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Committee on Energy, Utilities, and Technology

Senator Lawrence, Representative Sachs, fellow members of the Committee on Energy, Utilities, and Technology, I'm Steve Foster, Representative for House District 32, serving Charleston, Dexter, Exeter, Garland, Stetson, and a part of Bradford, here to present LD1321, "An Act to Reform Net Energy Billing by Establishing Limitations on the Program's Duration and Compensation".

I will not spend time replaying the history of Net Energy Billing since LD1711 was reported out of this committee on June 14th, 2019. If you wish to review that information, I'll direct you to my recent testimony in support of LD32. I will also refrain from a discussion on the ill effects it's had on ratepayers in the State. It's well known by now that early predictions of the extra cost were much lower than actual, with the current number nearing \$200 million per year, possibly heading to \$240 million in the near future.

I'm also not going to spend time arguing whether ratepayers are benefitting from things they don't see financially, offsetting what they do see in their bills each month. I'll leave that to the PUC, OPA, and GEO to debate as they defend the reports they paid consultants to provide after researching all aspects of the cost vs. gain of NEB.

I'm not going to try to persuade you on whether the extra cost of NEB should be called Stranded, or Public Policy, or Above Market. I'll simply rest on the answer I received when I asked a renewable energy lobbyist during a recent hearing on another bill, if no matter how the extra costs of NEB are divvied up is the total amount still the same. The answer of course was "Yes".

The intent of this bill is to address the excessive cost we placed on Maine ratepayers while doing little or nothing the last few years to help relieve that burden. It's time to make some changes, so let's talk about what LD1321 with the Sponsor's amendment will do.

Sec 1. 35-A MRSA ss3209-A, sub-ss1,C.

NEB projects will now pay for Transmission & Delivery costs on the kilowatt-hour credits they have banked when they use them. They will still not be charged for T&D when sending their extra kwh's to the grid and they will still realize the retail rate for those kwh's, not wholesale. This will help to fund the transmission infrastructure we all use and relieve some of their subsidy other ratepayers are currently funding. Most of the many roof top solar owners I've talked with or shared emails with over the last two or three years were okay with this once they understood how the current program works. Their biggest concern was losing their NEB capability, with lapsing credits coming in a close second.

Sec 3- 3209-A,ss 10.

This change reduces the project size qualifying for Net Energy Billing to 60 kilowatts or less. This keeps Maine well above the project cap in Massachusetts, which was raised to 25kw last year. It maintains most, if not all roof top or back yard behind the meter solar projects. The current 1 megawatt limit allows a continued growth of NEB that is not sustainable. This came to light when I read an emailed solar company ad wanting me to join and proclaiming they're now going after all the 1MW projects they can find. This section also reduces the number of customers for a project (10) and the number of projects a customer may have an interest in (5).

Sec 4- ss3209-A,ss 11.

This section sets the termination date of the NEB benefit of a project to 20 years after the execution of an agreement or Dec. 31, 2045, whichever comes first.

Sec 5- ss3209-A,ss 12.

This section requires the NEB project's Renewable Energy Credits to be sold in Maine.

Sec 6- ss3209-B,ss 5.

This section removes the added 75% of the T&D rate from the tariff rate compensation for a NEB participant with a distributed generation resource.

Sec 7- ss3209-B,ss 5, A-1.

This section is changed to set the tariff rate for an NEB distributed generation customer not governed by paragraph A at the standard offer of the rate class of the customer receiving the credit on Dec. 31, 2020.

In A-1 (1) & (2), the 75% of T&D rate and the annual increase is removed.

Sec 8- ss3209-B,ss 9.

This section sets the termination date of the NEB to 20 years after the execution of an agreement or Dec. 31, 2045, whichever comes first.

Sec 9- ss3209-B,ss 10.

This section requires the NEB project's Renewable Energy Credits to be sold in Maine.

Sec 10- ss3209-F.

This section provides a new “off ramp” for any NEB or Tariff Rate project whereby the PUC may set the amount of compensation providing the project owner with a reasonable rate of return. This is similar to what was proposed as a part of LD1347 in the 131st Legislature which was voted down in the Senate.

The opportunity that was placed in statute as part of LD1986 passed by 131st Legislature, offering developers the ability to move from NEB to long term contracts at a bid price acceptable to the PUC, is retained, keeping it as an option, should a project wish to pursue it.

As with past attempts at reducing the costs of Net Energy Billing for Maine ratepayers, we’ll once again hear that we cannot now change what was done by the Legislature in the summer of 2019. Of course, we know that’s not true. Unlike the contracts bid by grid scale solar companies for fixed contracts starting at a few pennies a kwh, a new Legislature can certainly change the parameters of NEB in statute, just as was done by the 129th Legislature with LD1711.

We’ll also hear about the many Maine green energy jobs that will be lost if we make these changes. That’s contrary to what I’ve seen the last few years as I pass by large solar projects during my travels. Once an installation is completed and the out of state vehicles have left, I have never seen anyone at those sites indicating there’s ongoing employment, not even a person to sweep away the snow from panels yesterday morning. Maybe you’ve seen something different.

Some will raise concerns about the poor solar developers or their investors who’ll be greatly affected by the reduction in their windfall profits. Now, there’s a nasty term we’ve heard in the past associated with other producers of products we need, like gasoline, pharmaceuticals, farm goods, or even COVID era toilet paper. But, as I contemplate rumors of some developers who’ve managed to afford properties on the Maine coast or the recent local news story of the owner of one of Maine’s smaller solar companies a few years ago, who is now able to take a year’s long sabbatical in Scandinavia, while his now much larger company flourishes, other folks in Maine come to mind.

So, as you consider the fate of LD1321, please take a moment or two to remember the many we represent with a different view of the effects of NEB. We pass by them every day. There’s the retiree forced to take part time work at the convenience store in order to supplement their social security, cashing out the lunch pail union worker headed for the mill or the shipyard, who’s supporting a family and wondering how they’ll pay for college and why their electric bill has increased so much overnight.

Think about the average homeowner, maybe a born and raised Mainer living in the coastal home their grandparent was born in, who now, along with rising property taxes, faces higher electric bills to help pay for their well to do neighbor's recently installed solar panels and their free use of the transmission system they enjoy to move the extra power their system produces.

I could go on and talk about the employers who are faced with huge increases in their electric bills and their concerns about continuing the business, or those like Milo Chip who already made their painful decision, but I won't. You've heard it all before.

So, it's up to you sitting at this horseshoe. Who do you help? Will it be those who can afford to send high paid lobbyists here to protect their profits or those who struggle to afford their day to day existence, with no extra to donate to a political campaign, only left with one thing in hand, a ballot?

Thanks for listening. I hope you'll join me in supporting this bill and all the citizens of Maine we represent.

Thank you.
Respectfully submitted,
Steve Foster
State Representative