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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

**An Act to Make Changes to Certain Laws Governing Renewable Energy Projects
L.D. 2099**

**GOVERNOR'S ENERGY OFFICE
January 23, 2024**

Senator Lawrence, Representative Zeigler, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 2099.

This testimony will address Sec. 1 of L.D. 2099. Testimony from the Department of Labor will address Sec. 2. Last July, the legislature enacted L.D. 1986 which, in part, established a new distributed solar and energy storage program to be administered by the GEO. LD 1986 directed the GEO to seek federal funds to "support cost-effective distributed solar facilities and energy storage systems" under this new program. As directed by the law, in October 2023 the GEO requested \$99.5 million from the U.S. Environmental Protection Agency's (EPA) competitive opportunity to establish a statewide "Solar for All" program. In the proposal, GEO proposed a suite of programs designed to equitably accelerate the deployment of solar and energy storage to benefit Maine's most vulnerable low-income households, delivering energy savings, a cleaner environment, and high-quality jobs. The EPA expects to announce awards as soon as March 2024.

The intention with the language proposed in Section 1 of this bill is to ensure GEO has the necessary flexibility to administer a potential award from the EPA within the federal requirements while achieving the objectives of L.D. 1986 and addressing barriers to solar adoption faced by low-income customers.

If we are awarded federal funds from the EPA to implement Solar for All, we will first establish an advisory committee to review and inform the final development of any Solar for All-funded initiatives. The membership of this advisory committee would be determined in part through consultation with EPA but is anticipated to include representatives of Solar for All-eligible communities (low-income and federally-defined disadvantaged communities), the Office of the Public Advocate, and others.

Next, GEO anticipates that it would petition the Commission to utilize its existing authority to direct new long-term contracts with new community solar and energy storage projects funded by federal dollars that provide benefits to low-income customers. These would not be net energy billing projects. We anticipate the use of federal funds for these projects will reduce the costs of community solar so they can enter bid contracts at low-cost, below market rates similar to the cost of large-scale projects. If approved by the Commission, resulting ratepayer-funded contracts would enable the financial viability of the low-income serving community solar project while simultaneously achieving financial benefits for all ratepayers. Similar long-term contracts awarded to renewable energy projects in 2020 and 2021

through competitive procurements delivered \$68 million in direct saving to Maine ratepayers last year which reduced total stranded costs requested by utilities.

The language included in LD 1986 without the clarification proposed by LD 2099 may preclude this Commission authority from being exercised in the implementation of Solar for All program dollars. The language clarification proposed by LD 2099 would ensure there is clarity that the Commission could approve such contracts under its longstanding authority when net benefits exist. The GEO anticipates rigorous review by the Commission of any such petition to ensure confidence that such benefits to all ratepayers would be achieved. This is required by the language proposed in Section 1 of LD 2099 which only permits the Commission to approve contracts upon finding "that the use of ratepayer funds is reasonably likely to achieve net benefits to electric ratepayers."

To be clear, the GEO has no intention of burdening ratepayers with new costs under the new program established last year. The language proposed here specifically disallows such an outcome. The GEO stands ready, pending a successful award from the EPA, to work with stakeholders and partners to administer a historic investment of federal funds to benefit all Maine ratepayers, and particularly the low-income and federally-defined disadvantaged households who face the greatest energy cost burdens and barriers to adoption of renewable energy.

Thank you for your consideration.



Caroline Colan, Legislative Liaison
Governor's Energy Office