

Testimony of Jeffrey Jones, P.E (jeff@jonespe.com) in Support of (L.D. 1223)

NEW TITLE: An Act to Establish a Tax Credit for Net Energy Billing Costs

Senator Grohoski, Representative Sayre and esteemed members of the Taxation Committee. I am Jeff Jones, I live in Bangor, and I have worked in the electric utility industry for over fifty years. I currently run Maine Power LLC, the Standard Offer Provider for the Large Class of customers for most of the state. But that's not why I am here today - I am a citizen concerned about global warming caused by using fossil fuels for heating and transportation. That is why I volunteer with Citizens' Climate Lobby.

First, thank you for spending your time and talents as legislators.

Maine has a public policy problem and that has been our singular focus on 100% clean electricity, while ignoring our largest pollution elements - carbon and methane from burning fossil fuels. We put hidden charges in our electric bills when we say we want to electrify transportation and heating. We do this by requiring 65% renewable energy and through RGGI charges, both understandable, but then we pay huge subsidies to industrial solar farms through Net Energy Billing (NEB). We're increasing the cost of what we want (clean electricity use) and not charging what we don't want (fossil fuel pollution). This doesn't make sense.

As I and others pointed out at the EUT Public Hearing of October 30th, NEB is a regressive tax and should be recovered through the general fund with its progressive tax structure. Although I liked that about the original bill, giving a tax credit for these charges is at least something in the right direction.

There were multiple questions from the EUT members as to how public policy charges could be funded. And I believe that some opposition to an earlier bill was based on the lack of a funding mechanism. I expect the same here. There is a simple answer. We should assess a carbon pollution fee on fossil fuels imported into the state to fund this NEB tax credit. Maine already assesses pollution abatement taxes on liquid fossil fuel imports, and it could be expanded to fund this.

There is a widespread consensus among economists that pricing carbon is an essential and cost-effective tool for reducing carbon pollution by creating incentives for consumers and producers to lower emissions and shift to cleaner alternatives. And the U.S. Chamber of Commerce advocates for policies that use market forces to achieve emissions reductions efficiently. Further, when likely voters are asked if they support charging fossil fuel companies for the pollution that they cause, respondents overwhelmingly (74%) answer in the affirmative. This is done in most other developed countries, and Washington state has a voter-approved program covering approximately 70% of the state's emissions. Closer to home, Massachusetts assesses Public Benefits charges on natural gas use. Maine could easily adopt a fossil fee mechanism for the suggested NEB tax credit to achieve revenue parity.

We know what to do and how to do it.

Thank you for your time and I hope that you will agree.