



Natural Resources Council of Maine

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Testimony in Opposition to LD 359, An Act to Prohibit Net Energy Billing by Certain Customers

By Rebecca Schultz,
Senior Advocate for Climate and Clean Energy
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Senator Lawrence, Representative Sachs, and members of the Joint Committee on Energy, Utilities and Technology, my name is Rebecca Schultz. I am a Senior Advocate for Climate and Clean Energy at the Natural Resources Council of Maine (NRCM). NRCM is Maine's leading nonpartisan environmental advocacy organization with nearly 24,000 members and supporters statewide, on whose behalf I am testifying today in opposition to the Sponsor's Amendment to this bill (dated February 21, 2025).

The main points of my testimony can be summarized as follows:

- **If enacted, LD 359 would haphazardly and retroactively slash Maine's net energy billing (NEB) program in ways that contradict the basic cost-causation principles of rate making and the way Maine's electricity system functions.**
- **What the bill is proposing amounts to drastic cuts that would strand millions of dollars of assets in existing projects and kill new investments in rooftop and community-scale solar in Maine.**
- **The proposed amendment would ultimately penalize Maine households, businesses, nonprofits, schools, and municipalities, who, as early adopters, sought to use this program to invest in the state's clean energy future and reduce their electricity bills. These are the entities that bear the rate risk.**
- **In pegging compensation back to the standard offer, the sponsor's amendment would subject the program to the same volatile fossil fuel market prices and misguided policy design that caused program costs to skyrocket back in 2021. We need to learn from our mistakes.**

There is no justification for charging Maine solar customers full transmission and distribution prices. Section 1 of the bill proposes to limit compensation to the supply value for the entire kilowatt-hour (kwh) program, including new and existing projects. This would force Maine people and businesses with solar to pay the full transmission and distribution (T&D) price to deliver extra unused electricity to the grid, even if it is used next door.

Electricity in this program is produced locally and consumed locally and therefore largely avoids the upstream T&D system. For example, because of this local generation, Maine doesn't need to use the regional grid as much as we otherwise would need to use it. Those savings come back to us through a lower apportionment of the shared regional transmission costs, reducing delivery rates for all Maine people.

In fact, transmission and distribution benefits are the largest category of benefits for solar projects connected to Maine's distribution system. According to expert consultants engaged by the Public Utilities Commission (PUC), these benefits provided more than \$44 million in real monetized savings in 2023 (Figure 1).¹ These savings flow to Maine ratepayers through various ratemaking and settlement processes between the regional grid operator, the local utilities, and regulators, reducing rates across the board. To be clear, these delivery benefits are real monetized savings through avoided costs that otherwise would have to be paid by all Maine ratepayers.

The sponsor's amendment is therefore proposing to charge Maine solar customers for the very benefits they are providing. This not only violates a basic principle in rate making of "cost causation," i.e., that a customer should pay for the cost they cause a utility to incur, but it turns it on its head.

An important question for this committee is where would these extra payments go? If we retroactively change these programs to make Maine people and businesses start paying Central Maine Power (CMP) and Versant extra to deliver clean electricity to the local grid, who gets those payments?

Sections 4 and 5 of the bill would impose similar retroactive changes on the tariff rate program, limiting compensation to energy supply and forcing local solar facilities to pay full transmission and distribution rates to provide electricity to the grid, despite the fact that many of these projects have already paid for significant infrastructure upgrades to the T&D system in order to connect. These changes would cause similarly drastic and unreasonable changes to project finances for the 250-some projects in this program that are built and operational across Maine.²

For operational community-scale projects in either the tariff or kwh programs, the rate risk is ultimately borne by off-takers, i.e., those who have contracted to purchase the clean electricity. These are the Maine people, businesses, nonprofits, schools, and municipalities, who, as early adopters, sought to use Maine's net energy billing program to invest in the state's clean energy future and reduce their electricity bills – this is who LD 359 would ultimately penalize.

Sections 2 and 3 of the bill proceed to make additional incremental restrictions to new community solar projects. By limiting off-takers to an arbitrary number of 10, the bill would make the program only eligible to larger electricity consumers, effectively stripping residential and small businesses of the option of participating in a shared ownership model and lowering their electricity bills. Why should the program be amended to benefit larger but not smaller consumers?

