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THE MAINE SENATE
132nd Legislature

Testimony of Senator Nicole Grohoski in support of

LD 1936, An Act to Provide Greater Equity in and Reduce Costs Related to the State's Net Energy Billing Program

Before the Committee on Energy, Utilities and Technology
May 13, 2025

Senator Lawrence, Representative Sachs, and distinguished members of the Energy, Utilities and Technology Committee, my name is Nicole Grohoski, and I am honored to represent the 22 communities of Senate District 7. Thank you for the opportunity to present **LD 1936**, "An Act to Provide Greater Equity in and Reduce Costs Related to the State's Net Energy Billing Program."

As many of you know, I was an ardent supporter of the legislation that expanded net energy billing in 2019. I voted for LD 1711 in the 129th Legislature because transitioning our energy generation to local and clean sources carries the promise of good jobs, stable and lower rates, and resiliency and security. Since that vote, I have come to understand that the promise of local, clean energy is real, but it will only be realized under the ***correct*** policy design. As has become abundantly clear since the passage of LD 1711, that bill didn't get it right.

At the same time that grid-scale clean energy projects in Maine are lowering our electricity rates, the cost to ratepayers of the net energy billing (NEB) program has now ballooned to over $200 million dollars per year. Numerous studies have shown that the cost to Maine ratepayers is significantly more than the benefit to those same ratepayers. Furthermore, those costs are disproportionately borne by the ratepayers who can least afford increases: low-income Mainers, including seniors on fixed incomes, and manufacturers who are incredibly price-sensitive due to the global markets they compete in.

There are many bills before this committee to rein in the costs of our NEB program. I agree with some of the policy proposals they contain and disagree with others. The legislation before you introduces new ideas for the committee and the public to review. I hope that the committee can reach consensus on some combination of the policy proposals before us to achieve ***at least*** a 50% reduction in the costs of the NEB program.

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The following is a summary of the policies proposed in this legislation:

Going forward, who can use the existing kWh program?

- Behind-the-meter generation (Sect. 8)
- Customer-owned community solar projects that are less than 1 MW (Sect. 7)

These allowances reflect the reality that behind-the-meter generation is not a cost-driver in the NEB program, and the financial benefits of solar projects that are owned by Mainers accrue to Mainers, including small businesses and municipalities, not out-of-state investors and private equity firms.

Changes to the kWh credit program:

- Subscription-based community solar projects must enter into an NEB agreement by October 1, 2025 and reach commercial operation by the date specified in the agreement in order to be eligible (Sect. 6).
- Subscription-based community solar projects that do not already exist and do not meet the above requirement are disallowed. This phases out the eligibility for new projects less than 1 MW.
- Projects between 1 and 2 MWs that received good-cause exemptions from the PUC must reach commercial operation by the end of this year (Sec. 5).
- As subscribers end their subscriptions to projects, they will be replaced with LIAP customers (Sect. 4).

Overall, these changes give projects that are close to completion a fair opportunity to be constructed, while ensuring that new subscription-based community solar projects of any size are not planned and built. I believe that subscription-based community solar projects have run their course in Maine, at least for the foreseeable future. At the beginning of the program, I received mailers offering me 15% savings on my electricity bill. Then, it was 15% off plus $100. The latest offer I received was 15% off plus $500! That is a sure sign that supply is greater than demand.

We've also heard from the Public Advocate about the overallocation of credits that some subscribers have experienced, causing them to pay far more for electricity than they would have otherwise. The door-to-door marketing has been aggressive and unsettling for many constituents. Worst of all, in my view, most of these solar farms are selling the RECs, meaning that subscribers who signed up because they want renewable energy are not getting what they think they are.

