



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

Neither For Nor Against

**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 Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 1465, An Act to Amend the Calculation of Tariff Rates and Billing Credits Under Net Energy Billing on behalf of the Public Utilities Commission (Commission).

Section 1 of LD 1465 modifies how unused kilowatt-hour (kWh) credits under the net energy billing (NEB) kWh program are valued. It requires unused credits to be valued at the average residential standard-offer rate for the term that coincides with the year in which the credits expire. Currently, expired credits under the kWh program are required to be applied for the benefit of participants in the low-income assistance program.¹ While this change may result in a reduction in the costs borne by ratepayers associated with the kWh program, it would also reduce the amount of assistance available to fund the low-income assistance program.

Section 2 of the bill amends the calculation of the tariff rate under the commercial and institutional NEB program. It requires the Commission to calculate the tariff rate using a credible forecast of wholesale energy market prices in New England. While this change is likely to reduce the costs associated with the program, it essentially removes the incentive to participate in the program because any project owner could simply sell the power generated into the wholesale market without participating in the NEB program and receive similar revenue.² Indeed, NEB is intended to provide additional compensation for projects due to concerns that the wholesale price alone is insufficient to finance projects.

The Commission notes that pursuant to LD 1986³ the Commission has issued a request for proposals (RFP) in Docket No. 2023-00335. The law required the Commission to decide by January 31, 2024, whether to conduct a competitive solicitation. This would allow qualified NEB projects to bid for a long-term contract instead of continuing to participate in the NEB program. Responses to this RFP are

¹ Public Law 2023, chapter 230 changed the allocation of unused credits from the arrearage management program to the low-income assistance program.

² Because an NEB program requires them to have participating customers, the developers participating in NEB would effectively receive less than the wholesale market price, thus we would expect them to exit the program and participate in the wholesale market without having to compensate participating customers.

³Public Law 2023, chapter 411.

required to be submitted by March 15, 2024. At the close of the RFP, the Commission will have a better estimate of the interest in this option and whether the proposals submitted, if any, are likely to reduce the costs associated with NEB.

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