



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

Neither For Nor Against

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

April 10, 2025

Senator Lawrence, Representative Sachs, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 1321, An Act to Reform Net Energy Billing by Establishing Limitations on the Programs' Duration and Compensation on behalf of the Public Utilities Commission (Commission).

Kilowatt-hour program (§3209-A)

LD 1321 along with the sponsor's amendment specifies that:

- After November 1, 2025, any new projects under the kilowatt-hour program are limited in size to 60 kilowatts;
- After November 1, 2025, the number of customers or meters are limited to ten for a shared financial interest in a distributed generation (DG) resource participating net energy billing (NEB);
- After November 1, 2025, a customer may not participate in more than 5 DG resources;
- A customer participating in NEB may only be credited for that customer's electricity supply charges;
- An NEB arrangement may only be continued for 20 years from the date of the NEB agreement, or December 31, 2045, whichever is earlier;
- A project sponsor, owner of a DG resource or other entity operating a DG resource with an NEB arrangement must sell any renewable energy credits (RECs) generated, and those credits must be sold in Maine.

Commercial and institutional program (§3209-B)

LD 1321 specifies that:

- For both tariff rates, the rate must equal the standard-offer rate in effect or the standard-offer rate in effect on December 31, 2020;
- An NEB arrangement may only be continued for 20 years from the date of the NEB agreement, or December 31, 2045, whichever is earlier; and
- An owner or operator of a DG resource with an NEB arrangement must sell any RECs generated, and those credits must be sold in Maine.

Compensation and requirements alterations

The sponsor's amendment allows the Commission to periodically review and by major substantive rulemaking alter the amount of compensation that a customer with a financial interest in a DG resource receives under both the kilowatt-hour program and the commercial and institutional (C&I) program. It requires the Commission in making any alteration to use a standard or representative DG resource to assess the amount of compensation and to ensure that any alteration provides a reasonable opportunity for the recovery of reasonable costs and a reasonable rate of return, capping the rate at the lowest tariff rate. It also allows the Commission, by major substantive rulemaking, to modify the requirements under sections 3209-A and 3209-B to the extent necessary to allow the State or DG resource to qualify for federal grants or subsidies that benefit ratepayers.

Commission comments

While the provisions of LD 1321 are policy decisions for the Legislature, the Commission offers some observations for the Committee's consideration. LD 1321 requires under both the kilowatt-hour program and C&I program that any RECs generated are to be sold in Maine. In some instances, a person may want to retire RECs in order to be 100 percent renewable. A way to allow for the retirement of RECs would be to specify that if the RECs generated are not retired, then they must be sold in Maine. Additionally, the requirement that RECs be sold under the kilowatt-hour program conflicts with the holdback requirement established by the Lincoln precedent and discussed at the public hearing for LD 1251. As discussions unfold on both of these bills, the Committee may want to consider the implications of this requirement on the larger discussion regarding the holdback requirement under LD 1251.

The sponsor's amendment to LD 1321 includes a Commission rulemaking process to alter the amount of compensation under both NEB programs that ensures that any alteration provides a reasonable opportunity for the recovery of reasonable costs and reasonable rate of return. It is unclear if this process would produce significant savings beyond what is otherwise accomplished by this bill through allowing a customer participating in NEB under to kilowatt-hour program to only be credited for that customer's electricity supply charges and capping the tariff rate to the standard-offer rate only.

Lastly, the sponsor's amendment also allows the Commission by rule to modify the requirements under sections 3209-A and 3209-B to the extent necessary to allow the State or DG resource to qualify for federal grants or subsidies that benefit ratepayers. At this time, it is unclear to the Commission what specific requirements may need to be modified in order to take advantage of federal grants or subsidies. Furthermore, there are several requirements under sections 3209-A and 3209-B that relate to a project's eligibility to participate in NEB. The Commission assumes that these requirements would not be subject to alteration, though it might be helpful if this is clarified in the bill.

I would be happy to answer any questions or provide additional information for the work session.