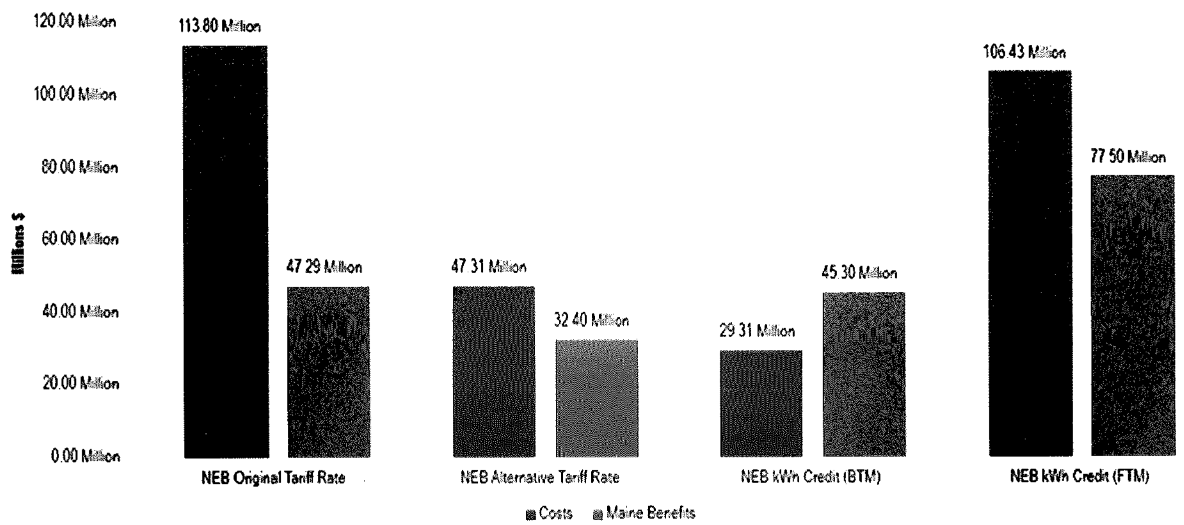
Changes to the Commercial and Institutional tariff rate program:

- Starting January 1, 2026, all projects under this program will receive a 9.5 cent credit per kWh produced, instead of the current varying tariff rates (Sec. 11).
- The owner of any project that cannot reach commercial viability under this rate may petition the PUC for an adjusted rate (Sec. 11).

I calculated the 9.5 cent rate based on the Public Advocate's position that the costs and benefits of each NEB program for already installed projects should be as close to equal as possible. I used the following data from the OPA, then added the 2.25% increase as allowed under current law, to account for the 2026 effective date. The 2026 effective date for the new tariff rate allows project owners to make their case to the PUC if their projects will not be viable at 9.5 cents.

The proposed changes to the tariff program are estimated to reduce the overall cost to ratepayers of this program by $90 million – from $130 million to $40 million.

2025 NEB Program Variant Summary Costs and Benefits in Millions of Dollars



NEB Project Compensation/Impact By Program – Illustrative 2025 rates CMP Per kWh

Program Type	Current Total Project Compensation	Current Project Sponsor Compensation (assumes 15% for offtakers)	Current Rate Impact	Proposed Total Project Compensation	Proposed Project Sponsor Compensation (assumes 15% for offtakers)	Proposed Rate Impact
Original Tariff Rate	0.202185	0.17	0.13	0.136406	0.11	0.07
Alternative Tariff Rate	0.136406	0.11	0.07	0.136406	0.11	0.07
kWh Credit	0.234158	0.19	0.12	0.199158	0.16	0.09

Changes to both programs:

- An existing project is eligible for an NEB program through the term of its net energy billing agreement, which is not more than 20 years, according to PUC rule (Secs. 3 and 12).
- "Nonresident program owner" is defined as a project owner whose principal place of business is outside of the state (Sec. 1). For projects with nonresident program owners, the PUC shall establish compensation rates by rule so that the owner has a reasonable opportunity to earn a fair profit while ensuring a cost-to-benefit ratio for ratepayers as close to equal as possible (Secs. 9 and 13).

These provisions contain costs in both the short- and long-term. The second proposal addresses a concern that we heard two years ago, that we should prioritize supporting projects developed by small, Maine-based companies as compared to ones owned by out-of-state private equity firms.

To conclude, the measures in this bill attempt to address many concerns I have heard from constituents – about fairness, about affordability, and about our long-term carbon reduction goals… which will only be met if the transition to clean energy is affordable and publicly supported. We have an opportunity, and an obligation, to course correct our net energy billing policies so that the promise of local, clean energy can be realized.

Thank you for your time and consideration of this bill and my testimony. I'd be happy to answer any questions the Committee may have.