



DIRIGO COMMUNITY SOLAR GROUP

44 THOMPSON STREET, BRUNSWICK, ME 04011-3026

Tel: [207] 729-7624 Cell: [207] 751-9437 Email: slweems@gmail.com

Testimony in Opposition of the Sponsor Amendment to LD 359 An Act to Prohibit Net Energy Billing by Certain Customers

Steven Weems, President, Dirigo Community Solar Group

To the Joint Standing Committee on Energy, Utilities, and Technology

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NOTE: Includes key concepts related to other potential NEB bills (pages 3 – 4)

Senator Lawrence, Representative Sachs, and other distinguished members of the joint Standing Committee on Energy, Utilities, and Technology: my name is Steve Weems, volunteer President of Dirigo Community Solar Group (“Dirigo CSG”), and former Executive Director of the Solar Energy Association of Maine. Dirigo CSG is a nonprofit association of 15 smaller (under 250 KW), customer-owned community solar farms, with about 200 individual owners who have invested directly in their own solar equipment in these projects. Dirigo CSG shares Maine’s motto with Dirigo Solar, but has no affiliation with Dirigo Solar, which does larger projects owned by third-party investor(s).

Dirigo CSG arises to emphatically oppose the Sponsor Amendment to LD 359 (LD 359), which we think would result in an unjustified (and unnecessary) betrayal of Maine’s longstanding covenant with Maine people who are willing to directly purchase solar equipment to produce clean, renewable energy. LD 359 may appear to be more reasonable than bills that would eliminate net energy billing (NEB) completely, but it would turn the clock back to the dark energy policy days of a previous era and severely

limit new distributed energy resources, effectively eliminating commercial and institutional participation in the NEB program. These Maine customer-owners (residential and business) put their own money into residential rooftop, on-site ground-mounted solar arrays, and off-site community solar farms within the established economic parameters of the NEB program authorized by the legislature and administered by the Maine Public Utilities Commission (PUC). These customer-owners are a subset of all the Maine people participating in the solar energy industry, distinguished by owning their own solar equipment to supply their own electricity needs. They depend on a net energy billing system.

In our view LD 359, with its severe restrictions, would be a draconian action that would squash the leadership role played by ordinary Mainers in the drive toward distributed, clean, renewable energy. It also would be unnecessary and unjustified, for two principal reasons:

- 1) Based on the pipeline of proposed projects from two years ago, over 90% of the costs being characterized as stranded costs associated with NEB by CMP and Versant are associated with existing NEB projects in the larger 1-5 MW range. Legislative action in 2023 eliminated additional projects of this scale from the NEB program; and
- 2) Economic analysis commissioned by the PUC and in other New England states shows that the costs of NEB to utilities are offset wholly or substantially by a combination of utility reduced costs plus societal benefits associated with solar distributed energy resources.

We hold that these reasons are a strong justification to reject LD 359 in its entirety.

We also think the Committee, the full Legislature, and the PUC are justified in building on the changes enacted previously in the NEB program by the 130th and 131st Legislatures, continuing a process of improvement and refinement. We further suggest that certain key concepts be kept in when doing this work. We offer the following thoughts in this respect.

- 1) Maintain a healthy balance in the scale of renewable energy projects consistent with Maine's climate goals, with a continuing commitment to smaller, customer-initiated and owned distributed energy projects as a necessity to create grassroots support and broaden the Maine pool of capital for clean energy projects, specifically from residential and other retail electricity customers.
- 2) Recognize that electricity customers investing in smaller, retail distributed energy projects need a viable, stable system of net energy billing (NEB) to interface with the grid. This is necessary to support their commitment to be part of the solution and maintain a robust grid with the maximum number of utility customers (by not creating a customer desire to get off the grid).
- 3) Base any changes in NEB on a consideration of all the benefits and costs of the smaller projects that remain eligible for NEB, including both benefits accruing to all electricity ratepayers through reductions in utility costs and societal (off-bill) benefits to all Maine people (e.g., the benefits of greenhouse gas reductions and other positive environmental attributes).
- 4) Look for innovations in NEB to increase the benefits to all ratepayers and Maine people (e.g., pairing with battery storage initiatives; valuing electricity by time of generation and use factors).
- 5) Ensure that changes in the NEB program apply only to future projects, and are not retroactive to negatively affect built projects. This reflects longstanding energy policy and is a matter of basic fairness to owners and investors in established projects.
- 6) Focus exclusively on the delivery (transmission and distribution) component of the responsibility of utilities to provide electricity. In a deregulated system, customers are entitled to choose their own electricity supplier, including supplying themselves. When looking at delivery rates, consider all the factors included in number 3) above.
- 7) Recognize that all electricity customers who invest directly in solar equipment, and own such equipment (customer-owners) are fundamentally the same, wherever this

equipment may be located (e.g., on top of their roof; on a behind-the-meter, on-site ground-mounted system; or at an off-site community solar farm). Customer-owners who invest their own cash in off-site community solar farms essentially are “rooftop refugees,” who go this more expensive route (to them) because they cannot use their roofs, for one reason or another. As project owners, it is not fair to lump owners of this type of community solar farm in with participants in subscription-style projects (large or small). We think members of customer-owned community solar farms should be included in an overall customer-owner class, treated the same way as residential rooftop equipment owners from a policy perspective. Such rooftop refugees, a description that fits the individual members of projects included in Dirigo Community Solar Group, have to incur additional costs (e.g., land rent, additional insurance) not borne by rooftop customers to generate clean energy.

- 8) Create additional provisions for low and moderate-income people, enabling them to participate in the NEB program, via such innovations as monetizing any available tax credits or rebates; encouraging the cooperative form of project ownership (where the customers actually own the entity that invests in the generation equipment); and other ways to create equity with zero up-front investment requirements or limited special debt that is self-liquidating from subsequent project customer energy savings.

Note: The author is a member of the Board of Directors of **Our Power**, a Maine nonprofit which has a mission to *“drive change toward energy democracy and a more just and rapid transition to clean energy independence in Maine.* Our Power supports this testimony.