



**CENTRAL MAINE
POWER**

Joel M. Harrington
Government Relations

Testimony in Opposition

LD 1504 An Act Regarding Solar Power for Farms and Businesses

Joint Standing Committee on Energy, Utilities, and Technology
May 10, 2017

Senator Woodsome, Representative Berry, members of the Committee on Energy, Utilities and Technology, my name is Joel Harrington. I am here today to testify on behalf of Central Maine Power Company ("CMP") in opposition to L.D. 1504. This bill promotes a significant increase in electric ratepayer subsidies by requiring the MPUC and the state's investor-owned transmission and distribution companies to enter into 20 year long-term contracts for large-scale solar development at above market costs.

As you know by now, T&D utilities can be required to enter into long term contracts with renewable energy generators, most often at prices that turn out to be above market. When that occurs, those above market costs get passed on to our customers in the form of higher delivery prices. They become what is known as stranded costs, and every year the MPUC and the utilities determine how much those stranded costs are and rates are increased by that amount. Utilities, however, are made whole and generally don't lose money on these transactions. It's our customers who bear the costs.

We started contracts like this in the early 1980's, and CMP signed over a hundred contracts with renewable energy suppliers and paid them over \$6 billion. I believe the last one from that era ends in 2023, though because of a change in the law a few years ago, we have some new contracts on the books.

Since 2011 alone, policies passed by the legislature have contributed more than \$12 million in stranded costs that are adding to today's transmission and distribution rates. Anytime you increase stranded costs and raise electric rates as this bill does, you are disproportionately affecting low income residents of Maine because electric rates are regressive.

This bill has none of the protections that you will find in other sections of the state's long-term contracting authority. Such as providing ratepayer benefits and procuring resources at the lowest cost. This is even a bigger giveaway to what we are already giving away under existing long-term contracting authority.

The second part of the bill would eliminate the current cap of 10 for those who enter into a shared ownership agreement under net energy billing. Removing this cap could instantly result in thousands of customers on net energy billing anywhere in the system. For example, if you have 660kw private solar array, you could have 660 individuals all over

This turns net energy billing on its head as it was originally set up for individual households. The result is a significant increase use of the transmission and distribution system with no commensurate investment into the system by those who are under a shared ownership agreement.

Customers in the agricultural business can already off-set their excess usage with up to 10 retail accounts. Again, this bill just increases the subsidy and may encourage customers to oversize their generators in order to collect retail prices for a wholesale product. The goal of the net energy billing program is to encourage homeowners to install renewable energy systems that are sized correctly for their needs, and the 10 person limit prevents them from extracting too much subsidy from other ratepayers in order to save themselves some money.

CMP does not have any concerns with co-ownership limits for larger private solar arrays that are not net energy billing eligible.

The Committee should be aware that under law, any generator can sell to any number of customers as a Competitive Electricity Provider.

CMP also has no problem with net energy billing if it were limited to energy only. This would take away all of our opposition to many of the private solar bills currently before you.

Section 3 of the bill would have CMP serve as a counterparty to and enforce long-term contracts with our customers. This means that the utility has to enforce a long-term contract with customers not with the generator as is the case under current long-term contracting authority. Under this bill, it appears that large scale generators will be signing long-term contracts with customers. Then the utility who is not a party to the contract will have to enforce it. Thus, if a generator does not perform its obligations under the contract or the customer does not pay, all of that would have to be enforced by the utility.

Lastly, there is already a federal agricultural program that has awarded millions of dollars to businesses in Maine called the Rural Energy Assistance Program (REAP) which distributes cash grants to energy projects including solar. If you know of agri-businesses that are interested in investing in solar you should encourage them to pursue a REAP grant.

Last year, the REAP program awarded over \$1 million in grants to Maine agri-businesses. You will find a list of those recipients below my testimony.

The only reason for this bill is to impose higher and higher costs on our customers. If these generators operated at market rates, you wouldn't need this legislation.

There is no question that this bill will lead to millions of dollars in stranded costs, everyone one of these contracts will be above market, creating more winners and losers. There are lots of moving parts in this very complicated bill and so much risk being put on electric ratepayers.

We urge the committee to give this an Ought-Not-To-Pass recommendation.

FY16 USDA REAP Recipients (totaling more than \$1.6 million):

- Athens Energy, LLC, Somerset County, \$56,520 grant for energy efficiency
- Athens Energy, LLC, Somerset County, \$500,000 grant for thermal conversion
- Janel Inc. DBA Camp Tapawingo, Somerset County, \$29,900 grant for solar

- Justice Farm, Inc., Cumberland County, \$8,565 grant for solar
- Labrie Farms, LLC, Aroostook County, \$49,500 grant for solar
- Maine Beer Company LLC, Cumberland County \$49,273 grant for solar
- Michaud, Gilles, Aroostook County, \$106,862 grant for solar
- North Branch, LLC, Waldo County, \$5,048 grant for solar
- Planson International Corporation, Cumberland County, \$27,222 grant for solar
- Ricker Hill Orchards, Androscoggin County, \$22,261 grant for energy efficiency
- Smith's Farm, Inc., Aroostook County, \$227,681 grant for solar
- Sparky's Apiaries, Inc., Knox County, \$1,867 grant for energy efficiency
- The Wildwood Corporation, Cumberland County, \$59,301 grant for solar
- Vgblads, LLC, Cumberland County – Brunswick Landing, \$500,000 grant for anaerobic digester
- William M Lowe, Inc., Knox County, \$19,950 grant for solar