Central Maine Power

An Avangrid company

February 27, 2025

Testimony on behalf of Central Maine Power Company Neither For Nor Against:

LD 32: An Act to Repeal the Laws Regarding Net Energy Billing

LD 257: An Act to Eliminate the Practice of Net Energy Billing

LD 450: An Act to Lower Electricity Costs by Repealing the Laws Governing Net Energy Billing

LD 515: An Act to Reverse Recent Changes Made to the Law Governing Net Energy Billing and Distributed Generation

LD 359: An Act to Prohibit Net Energy Billing by Certain Customers

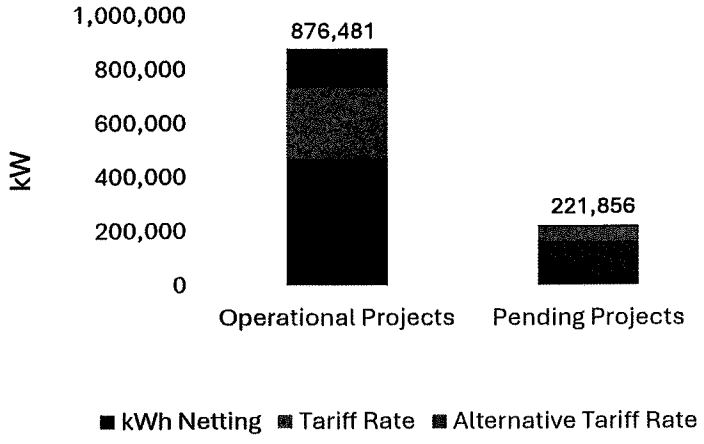
Senator Lawrence, Representative Sachs, Members of the Joint Standing Committee on Energy, Utilities, and Technology, my name is Kathleen Newman, Vice President of Government Affairs for Central Maine Power Company, submitting testimony Neither For Nor Against the five bills referenced above.

CMP supports the cost effective achievement of the state's climate and energy goals. We refrain from supporting or opposing these bills, but want to provide factual information for your consideration as you weigh your decision.

The statutory goal for development of commercially operational distributed generation resources is 750 total megawatts.

As of January 31, 2025, CMP had 14,311 operational projects enrolled in the NEB program – an increase of 9,394 since 2019 – producing a capacity of over 876 megawatts as you can see in the chart below:

CMP Operational and Planned Capacity from Projects through January 2025



These operational projects are serving 74,528 unique customers in the kWh netting program and 3,640 in the tariff program.

An additional 1,737 projects are in the queue representing over 221 megawatts. These are projects with an executed NEB Agreement that are not yet operational, or that have filed an application but have not yet executed an NEB Agreement.

Combined, pending and operational NEB projects total 1,098 megawatts.

Monthly, CMP is required to file a summary of net energy billing agreements with the MPUC to provide information used to evaluate the effectiveness in achieving the State policy goals and benefits to ratepayers.[1]

These monthly reports were triggered when CMP reached a threshold of 10% of total maximum load from NEB projects on May 20, 2020, and provide a snapshot of the projected cost impact of the two NEB programs that includes estimated lost revenue ($/year) for kWh Credit projects and estimated costs (gross and net) of the credits ($/year) for the Tariff Rate projects. [2]

These spreadsheets show the estimated NEB program costs to be collected from ratepayers, as you can see in the summary below. Under current conditions, that estimate for both operational and pending projects is $234,829.880.

