



March 16, 2022

Senator Mark Lawrence, Chair
Representative Seth Berry, Chair
Committee on Energy Utilities and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony Neither For Nor Against LD 1026, “An Act To Update the Regulation of Public Utility Monopolies”

Senator Lawrence, Representative Berry, members of the Energy, Utilities and Technology Committee, my name is Jeremy Payne and I am the Executive Director of the Maine Renewable Energy Association (MREA). MREA is a not-for-profit association of renewable energy producers, suppliers of goods and services to those producers, and other supporters of the industry. MREA members sustainably manufacture electricity from hydro, biomass, wind, tidal, and solar.

The MREA is testifying neither for nor against the major amendment as proposed by the Governor’s Energy Office. We certainly appreciate and understand the aim of the language, which is to ensure that as our standard offer prices have spiked due to natural gas costs, we ensure the Net Energy Billing (NEB) tariff rate – that is directly tied to standard offer pricing – does not follow the same upward trajectory adding to higher-than-expected costs. By creating a rate freeze and tying it to the 2020 standard offer there is a benefit to consumers in shielding them from the harmful effects of natural gas pricing volatility, and also provides a level of revenue certainty for NEB projects. Importantly, it provides a bit of a runway to solar investors by effectively safe harboring projects under the original rate structure that have commenced construction by September 1, 2022. This runway has the effect of not interfering with projects that have already proceeded through financing, and may be under construction, or are fully built.

It also provides an important change in allowing projects to reach “mechanical completion” by December 31, 2024, rather than “commercial operation.” This language tweak is a key acknowledgement that represents what is mostly within a developer’s control: when a project’s construction is complete. This change accounts for the fact that achieving the “commercial operation” milestone is something our utilities control – i.e., a project can be completely built, but is awaiting the final sign-off from Central Maine Power or Versant Power before they can ‘flip the switch.’ Given the potential for delays in that final step, it is critical that fully built projects are not excluded from NEB.

Notably, we would suggest one additional consideration to take into account the effects of utility cluster studies, and how their proposed schedules may doom many projects. In recent weeks, some initial study results from CMP/Versant have indicated it may take 5-7 years before the

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necessary upgrades are completed. Given the requirement that projects must reach “mechanical completion” by the end of 2024, this 5–7-year delay may cause many, many projects to miss the deadline. By adding language that allows for a developer to make its case to the Public Utilities Commission that it would have been able to reach mechanical completion by the deadline if not for utility upgrade delays, we would preserve the opportunity for those projects to become operational once the utility’s work is complete.

Lastly, we believe it is imperative that this be the final modification to the NEB/DG1.0 policy – as this committee knows, there is already a DG2.0 stakeholder group in place that is working on ideas and concepts to bring before this committee in 2023 for the potential creation of a successor program. In order to protect the state’s investment reputation and to demonstrate our commitment to a clean energy transition, any further changes to DG policy must be prospective.

Thank you for your time and consideration.¹

Sincerely,

A handwritten signature in black ink, appearing to read "J. Payne", with a stylized flourish at the end.

Jeremy N. Payne
Executive Director

¹ All of the views expressed in this document do not necessarily represent the positions of each of our members. Since MREA represents a broad spectrum of companies, we anticipate some members may submit comments of their own.