There are other concerning inconsistencies and gaps in the sponsor's amendment, but a final and important point I would like to highlight in my testimony is that **the bill notably fails to learn from our mistakes.**

It would peg compensation back to the standard offer and the volatile market forces that caused program costs to skyrocket back in 2021 due to natural gas. As long as costly and volatile fossil fuels

¹ Maine Public Utilities Commission, Sustainable Energy Advantage, February 2025, Table 1 page 2, available at <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/ViewDoc.aspx?DocRefId=%7b70FBE194-0000-C81C-BF85-CB3016F45C00%7d&DocExt=pdf&DocName=%7b70FBE194-0000-C81C-BF85-CB3016F45C00%7d.pdf>

² Utility monthly NEB filings, docket number 2020-00199.

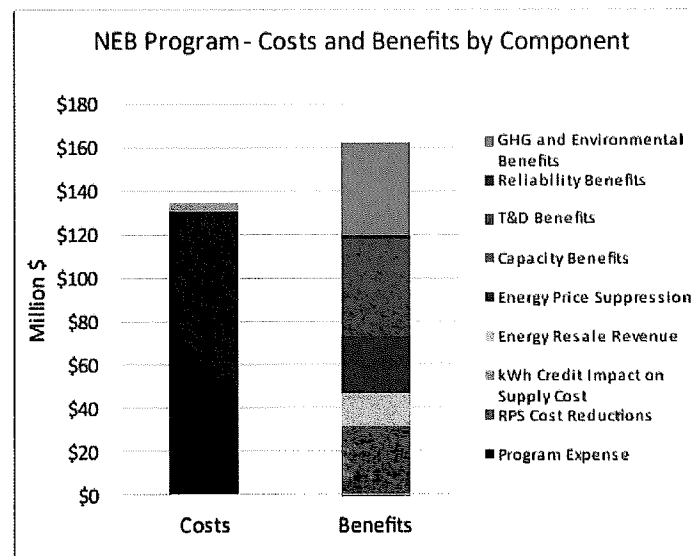
dominate our electricity markets and determine the prices we pay for regional electricity, this is not a smart approach.

I believe we all share the goal of reducing Maine energy costs and protecting low-income people, and there are solutions that this committee can work toward:

- Reform the Low-Income Assistance Program (LIAP) and put sufficient revenue into the program to meaningfully reduce the energy burden of Maine families.
- Ensure Maine launches its Solar for All program based on the Distributed Generation 2.0 stakeholder recommendations,³ with or without precarious federal funding,⁴ to bring the benefits of clean energy to low-income households.
- Investing more in beneficial electrification through the Efficiency Maine Trust, whose programs over the coming three years will have direct rate suppressive effects of \$492 million.⁵
- Working to protect federal clean energy programs that have brought \$2.2 billion in direct and induced investments to Maine for cost-saving clean energy technologies.⁶
- Continuing to invest in Maine-based renewable energy for stable, affordable energy over the long term.

NRCM opposes this bill, and we urge you to vote **Ought Not to Pass**. Thank you for this opportunity.

Figure 1 – Calendar Year 2023 NEB Program Summary Cost and Benefit



Source Maine Public Utilities Commission⁷

³ https://www.maine.gov/energy/sites/maine.gov/energy/files/inline-files/Final%20Report%20of%20the%20DG%20Stakeholder%20Group_with%20appendix.pdf

⁴ <https://www.eenews.net/articles/epa-cuts-off-ira-solar-money-already-under-contract/>

⁵ <https://www.efficiencymaine.com/primary-benefits-of-triennial-plan-vi/>

⁶ <https://www.nrcm.org/news/report-federal-climate-programs-invest-maine/>

⁷ SEA Feb 7, 2025 update: <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/ViewDoc.aspx?DocRefId=%7b70FBE194-0000-C81C-BF85-CB3016F45C00%7d&DocExt=pdf&DocName=%7b70FBE194-0000-C81C-BF85-CB3016F45C00%7d.pdf>