



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

April 10, 2025

Re: Public Hearing, LD 1321, An Act to Reform Net Energy Billing by Establishing Limitations on the Programs' Duration and Compensation

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

Thank you for the opportunity to share testimony in opposition to LD 1321, *An Act to Reform Net Energy Billing by Establishing Limitations on the Programs' Duration and Compensation*¹, 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 1321 proposes to make substantial changes to the net-energy billing (NEB) program, including eventually sunsetting the program and retroactively and prospectively cutting credit values such that the majority (if not all) of current and future projects would be rendered unviable. Our testimony specifies the impact of each element of the bill—impacts that will be borne by the thousands of Maine municipalities, school districts, businesses, and residents that have a financial stake in the NEB program.

LD 1321 proposes to eliminate the transmission and distribution rate from the kilowatt hour (kWh) credit program and the commercial and industrial (“tariff rate”) program. At today’s rates, this would reduce the credit value for kWh projects by 53%, for “original rate” tariff projects by 67%, and “alternative rate” tariff projects by 50%. Not only would this cause projects to default on their financing obligations, which would befall offtakers, but wholly disregards a fundamental benefit of distributed generation (DG) projects. Electricity produced by these projects is utilized locally and therefore does not tax the transmission and delivery grid like non-distributed electrical generation, the utilization of which drives the cost of transmission and

¹ MREA's testimony is responsive to the Sponsor's Amendment shared with Energy, Utilities and Technology Committee Interested Parties on April 8, 2025.

delivery. To eliminate the transmission and distribution rate from the credit does not properly acknowledge this benefit.

Prospectively, LD 1321 would limit the size of kWh program projects to 60 kilowatts. This would functionally eliminate community solar. Sixty kilowatts could support *perhaps* 10 households, which is not commercially viable. Notably, the bill also proposes to limit the number of customers that may have a shared financial interest to 10 and states that no single customer may have an interest in more than 5 projects.

As previously noted, the bill also sunsets the program in its entirety 20 years after NEB agreement execution or December 31, 2025, whichever comes earlier. This will progressively limit the runway for any return on investment - an ROI that is often essential for projects that require substantial, initial capital investment. Functionally, this will curtail the program far sooner than the end of 2045.

Finally, with regard to specific bill elements, LD 1321 proposes to require that renewable energy credits (RECs) be sold in Maine. REC revenue, if sold outside of the state, can amount to as much as 20-30% of total project revenue. Not only could this disrupt project finances, it could result in an over-supply of RECs in Maine, which would disrupt the market.

As previously discussed, retroactive cuts to credit values could cause projects to default on their financing obligations. That financial harm could be shared by offtakers, through a reduction or elimination of bill credits - credits upon which those offtakers have made investment and budgetary decisions assuming the program would remain in place. Those offtakers include municipalities, school districts, businesses, and residents across all Maine counties. Over 110,000 Maine residents and businesses are NEB customers. This includes 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.

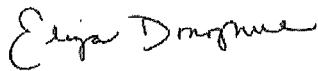
The Maine Legislature has rolled back this program three times. Each time, it has specifically avoided retroactive changes, with the concerns our testimony includes in mind. The 130th Legislature restricted eligibility to projects operational by the end of 2024 and significantly reduced compensation for 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.

Specifically, the 131st Maine Legislature through LD 1986 compelled the MPUC to annually determine the NEB costs and benefits; identify those benefits which may be monetized and to whom those benefits accrue; and "adopt a methodology for the calculation of benefits

that will be applied annually in stranded cost rate proceedings going forward".² As this Committee is aware, stranded cost rate proceedings are the venues in which the amount of stranded costs to be recovered from ratepayers is annually determined. MREA is confident that through the monetization of benefits and the demonstration that a meaningful amount of those benefits accrue to Maine utilities, the amount that must be recovered from Maine ratepayers through stranded costs will be reduced by attributing those costs to, for example, distribution costs or otherwise to the utilities.

For these reasons and more, MREA strongly urges the Committee to vote 'Ought Not to Pass' on LD 1321.

Sincerely,

A handwritten signature in cursive script, reading "Eliza Donoghue".

Eliza Donoghue, Esq.
Executive Director

² See Maine Public Utilities Commission Investigation into Allocation of Benefits of Distributed Generation Under Net Energy Billing, Notice of Investigation, Docket No. 2024-00149.