

TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

“An Act to Protect and Expand Access to Solar Power in Maine”

L.D. 1504

GOVERNOR’S OFFICE

May 10, 2017

Senator Woodsome, Representative Berry, and Members of the Joint Standing Committee on Energy, Utilities and Technology: My name is James C. LaBrecque, I am the Governor’s Technical Advisor on Energy.

My testimony today is in opposition to L.D. 1504.

Let me start off by saying that the Governor’s position on global warming and/or climate change is simply this:

***“Arguing about climate change is superfluous,
determining what solutions are viable is paramount”***

Let me also repeat the Governor’s resolute position on the **fundamental energy goals** which he invites everyone to join in his support:

- A. Lower the cost of energy in Maine;**
- B. Do no harm to the environment;**
- C. Energy policies should be fuel agnostic.**

L.D. 1504 and similar solar bills do not meet the Governor’s **fundamental goals**. It is troubling that Maine is focusing all its attention on solar, and not on our real and significant oil dependence, if we are truly concerned about cost, pollution, and jobs.

Some important statistics about Maine's energy economy:

- Maine uses about 100 times more oil for heat and transportation than for electric generation.
- Only three states in the country have cleaner electricity generation than Maine.
- Only 10% of Maine's carbon footprint comes from generating electricity.
- Maine uses more oil per capita than any other state in the union.
- When it comes to CO₂, Maine is an oil state; expensive solar panels that displace our clean electricity **do very little to nothing** to reduce oil or CO₂ emissions.
- When it comes to clean electricity Maine can proudly say "**mission accomplished**".
- L.D. 1504 and similar legislation does very little to nothing to mitigate CO₂ or oil and therefore does not comply with the Governor's **fundamental goals**.
- Giving these facts, a vote for L.D. 1504 is a vote for big oil.

A deeper dive into the specifics of solar legislation proposed this year reveals that many of the proposed 128th legislature bill titles dealing with solar panels do not meet the Governor's **fundamental goals**, nor do they seriously consider the greater interest of the general public.

L.D. 1504 is nothing more than a special interest related piece of legislation specifically carved out for an industry that is already saturated with benefits that no other industry has probably never received in American history.

L.D. 1504 does nothing to reduce costs, our dependency on oil, or lower CO₂ in the most cost effective manner as stated in the Governor's **fundamental goals**.

L.D. 1504 specifically shunts out viable competitive options that could truly meet the Governor's **fundamental goals** and replaces competition with restrictions. These unneeded restrictions in the form of voluminous and overly complex regulations, appear to specifically target and force the public into a direction they would never take on their own free will.

This bill in a nutshell, purposely ignores the Governor's **fundamental goal** that energy legislation should be product neutral, and that public subsidies should be based on the economics of their energy/environmental performance, and not based solely on the historic trend of picking "politically" favorable products.

The Governor believes it is prudent for legislation to ensure that competition takes place on a level playing field, and should be absent of restrictions that only allow one class of products or technology to benefit or limit competition among themselves, at the detriment of other products or technology offered in the free market place.

