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DRAFT TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act to Prohibit Net Energy Billing by Certain Customers

L.D. 359

**GOVERNOR'S ENERGY OFFICE
February 27, 2025**

Senator Lawrence, Representative Sachs, 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 neither for nor against the proposed sponsor amendment to L.D. 359.

Net energy billing (NEB), or net metering, was restored by P.L. 2019, ch. 16, and expanded by P.L. 2019, ch. 478, and is the state program that has promoted the installation of distributed generation (renewable energy less than 5 megawatts). Net energy billing has stimulated substantial solar development, increasing the volume of new renewable energy in Maine and contributing to our state energy and emission reduction goals. Resources participating in net energy billing interconnect to the distribution grid, and can provide a variety of benefits, recently reported by the Public Utilities Commission (Commission), to both the entity where electricity is generated – at residences, businesses, schools, and other institutions – as well as to the overall electrical grid such as improved winter reliability and a reduced share of regional transmission costs for which the state is responsible. While some of the benefits provided by these projects are achievable through other avenues, some are unique to distributed generation.

Today, there are nearly 114,000 customers participating in net energy billing across more than 16,000 projects, both rooftop and larger shared projects. These participants include our neighbors, municipal governments, school districts, water districts, housing authorities, shelters, grocery stores, large manufacturers, breweries, and the state's colleges and universities. Many of these entities originally sought to participate in the program in order to stabilize their own electricity rates after experiencing record volatility driven by natural gas prices in recent years.

Since 2019, the program has gained significant interest, more than most imagined when the program was first proposed. Markets have also evolved substantially in recent years. In response, GEO has worked with this Committee and the Legislature on three occasions to provide clarity on the scope of the programs, to phase out and reduce the costs of the programs, and to ensure the benefits are accurately valued. These modifications include sunseting the program so that no new projects over 1 MW are able to qualify for the program as of January 1, 2025. GEO continues to be mindful of the costs of the program, and particularly how the costs and benefits are distributed amongst different classes of Maine ratepayers through rate design. We also remain mindful of the significant long-term investments

that have been made to date by private companies and program participants operating under the rules of the program as established by the Legislature to date.

We appreciate that L.D. 359 does not nullify the kilowatt-hour credit program which has been widely popular, and that the proposed sponsor amendment to the bill preserves the ability for customers to participate in shared community solar projects. From our initial reading of the proposed amendment, it primarily focuses proposed changes on compensation to tariff rate projects, those that make up a majority of net energy billing related stranded costs today.

GEO does not yet have a position on these specific changes, but we have been a willing partner on several proposals over the years to modify these programs in a measured way and are willing to again work with this Committee and stakeholders to consider reasonable proposals to ensure the state's programs meet our shared goals to advance an energy system that is more affordable, reliable and clean for the benefit of our state. As proposals are discussed, we would like to fully understand the potential ratepayers savings that could be achieved and what the full set of implications may be for the future of net energy billing and other energy policies as a result of any potential changes.

We look forward to having these discussions with you.

A handwritten signature in black ink that reads "Caroline Colan". The signature is fluid and cursive, with the first name "Caroline" and last name "Colan" clearly distinguishable.

Caroline Colan, Legislative Liaison
Governor's Energy Office