Summary of Net Energy Billing Agreements

Central Maine Power Company

Through January 31, 2025

	Capacity (kW)	Number of Projects	Average Project Size (kW)	Estimated Annual Production (kWh)	Estimated Annual Delivery Revenue Loss from kWh Netting Agreements	Estimated Annual **Gross** Payments for Tariff Rate Agreements	Estimated Annual **Net** Expense from Tariff Rate Agreements
Operational Projects							
kWh Netting Agreements	468,263.39	14,099	33	760,482,475	$92,880,767		
Tariff Rate Agreements	265,748.48	177	1,501	448,909,131		$90,762,693	$70,956,822
Alternate Tariff Rate Agreements	142,469.02	35	4,071	248,808,962		$33,939,035	$22,961,584
Total	876,480.89	14,311	61	1,458,200,568		$124,701,728	$93,918,406
Active Non-Operational Projects (1)							
kWh Netting Agreements	82,563.00	82	1,007	143,932,932	$17,579,105		
Tariff Rate Agreements	31,885.90	48	664	55,864,097		$11,294,882	$8,830,158
Alternate Tariff Rate Agreements	6,890.00	7	984	12,071,280		$1,646,595	$1,114,010
Total	121,338.90	137	886	211,868,309		$12,941,477	$9,944,169
	221,855.93						
Pending Projects (2)							
kWh Netting Agreements	79,925.43	1560	51	126,596,336	$15,461,717		
Tariff Rate Agreements	20,591.60	40	515	31,921,790		$6,454,107	$5,045,718
Alternate Tariff Rate Agreements	-	0	-	0		$0	$0
Total	100,517.03	1600	63	158,518,126		$6,454,107	$5,045,718
Total Projects							
kWh Netting Agreements	630,751.81	15,741	40	1,031,011,743	$125,921,588		
Tariff Rate Agreements	318,225.98	265	1,201	536,695,018		$108,511,682	$84,832,698
Alternate Tariff Rate Agreements	149,359.02	42	3,556	260,880,242		$35,585,630	$24,075,594
Total	1,098,336.81	16,048	68	1,828,587,003		$144,097,313	$108,908,292

Notes:

(1) Reflects projects with an executed Net Energy Billing Agreement but that are not yet operational.

(2) Reflects projects that have filed an application but have not yet executed a Net Energy Billing Agreement.

(3) Among active operational NEB agreements, there are 614 shared financial interest projects including 14 co-owned projects (1 wind and 13 solar farms).

(4) There are approximately 2,140 Net Energy Billing Agreements with multiple accounts. There are 108 agreements that have not yet defined off-taker accounts.

(5) There are approximately 100,706 customer accounts currently associated with Net Energy Billing Agreements.
Note, some customers may participate in multiple projects, so the actual number of unique number of NEB customers would be less.

(6) CMP Annual Peak Demand for 2024 1665.1

[1] In accordance with Public Law 2019, Chapter 478 (LD 1711)

[2] The complete monthly spreadsheets are available on the MPUC website under Docket No. 2020-00199.

Current NEB-related costs that are being recovered via the stranded cost mechanism are shown below for the period July, 2024 through June, 2025:

Component	$ in millions	Explanation
NEB kWh Netting Program	$19.5	kWh credited x distribution component of rate (@5¢)
NEB Tariff Program	$90.5	Difference between the credit applied and the energy sold to ISO-NE at wholesale NEB Credit = SOP plus 75% highest commercial rate (@20¢)
NEB Capacity Revenue	($0.5)	Chapter 313 Forward Capacity sharing with the utility
NEB Administrative	$0.6	CMP costs to administer the program
NEB Reallocation w/ Versant	$3.4	Policy cost reconciliation between CMP and Versant
NEB Total in Rates currently	**$113.5**	**Collected in the utility service charge**

Annually, projected NEB-related stranded costs are reconciled against the previous year's actuals. These costs are collected by rate class. As you can see below, the monthly fixed cost for a residential customer for NEB-related stranded costs is $7.06. For business customers costs range from $10.31/mo for a small business customer to $20,699.92/mo for a large general service transmission level customer. The allocation of these costs is the topic of a proceeding at the MPUC currently.

