CCSA

May 1, 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 1777

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

Please consider this testimony in opposition to LD 1777. 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.

CCSA greatly appreciates that this bill includes a stated intent to avoid catastrophic losses to net energy billing (NEB) project owners. We also understand and appreciate that the bill sponsor has heard our feedback on other proposals and is aiming for an alternative that addresses that feedback. With that said, we unfortunately are not able to endorse this proposal as currently drafted and we have serious concerns about the approach outlined in this bill.

CCSA's first concern about this bill is the level of uncertainty it presents to developers, project owners and financiers. What will the rates be and when will they be determined? There is not enough clarity in this bill to answer those basic questions. The language does not limit how often the rates may be revised; frequent or even unpredictably timed rate changes creates volatility and instability, and will present enormous difficulties in managing the project to ensure it meets its obligations. Further, though providing "a reasonable opportunity to earn a fair profit" is well meaning, it is entirely subjective, and the bill lacks guidance as to how the Commission should evaluate what is fair or reasonable.

We are also concerned about the feasibility of implementing this proposal. Would a separate rate be set for differently situated, sized, or aged projects? How would the Public Utilities Commission (PUC) determine which other state programs to use, and which set of compensation rates or incentives to apply from those programs? What would happen if the cap calculated as 1.5 times the average regional rate does not result in a "reasonable" or fair profit?

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Ultimately, CCSA strongly opposes providing the PUC broad retroactive rate setting authority for existing projects. Projects that are bound to existing contracts, are already constructed, have paid for the capital expenditures to build the project, and now have debt obligations and other firm financial commitments have no flexibility in how they respond to the rates.

There are modifications we would recommend that would make this a workable approach for determining fair and workable rates for ***new*** projects under development, such as:

- Establishing a floor on the rate as well as a ceiling;
- Clarifying that current rates remain in place until a new rate is established, holding rates constant for a single tranche of projects, and specifying the frequency with which rates may be reset for new tranches;
- Providing more direction on how the Commission should set rates that are "just and reasonable"; and
- Providing more specificity on which other state programs to use and how to apply the rates from those programs. For example, we would not recommend using a program like New Hampshire's virtual net metering rate because that has not been sufficient to attract a meaningful number of projects. In addition, the specific rates used should be consistent with the time of development, size, and type of project.

However, we want to be clear that while these modifications would improve the rate setting exercise, CCSA still holds strong concerns about retroactive rate setting by the PUC for operational projects and does not support such a policy for operational projects.

Finally, we note that this bill would impact projects that are receiving the "alternative" tariff rate under Section 3209-B, Section 5 Paragraph A-1. The legislature has already reduced the rate for these projects to address cost concerns, and such projects would be particularly harmed by further reductions to the credit rate, as would their customers.

We thank you for your consideration of this testimony, and are happy to provide any further information as helpful to the Committee.

Sincerely,

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