



April 10, 2025

Senator Mark Lawrence, Chair
Representative Melanie Sachs, Chair
Committee on Energy, Utilities, and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony in Opposition to LD 1321

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

Please consider this testimony in opposition to LD 1321. The Coalition for Community Solar Access (CCSA) is a national Coalition of businesses and non-profits working to expand customer choice and access to solar for all American households and businesses through community solar. Our mission is to empower every American energy consumer with the option to choose local, clean, and affordable solar.

LD 1321 contains a large number of reforms to the Net Energy Billing (NEB) program that will result in a complicated, piecemeal, and non-functional program. Ultimately, all the reforms are retroactive changes that will harm customers, cause defaults on debt and other obligations, and erode investor and consumer confidence in Maine. The bill would remove access to solar benefits for thousands of Mainers, removing their ability to realize the energy savings they are counting on, and will cause ripple effects beyond impacts to NEB project owners to Mainers in all corners of the state.

This bill includes drastic cuts to the compensation level of projects. By removing the distribution and transmission components of the compensation rate for projects under either Section 3209-A or 3209-B, LD 1321 reduces project revenues by approximately 50% or more. This level of compensation reduction is simply untenable for operational projects that already have firm commitments and incredibly limited options to reduce ongoing costs. Project sponsors will not be able to continue to offer the 15-20% bill savings to their enrolled customers, in many cases violating signed customer contracts. Concerningly, projects will not be able to make loan repayments, defaulting on debt and potentially causing bankruptcy. Widespread defaults due to a change in policy will have stark chilling effects on any future investment in Maine. Further, there is no sound basis for removing the delivery components of the compensation rate, when there are verified, documented benefits to the distribution system resulting from these projects.¹

CCSA is particularly concerned that this bill treats differently situated projects as the same. It applies the same rate reductions to projects in both the kWh credit program and the commercial tariff rate program, despite very different customer bases and net benefits of the two programs. It applies the same rate haircut to projects despite their size and when they began development, while those factors result in extremely different economics - a sub 1 MW project that is currently

¹ Sustainable Energy Advantage 2023 and 2024 Net Energy Billing Net Benefits Report



in development faces much higher equipment costs and interest rates than a 5 MW project that was built before the COVID-19 pandemic.

Section 10 of LD 1321 as amended would allow the PUC to reconfigure rates to allow for a “reasonable opportunity” for the recovery of “reasonable costs” at a “reasonable rate of return.” What constitutes “reasonable” in all these instances is incredibly subjective, and the result of such an analysis would not be uniform across all operating projects. It is logical to use a “representative” project to set incentive or compensation levels on a forward looking basis for a new program or a new tranche of a program, where projects are in early stages of development and prior to making firm financial commitments can choose whether or not to pursue the opportunity based on the offered rate. A “representative” project is one based on medians or averages that does not actually exist in real life - some projects will have costs that are higher, some that are lower. Thus, setting a compensation rate based on a “representative” project will create winners and losers. In this case, the “losers” will be constructed, operational projects that have real customers, real debt, real contracts, leases, and operations and maintenance agreements. Further, if this section is governed by major substantive rules, the legislature will have approval authority over the rate setting process, which creates an additional step and lengthy delay in the process, increasing the level of uncertainty as to the applicable rate that applies to projects at any given time.

Regarding Section 3 of the bill, which limits projects to 60 kW and no more than 10 shared financial interest customers after November 1, 2025, CCSA has concerns regarding the lack of specificity as to how those new limitations apply to existing projects or projects under development. While we assume that the introduction of the date and the mention of the good cause exemption process indicates that the limitation was intended to apply to projects that have not reached a certain milestone by November 1, our interpretation of the language as written is that any *operating* project larger than 60 kW would no longer be eligible for NEB after November 1, and would be left in the lurch with no clarity as to how it is to continue operation.

Finally, we also have concerns regarding the bill’s requirement for all NEB projects to sell RECs within the state, and doubts that such a restriction is legal under the Commerce Clause. Most operating NEB projects are already under contract for their RECs, and for any of those contracts where the buyers are out of state, the statute would undermine those agreements. This may also have an unintended consequence of depressing Maine Class I REC prices by causing a sudden influx of supply of RECs. Such price depression will further cut revenues to projects and erode their ability to meet ongoing obligations. It will also impact renewable generators outside of the NEB program, who will suffer a loss from lower REC revenues.

We appreciate the opportunity to provide CCSA’s feedback on this bill. We urge the committee to vote Ought Not to Pass, and are happy to provide further information upon request.

Sincerely,

/s/ Kate Daniel
Northeast Regional Director
Coalition for Community Solar Access