CMP Collection of NEB costs Based on Revenue Requirement in Effect January 1, 2025

Rate Class (1)	Assumed Monthly Customer Count (2)	Total Delivery Revenue Requirement (3)	NEB Cost ($) of Total Delivery Requirement	NEB Cost per Month	NEB as a percent of Total Delivery Requirement
Residential Rate A	588,888	$ 687,525,120	$ 49,893,941	$ 7.06	7.26%
A-TOU	4,936	8,423,622	476,799	$ 8.05	5.66%
ALM	166	91,884	2,196	$ 1.10	2.39%
Small General Service (<20 kW)	65,884	98,314,022	$ 8,147,496	$ 10.31	8.29%
Small General Service - TOU (<20 kW)	539	2,191,015	102,291	$ 15.83	4.67%
Medium General Service - Secondary (>20 - 400 kW)	11,808	175,553,927	$ 23,968,004	$ 169.15	13.65%
Medium General Service - Secondary - TOU (>20 - 400 kW)	171	3,489,281	$ 384,456	$ 187.54	11.02%
Medium General Service - Primary (>20 - 400 kW)	210	5,645,158	$ 882,612	$ 350.21	15.63%
Medium General Service - Primary - TOU (>20 - 400 kW)	25	1,382,042	141,717	$ 466.19	10.25%
Intermediate General Service - Secondary (>400 - 1,000 kW)	211	33,780,137	$ 5,325,098	$ 2,103.80	15.76%
Intermediate General Service - Primary (>400 - 1,000 kW)	66	13,051,035	$ 1,843,598	$ 2,322.50	14.13%
Large General Service - Secondary (>1,000 kW)	12	7,978,090	$ 988,961	$ 6,699.96	12.40%
Large General Service - Primary (>1,000 kW)	62	48,833,399	$ 7,313,848	$ 9,880.62	14.98%
Large General Service - Sub-Transmission	52	31,680,106	$ 7,098,131	$ 11,469.76	22.41%
Large General Service - Transmission	27	21,594,896	$ 6,812,527	$ 20,699.92	31.55%
Total	673,058	$ 1,139,533,733	$ 113,381,675		9.95%

(1) Core Rate Classes Only and Optional Rate Classes only - Area/Street Lighting Customers not included
(2) Projected Monthly Number of Customers Billed for 2025. Core and Optional Rate Classes only. Area/Street Lighting Customers not included
(3) Total Delivery Requirement includes Transmission, Distribution, Stranded costs, ELP and EMT – no Supply

We hope this information is useful to you as you deliberate these and future bills around the net energy billing programs. I am happy to answer questions to the best of my ability and will gladly make subject matter experts from Central Maine Power Company available for the work session.

Kathleen Newman
Vice President, Government Affairs
Central Maine Power Company

CMP NEB Programs, Participation and Cost Recovered in Rates

	kWh Program		Tariff Program
	Privately owned	Shared or Community	
Qualifying Projects	Renewable Generators < 1 MW in size[i]		
Eligible Customers (1/31/25)	All electric utility customers (667,044)		Non-residential utility customers (79,179)
Description	• Customer generates kWh which are applied to account(s) • Customer is billed/credited net kWh (use-generation) plus fixed charges • **Credit applies to kWh consumption charges only**	• Customer purchases kWh at a discounted rate which is applied to account(s) • Customer is billed/credited net kWh (use - purchase) plus fixed charges • **Credit applies to kWh consumption charges only**	• Customer is credited NEB Tariff rate based on their share of facility's output • Credit applies to all charges (fixed, demand and energy/ T&D and supply[ii]) • Customer is billed anything not offset by credits
Participants[iii]	74,528		3,640
Cost[iv]	$19,500,000		$90,500,000
NEB stranded costs	• Utility lost revenue associated with difference between kWh customer consumed and the kWh customer is billed • Example: Customer consumes 750 kWh, received 500 kWh NEB credit and is billed 250 kWh • Stranded cost results from 500 kWh times the distribution component of utility rate (@5¢ for residential customer)		• NEB Tariff Rate credit[v] is SOP price plus 75% highest commercial rate multiplied by the customer's share of project. • Stranded cost = tariff credit less wholesale value of energy

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[i] Renewable generators <5MW modified by legislation now currently less than 1MW
[ii] Customer bill could be $0 – avoiding share of stranded cost.
[iii] As of 1/31/25. Count of participants reflects unique customers. Customers may be enrolled in multiple prog
[iv] NEB stranded costs in CMP rates (7-2024 thru 6-2025)
[v] MPUC sets the tariff rate and alternate tariff rate annually