



# HOUSE OF REPRESENTATIVES

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Senator Lawrence, Representative Berry, fellow members of the Committee on Energy, Utilities, and Technology, I'm Steve Foster, Representative for House District 104, serving Charleston, Dexter, Exeter, Garland, and Stetson, here to present LD1435, "An Act Regarding the Solicitation of Contracts for Distributed Resources That Use Renewable Energy".

During the 129<sup>th</sup> Legislature, this committee and the Legislature considered LD1711, the so-called Dow Solar bill. With little or no accommodation to the concerns of those in opposition, the bill was passed, signed, and written into statute. When LD1711 came to the House Floor for consideration, I proposed an unsuccessful amendment, the basis for this bill I bring forward today. As part of my testimony in support of LD1435, I've included excerpts from that amendment floor speech.

"LD1711 would seek to "jump start" solar renewable energy installation in Maine, by incentivizing over 800MW of new construction. Not only is it big, but it is very expensive. Solar power has come a long way. Installation costs have dropped. Panels and equipment produced in China are said to be 75% less expensive than those available just a few years ago. Federal tax dollars and other subsidies have already jump started their use. Although one of the more inefficient renewable energy sources available, we've decided those with solar panels will be subsidized by other electric rate payers to help them out, despite their affluence and ability to pay their own way."

"Large grid scale projects have been approved with lower and lower "guaranteed" Kwh payments...The Public Utilities Commission approved contracts at less than 4 cents/kwh. One of these, a 100 MW project, came in at 3.45 cents with a 2.5% increase per year, with a ten-year term."

"LD1711 will be much costlier to rate payers. First of all, there is a fiscal note of nearly \$735K in the 1<sup>st</sup> year, \$852K in the second, and an additional \$12K each of the following 2 years. However, 1711 will not languish on the appropriations table, as these costs for the PUC to administer this complex bill will be charged to the rate payers. Secondly, a large portion of the projects approved will fall under the net metering part of the bill. This means those producers will have connection to the grid for sale, purchase, and access to "stand by generation" with little cost, while receiving retail pricing credits for power they sell to the grid. You may recall that the end of gross metering added \$3MM to the rate payers for a much smaller generating capacity than we're talking about procuring in this bill. Thirdly, previous legislation to determine labor requirements for

construction will add project costs, borne eventually by the rate payers. Lastly, the scheme used to award contracts in this bill will result in 20yr guaranteed payments above market pricing for the larger commercial scale projects. Although it will likely be more, a contract price just 2 cents above the going market rate would result in estimated “stranded” costs of more than \$13MM/yr for the 375MW and more than \$20MM/yr for the estimated 800MW this bill would subsidize, again borne by the ratepayers.”

“This amendment...will allow the PUC to approve solar renewable energy projects at market rates and terms...for the construction of more generating capacity at less cost to the affected rate payers. (It) could allow twice the installed capacity for half the money... the purchase of 750 MW of solar vs. 375 MW for the same money with no impact to rate payers.”

Now, back to the future. In just over a year, we’ve learned a lot about the effects LD1711 will have on Maine rate payers. The estimated costs I warned of fell well shy of what the PUC saw when the first bids came in for the “Part B” portion of the bill. The cost to rate payers necessary to support Kwh pricing up to four times that of the “Part A” bids, forced them to halt the process. Bidding for large grid scale projects continues to be aggressive, with bids at or near average market wholesale rates, lower than had been expected. The need to “jump start” solar generation no longer exists.

With grid scale installations offering an economy of scale, a concentration of grid access points, and the same carbon reduction at a much lower cost to rate payers, they continue to be more viable. By allowing the PUC to bid all of the generating capacity required by LD1711 as it does the grid scale portion, LD1435 will keep rates more affordable for those looking to reduce their carbon footprint while expanding their electricity usage. I ask that while looking to increase Maine’s solar generating capacity you consider the Maine ratepayers and support this bill.

I thank you for your consideration and would be happy to answer any questions you may have.

Respectfully submitted,

Steve Foster  
State Representative