only be applied to the supply portion of the bill. These credits should not be used to reduce a subscriber's transmission and delivery charges.

Customers eligible for the Arrearage Management Program would continue to benefit from expiring credits by receiving a credit against their outstanding utility balance based on the standard offer price.

Adopting the measures contained in the legislation before you will allow customers to continue to participate in net energy billing and receive the value of the generation as credits applied to their monthly electricity consumption. Adopting these charges would produce millions in savings. If we do nothing to address the costs of the Net Energy Billing program, the annual costs could exceed \$200 million a year for the next 20 years.

Thank you for your consideration.