



# HOUSE OF REPRESENTATIVES

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February 18, 2026

### Joint Standing Committee on Taxation

Senator Grohoski, Representative Sayre, distinguished members of the Committee on Taxation, I'm Steve Foster, Representative for House District 32, serving Charleston, Dexter, Exeter, Garland, Stetson, and a part of Bradford, here to present LD1223, "**An Act to Lower Electric Rates for Maine Ratepayers by Requiring the Payment of Certain Costs from the General Fund**" as amended and referred from the Energy, Utilities, and Technology Committee.

When LD1711 was passed by the Legislature in 2019, the added costs to ratepayers was predicted to be in the tens of millions of dollars annually to support "jump starting" solar development in Maine. It was made clear by proponents at the time and has remained their position since, that these added costs were necessary to fight climate change and turn around global warming. Impassioned speeches were made on the House floor expressing the urgency of its passage. In spite of efforts then and in the years since to reduce the extra costs Net Energy Billing placed on ratepayers by shifting to lower cost grid scale solar, those positions remain.

Over these past seven years, ratepayers have borne the burden of the extra costs of NEB and other renewable energy policies mandated by the Legislature. LD1711 alone had a fiscal note for PUC administration for the first two years of \$1,587,000, to be covered by "Other Special Revenues", from the ratepayers. I do not have the number for all the costs the Legislature has added over the years, from pilot projects to special studies to renewable project development, in an attempt to reduce climate change, but it is substantial. NEB extra costs to ratepayers have now reached approximately \$240 million annually.

LD1223 does not seek to reduce the future scope of NEB, risking the social impact proponents argue it offers through climate change reduction. It simply shifts the extra financial support required from increased electric rates to all taxpayers. As has been voiced before the EUT Committee over the last few years, the cost of NEB is unfairly assessed to some ratepayers while financially benefitting others, with no regard to ability to pay. While any social benefits resulting from the reduction in carbon emissions are realized by every Maine resident and non-resident alike, the costs are not.

This bill would change the funding for this program from Maine ratepayers to all paying taxes to our state. I hope to hear testimony from some coming after me to support this idea. The EUT Committee has heard similar opinions, at least in principal, in the recent past, including from PUC Commissioners Bartlett and Scully.

In the 131<sup>st</sup> Legislature, the EUT Committee supported bills which helped Maine's lower income earners by addressing two ratepayer funded programs. One bill extended the sunset for the Arrearage Management Program while another raised the allowable income level for eligibility for the Low Income Assistance Program. The resulting increase in funding for these programs also comes from "other special revenues", Maine's ratepayers. At the time, I raised my concern with the Public Advocate that the need for these programs will continue to increase if we're not able to slow the steady rise in electric rates. He agreed. As is the case with other social benefits provided by programs like LIHEAP, SNAP, or Maine's General Assistance, it is my opinion AMP and LIAP have similar assistance goals and should be funded by taxpayers, not ratepayers. Although included in my original bill, these were removed in this amendment as the AMP program cost can fluctuate and only amounts to a couple hundred thousand dollars. The LIAP program is now being funded, at least in part, through new PUC initiatives.

That leaves NEB. This amended bill seeks to help ratepayers in the residential and small business rate classes. Shifting the funding of NEB will not only bring some reduction to their rates, but will address the inequity of the increase of rates for lower and middle income residents. Removing these costs from residential ratepayers and shifting them to our generally progressive tax structure will help those barely able to afford their electric bills while also reducing the number needing the assistance of other programs. LD1223 will also help small businesses struggling to stay afloat, which may not have positive income to write off their electric bills against at tax time. Larger rate classes are not included for two reasons:

- They likely include all electricity costs in the expenses they post against income in their tax filing, which is realized from the General Fund.
- Determining the NEB costs for these rate classes would be more complicated and require costly billing program changes, charged to all ratepayers.

In order to provide funding from the General Fund by a means that may be more easily managed, LD1223 would reimburse these ratepayers for the portion of their bills paid to support NEB through an income tax credit, which would require filing a State income tax return. The current NEB costs that could be applied for are \$81.6M for CMP customers and \$20M for Versant customers.

Finally, if we can agree on the bill's main premise that the costs of addressing the social issues Net Energy Billing currently adds to electric bills should be expensed to the general fund, I hope we can also agree that affordable electricity for Maine residents should be high on the priority list of what our General Fund monies support, going forward. That prioritization should allow funding this measure in January of 2028 without adding another tax.

Please join me in supporting this bill and the citizen ratepayers of Maine we represent.

Thank you for your time and consideration.

Respectfully submitted,  
Steve Foster  
State Representative