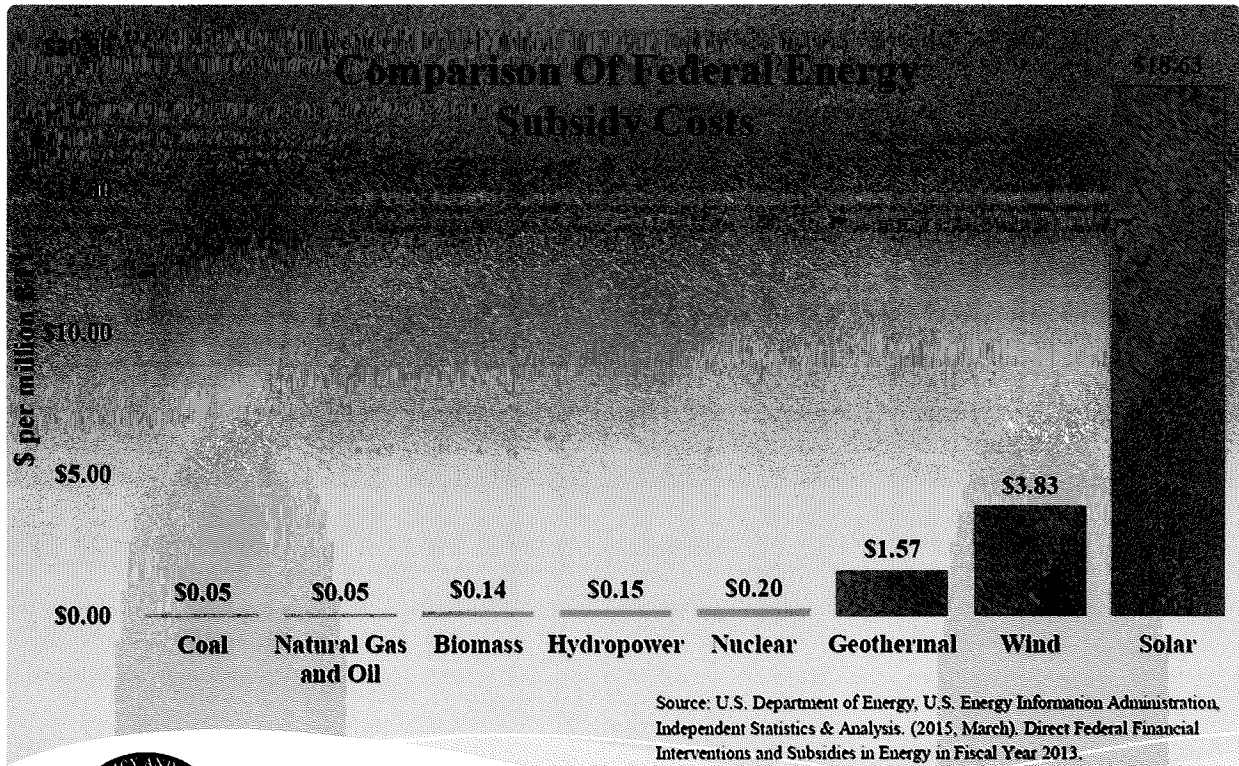
L.D. 1504 places competing technological measures at a competitive disadvantage, thus benefiting only a few members in a class of special interest, at the expense of the many who are not being equally represented. This is definitely contrary to the greater public interest.

L.D. 1504 again, is very complex and convoluted and when mixed with many other similar complex and convoluted solar bills shocks the imagination as to the cost and difficulty to administer such a predisposed dilemma.

There is a high probability that the aggregation of many unnecessary and complex solar bills will open future opportunities for ongoing disputes and legal challenges by all those dissatisfied with how they may be impacted, especially those who were unfairly denied the opportunity to compete on a level playing field.

The Governor wants assurances that public policies meet public needs in the most cost effective manner, and that public policies ensure that proposed products targeted in legislation, produce enough wealth to overcome cost in a reasonable time frame, while maximizing output. Unfortunately, these are not the conditions present within L.D. 1504 and many other proposed solar bills.

As to the Issue of Energy Subsidies



[NOTE: The energy subsidies reflected in this chart fall into five categories: 1) Direct expenditures to producers or consumers; 2) Tax expenditures; 3) Research and development; 4) Federal electricity programs supporting federal and rural utilities; and 5) Loans and loan guarantees.]

Data From Solar Power Rocks

This is a list of growing government subsidies and mandates established by the solar industry over many years. The intent of this special interest group is to incrementally inch towards establishing Maine as an A+ state for all the following solar subsidy categories while continuing to generate more categories in the future.

Their game plan historically appears to be one where they select a single category each legislative session and circle the wagons around lawmakers who are on the fence. They then pressure the lawmakers into believing that if they don't vote in their favor, they will be responsible for the collapse of the State's solar industry and losing good jobs.

Grade	Description
A	Renewable Portfolio Standard (RPS)
F	Solar carve-out
A	High Electricity Prices
B	Net Metering
B	Interconnection Rules
F	State Solar Power Rebates
F	State Solar Power Tax Credits
F	Solar Power Performance Payments
F	Property Tax Exemption
F	Sales Tax Exemption

These subsidies (on the previous page) are all "State" subsidies and mandates special for the solar industry absent REC's (Renewable Energy Credits). Not included are all the federal subsidies such as a 30% tax credit, accelerated depreciation with IRS bonus, etc., and it does not include all the R&D money to the solar industry or the billions in grants to solar manufacturers. Most importantly, absent from the above are all the past Maine legislation and proposed solar legislation.

It is time to confront the solar industry and ask them to lay all their cards on the table instead of allowing them to continue their ongoing game plan to incrementally milk the system such as they are doing in the 128th.

