Testimony of Jeffrey Jones, P.E (jeff@jonespe.com) in Support of:
(L.D. 32) Bill "An Act to Repeal the Laws Regarding Net Energy Billing" (SP0049),
(L.D. 257) Bill "An Act to Eliminate the Practice of Net Energy Billing" (SP0124),
(L.D. 450) Bill "An Act to Lower Electricity Costs by Repealing the Laws Governing Net Energy Billing" (HP0304),
(L.D. 359) Bill "An Act to Prohibit Net Energy Billing by Certain Customers" (SP0146), and
(L.D. 515) Bill "An Act to Reverse Recent Changes Made to the Law Governing Net Energy Billing and Distributed Generation" (HP0333)

Senator Lawrence, Representative Sachs and esteemed members of the committee. I am Jeff Jones, I live in Bangor, and I run Maine Power LLC, the Standard Offer Provider for the Large Class of customers for most of the state. I am a licensed Professional Engineer with an MBA. I have worked in the utility industry for almost fifty years, forty of those with a major utility where I served in many functions, but I always thought that my job was to try to save money for our customers, while maintaining reliability. I also volunteer with the Citizens' Climate Lobby, but today I am here as a concerned citizen and former utility rates manager in support of revising our Net Energy Billing (NEB) laws. Most of you know me from the last two sessions, when we got bipartisan legislation passed to limit the costs of the old existing renewables, saving customers (in my estimation) about $30 million dollars per year. That fixed an unforeseen public policy problem in the original renewable legislation. I am here today speaking in favor of the concept of these five bills before you because they try to fix a much bigger problem in the NEB and even the Restructuring legislation, going back to the 1980s and 1990s.

Net Energy Billing (NEB) credits originated as a subsidy to encourage renewable energy generation and allow customers to use the electricity they produce themselves. These customers rely on the grid, the transmission and distribution system to conceptually store the energy they produce and conceptually return it to them when they need it. I say conceptually because It's not their energy that they get back.

To me, rooftop solar is like home-grown tomatoes. They are wonderful when they are ripe, but when they ripen and you have more than you can eat, you can't take them to the grocery store in exchange for retail tomato credits that you could later use to have the store give you tomatoes in the off seasons. That would not make economic or common sense.

NEB was set up BEFORE Deregulation, when utilities owned generation and supplied all of the power. It gave credits for excess solar energy production to small customers at the full retail electricity rate, which includes the supply price of the electric supply PLUS the costs of transmission and distribution (T&D). There was no separate supply price at that time, but a combined T&D and supply price. On a value basis, they should only have been given the wholesale spot energy price as credit for the excess energy they produce. Even credits equal to the total retail supply price (including other supply costs such as capacity, regulation, losses, reserves and other ancillary costs) would have

been a subsidy by itself. When they get a free ride on the T&D and supply system, it is left to the non-solar homes and businesses to pay for the T&D and other costs for the solar producers, which is clearly unfair.

NEB's impact became huge when the limits on the number of units and size increased to allow large solar farms to open for business. With the NEB rate these largely out-of-state solar developers profit from reselling their wholesale energy to users at a higher retail rate than they would get in the energy market, and the developers pocket most of the difference as profit.

As an example of the subsidy, a fully solar home in the CMP territory pays the $27 base fee for their connection to the grid and a small amount of energy (50 kWh). The actual T&D cost for CMP to serve a residential customer, whether they have solar or not, is more like $92. That other $65 has got to come from somewhere and it comes from other customers. I do not think it's fair for my lower income neighbors or those who rent their homes to subsidize my share of the T&D costs.

I have solar panels, and I rely on the T&D system to absorb the excess energy I produce and give energy to me at the peak demand hours when I and the whole community need it most, which is often after sunset or in the winter when the sun is low or the panels are covered with snow. If it were not for my connection to the grid, I would need to add the cost and maintenance of batteries to my solar system. Even with storage, I would need a backup source, like an individual generator (which I believe would be an uncontrolled source of pollution).

The NEB rule made no economic sense and was bad public policy because it was never cost-based. When we don't design cost-based rates, we get some bad outcomes like the gold rush of mostly out-of-state solar developers that caused huge costs to consumers. As another example, we have the loss of the Milo chip mill and its employment. It was reported to be shuttering due to the implementation of the Public Policy Charge to cover the NEB subsidy.

NEB rules should be modified to give credits to solar producers for their generation of wholesale energy, but not for T&D and other costs. It is possible that some grandfathering of existing installations might be appropriate. I do want to foster the growth of alternative low carbon energy but there are other ways to do it that are more equitable and cost-based (like a carbon pollution tax) but that is a subject for other legislation. I hope you will agree to support the basic reason for these bills and modify our rate structure for solar energy production before it causes more economic harm to customers.