



SOLAR ENERGY ASSOCIATION OF MAINE

Testimony in Opposition to L.D. 634

An Act to Cap the Value of Contracts for Renewable Resources and Distributed Generation Revenues

Steven L. Weems, Executive Director

Solar Energy Association of Maine

To the Joint Standing Committee on Energy, Utilities, and Technology

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Senator Lawrence, Representative Berry, and other members of the Joint Standing Committee on Energy, Utilities, and Technology: my name is Steve Weems, Executive Director of the Solar Energy Association of Maine. We appreciate the opportunity to submit testimony in opposition to LD 634, again in the strongest possible terms. This is the third of the destructive trilogy of “poison pill” bills (along with LD 249 and LD 583) that would have a devastating effect on Maine’s climate change mitigation effort and legislative intent to convert our electricity sector to clean, renewable energy as rapidly as practical. We urge the Committee to see these bills, including LD 634, for what they are and reject them out of hand. Our reasoning on LD 634 follows.

The Solar Energy Association of Maine (SEAM) is a Maine not-for-profit corporation that exists to advocate for the development of solar electricity of **all project sizes and ownership models**, for the benefit of all Maine people.

LD 634 would establish legislatively-imposed contract pricing limits on two separate renewable energy competitive procurement programs administered by the Public Utilities Commission (PUC) : (1) large-scale clean energy project procurements under the renewable portfolio standard (RPS) program (35-A MRSA Section 3210-G), meeting Class 1A standards; and (2) smaller scale (under 5 megawatts) procurements under the distributed generation (DG) program (35-A MRSA Section 3484).

Cutting to the chase, this is unnecessary legislation that would implement government price controls and neuter each program, making them commercially unfeasible, effectively killing them. The allowable margins on these programs would be so razor-thin as to discourage all bidders. This outcome would effectively obliterate state legislative policy in these two program areas. This by itself indicates LD 634 should be rejected as purely destructive.

Beyond this, the bill is unnecessary and bad policy because it would dictate contract pricing in two programs administered by the PUC, both of which are competitive procurements where the PUC has appropriate discretion to determine if the bid pricing is in the public interest. Clearly the PUC is in the right position to decide this, and its decisions to date demonstrate it is handling this role as intended. Contract prices to date in the RPS procurement program have been among the lowest of any source of energy in Maine. Under the competitive distributed generation DG procurement program, the PUC rejected all the bids in the initial round of procurement, judging them to be too high. SEAM does not think this should be interpreted as indicating this program is a bad program or unworkable. It is likely the high bid prices in 2020 were the result of pandemic-induced siting and permitting issues, coupled with unrealistic deadlines established by statute. Whatever the reasons, the PUC performed the role it was assigned to protect Maine ratepayers, and no decisions should be made yet about the efficacy of the distributed generation competitive procurement program.

The RPS procurement program appears to be working just fine, and if there are useful refinements to the distributed generation procurement program the contract pricing limit that is proposed in LD 634 is not one of them. SEAM offers further thoughts on this in its testimony on LD 709, to follow.

In sum, the premise of LD 634 (government-imposed price controls) is unsound policy, the probable effects would be disastrous, and the legislation is unnecessary because there is no problem to solve, considering the competitive nature of these procurements, experience to date, and the PUC's clear authority to ensure any accepted bid is in the public interest. In light of these facts, SEAM urges an "Ought-Not-to-Pass" verdict on LD 634.