MREA
Maine Renewable Energy Association

Committee on Energy, Utilities and Technology
% Legislative Information Office
100 State House Station
Augusta, ME 04333

April 10, 2025

Re: Public Hearing, LD 1317, An Act to Promote Responsible, Cost-effective Energy in Maine by Amending the Tariff Rates Applicable to the Commercial and Institutional Net Energy Billing Program

Dear Senator Lawrence, Representative Sachs and Members of the Committee:

Thank you for the opportunity to share testimony in opposition to LD 1317, *An Act to Promote Responsible, Cost-effective Energy in Maine by Amending the Tariff Rates Applicable to the Commercial and Institutional Net Energy Billing Program*, on behalf of the Maine Renewable Energy Association (MREA). MREA is a not-for-profit association of renewable energy producers, suppliers of goods and services to those producers, and other supporters of the industry. Our member companies include wind, solar, hydropower, biomass, and tidal energy generators and developers of such projects, as well as companies that provide services to those producers, such as environmental engineers, electricians, and general contractors.

LD 1317 proposes changes to the commercial and industrial ("tariff rate") program within the net-energy billing (NEB) program. Specifically, the bill proposes to shift "original rate" tariff projects to the "alternative rate" beginning January 1, 2026[1], to remove the 2.25% escalator that currently accompanies "alternative rate" projects beginning in 2025, and to shift all tariff rate projects to 12¢ per kilowatt-hour between 2027 and 2028. MREA opposes this legislation because these substantial, retroactive cuts may render projects unviable, impacting the Maine municipalities, school districts, and businesses that have a financial stake in the NEB tariff rate program.

An eventual shift to 12¢ per kilowatt-hour represents a 50% reduction in credits to original rate projects and a 30% reduction to alternative rate projects. This is not sufficient to satisfy commitments to project lenders and could result in projects defaulting on their financing obligations. Alternative rate projects are particularly sensitive to rate reductions because the

[1] The "original rate" is the rate afforded to commercial and industrial NEB customers that entered the program when it was originally conceived by the Maine Legislature and that was tied to the standard offer rate. The Maine Legislature eliminated that rate for projects starting construction after September 1, 2022, shifting to what is now known as the "alternative rate".

majority of those projects were financed at a time when interest rates were very high (post-pandemic). The financial harm caused by defaulting on financing obligations could be shared by offtakers through a reduction or elimination of bill credits - credits that offtakers have made investment and budgetary decisions on, assuming the program would remain in place.

Offtakers include over 60 Maine schools and school districts, including Foxcroft Academy, RSU 9 (Farmington area), Veazie Community School, Millinocket, Madawaska, and RSU 73 (Livermore Falls area); at least 40 municipalities such as Presque Isle, Auburn, Limestone, Bucksport, and Rumford; and businesses like Hannaford, L.L. Bean, Pleasant River Lumber Company, and Oakhurst Dairy. Each of these entities utilize the NEB program to save on their utility bills, entering long-term contracts that inform long-term financial planning.

The Maine Legislature has rolled back this program three times. Each time, it has specifically avoided retroactive changes, with the concerns our testimony includes in mind. The 130th Legislature restricted eligibility to projects operational by the end of 2024 and significantly reduced compensation for tariff rate projects starting construction after September 1, 2022. The 131st Legislature effectively ended the NEB tariff program and further restricted the eligible project size of projects in the kWh Credit Program, as well as required the MPUC to formally account for program costs and benefits, which will likely reduce the impact of the program on ratepayers.

For these reasons and more, MREA strongly urges the Committee to vote 'Ought Not to Pass' on LD 1317.

Sincerely,

Eliza Donoghue

Eliza Donoghue, Esq.
Executive Director