When was the last year the solar industry did not confront legislatures with a host of special interest bills? If they got all their bills passed this year, would they be back again with more requests in the next legislative session?

It's high time that the solar industry explains to the public what their game plan is to start eliminating the countless special interest laws they claimed were needed to get their industry started 40 years ago.

Even though the solar industry claims they are cheaper and better than any other form of energy, how come they are still the most active industry in the country forever demanding more special legislation such as requested in L.D. 1504. Why would anyone propose legislation like L.D. 1504 asking for more special benefits and treatment knowing they already receive more special treatment in the form of federal, state and local legislation than any other industry in the state or country.

Since the oil embargo of 1973, the solar industry has lived off broken promises and unjustified expectations to attract public funding by claiming to get us off oil, make nuclear power and fossil fuel generation obsolete, and provide us with cheap or nearly free electricity after the panels were paid off.

As to the issue of the PUC valuation of solar

Regarding the ridiculous claim that solar is worth 33 cents a kWh. No one except a fool would ever pay 11 times more for intermittent, unreliable power in the free market place. The free market is the true test that determines real value, not a hired gun to produce an “apriori” report. The only way people would install high cost solar is if there were laws forcing their neighbors to shoulder the costs for them.

If quickly dispatchable hydro power with its vast energy storage capability is only worth 3 to 6 cents a kWh on the open market, how could anyone with a thread of common sense believe that an unreliable, intermittent, non-dispatchable energy source such as solar truly be worth 33 cents a kWh?

If solar was truly worth 33 cents, why would subsidies be necessary to compete against electricity with a market value worth only 3 cents in the free market place.

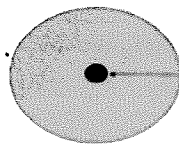
It is ironic that the same Maine PUC that determined solar was worth 33 cents, is the same PUC that ratified the Efficiency Maine Trust Triennial Plan that excluded solar from being incentivized because of the poor cost to benefit ratio.

As to the issue of oil and the environment



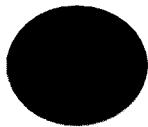
PV Solar and Wind Will Not Reduce Our Dependence on Oil

Total Electricity Generation In
Maine 2013¹

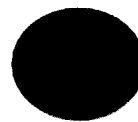


Oil Used to Generate
Electricity in Maine 2013¹
4,660,000 gallons

Maine Heating Oil Consumption
in 2013²
246,505,000 gallons



Maine Transportation Oil
Consumption In 2013²
216,859,000 gallons



These black dots represent the fact that in 2013 Maine used 99 times more oil for heat and transportation than to generate electricity.

Team Members: Tanner Caron Bill Yori
Jerel Williams John Herhilly
Team Advisor: James C. LaBrecque

Notes

1
http://www.eia.gov/electricity/data/browser/#/topic/07agg=1.0.2&fuel=4&geo=004&sec=800&linechart=ELEC_GEN_PEL-ME-98&columnchart=ELEC_GEN_PEL-ME-98&map=ELEC_GEN_PEL-ME-98&freq=A&start=2013&end=2014&ctype=columnchart&itype=pin&types&pin=&se=0&maptype=0

2
www.eia.gov/dnav/pet/pet_cons_b21dst_dc_u_sme_a.htm

¹ <http://www.bloomberg.com/news/articles/2011-08-24/intel-backed-solar-company-files-for-bankruptcy-as-prices-slide>

² <http://www.reuters.com/article/2011/08/15/us-evergreensolar-idUSTRE77E49320110815>

³ <http://bangordailynews.com/2014/08/01/business/owls-head-solar-energy-company-supported-by-state-funds-files-for-bankruptcy/>

Just a reminder that Canadian hydro as high as 6 cents a kWh is equivalent to \$5.85/ million Btu and for every \$2.00/gal of heating oil that leaves the state, \$17.00/ million Btu leaves the state.

Every clean watt of hydro power feeding heat pumps produces 3 watts of ultra clean heat for a fraction of the cost of solar. Solar does nothing to get us off oil especially winter time solar.

Allowing competitive sources like hydro feeding heat pumps will keep \$11.00/ million Btu in the state of Maine.

When it comes to CO2, Maine is an oil state. If lawmakers are truly concerned about CO2, they would refocus their efforts from our clean abundant electricity to the state's significant oil use.

For all the reasons stated above, I ask this committee to reject L.D. 1504 which is not in the public's best interest.

James LaBrecque

Technical Advisor to the Governor