Summary of Public Hearing Testimony for LD 1146
An Act To Encourage the Use of Renewable Energy

<table>
<tr><th>Pros</th><th>Cons</th></tr>
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Would help jump start developing projects around the state
MA has similar laws and they seem to be working well
Suggest that once the net energy billing program comes up for review by the PUC, the PUC adds a surcharge for larger projects to offset any possible increases to the overall cost of the system
Not requiring ownership would encourage people to build a small project and would encourage more alternative energy
Will enable individuals to join with a group of people to establish a facility and share in the power they can generate
Regulations now restrict the number of people who can join in such a venture and the amount of energy that can be produced
Creates business for the solar power industry here in Maine; these companies need to be nurtured and encouraged
Need to remove arbitrary roadblocks that restrict solar industry’s ability to do business
Bill removes impediments to growth of solar industry here in Maine
Earth is in a dire place right now with the amount of carbon that is in the atmosphere; nature can’t handle quick temperature changes
We should be doing everything in our power to reverse the trend of atmospheric CO2
Renewable policies have tended to encourage the development of large utility-scale (primarily wind) projects, the power from which is generally sold to utilities and large energy companies often out of state
Finding ways to encourage the development of smaller, distributed renewable energy projects will ensure more direct local benefits and will also help maintain support for renewable energy policies

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T&D costs are a zero sum game – delivery costs are fixed and revenue shortfalls must be made up by higher contributions from all other customers
Proposed bill would more than triple the existing limit of 660 kW for eligible facilities – loss of revenues and impacts on other customers could be substantial
The narrowly tailored rules would disappear and net billing would become a profit center for customers looking to buy and sell T&D rate discounts to customers who have not installed renewable facilities
Would create substantial risks for customers because it would allow very large customers to avoid T&D costs by contracting with a wholly unaffiliated eligible generator
Direct sales from a generator to the customer without paying their fair share of T&D costs
Language seems to imply that a generator could be located offsite by nonetheless “deemed” behind the meter for net energy billing purposes
Net energy billing is designed to accommodate small renewable energy systems designed to serve the energy needs of a single home or business or a small group of homes and businesses; it was never intended to allow large generators to bypass T&D charges and sell power directly to customers
Could dramatically increase the subsidy ratepayers are already paying from hundreds of thousands of dollars to millions of dollars
Although net metering fosters the policy of promoting renewable energy we must also be mindful of the subsidy it creates
Net energy billing customers receive credits for the full value of the retail price of electricity for a wholesale product; the effect of this crediting is to create a subsidy

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Pros	Cons
• Current net metering regulations have had only modest success at promoting the growth of distributed generation (7,286.7 kW, while over 400 MW of large wind projects) • One reason for lackluster growth is that current regulations allow net metering in only one specific model • Renewable energy projects are relatively expensive to install and generally have payback periods of 10 years or more; also require significant technical expertise and ability to monetize federal tax incentives • Opening up net energy billing to other ownership models would allow individuals and companies to recoup some of their investment by selling a portion of the credits they generate to other interested parties • Would also allow renewable energy companies to sell credits to customers who would like to buy renewable energy but do not have the wherewithal to build projects themselves • MA increased cap to 2 MW and facility owners were allowed to designate their credits to any other account within the same utility's service territory and load zone – MA now has 243 MW of solar and 100 MW of wind (significant portion of these projects are small, distributed projects) • Cost to ratepayers – A safeguard is already built in to the net energy billing regulations: once the cumulative capacity of net-metered facilities reaches 1.0% of each utility's peak demand, the program comes up for review by the PUC • This is not a new idea – hydro facilities were paid for power that went out on the grid; restructuring prohibited small hydro power generation: over 90% of all small hydros were shut down because there was no way to legally operate them for income	that promotes renewables through funds from the utility and its general body of ratepayers • Who are the people who will take advantage of the increased or eliminated limits on net metering? – they will be in large measure, well-to-do individuals • We question an increase to a subsidy for a limited number of customers who can afford very costly solar arrays or wind turbines while they put an added burden on the general body of ratepayers, especially low-income individuals • An increase in the eligibility limit would result in some incremental revenue losses that would ultimately be paid for by ratepayers • Cost of net energy billing has been relatively modest and the precise amount of incremental lost revenues would be difficult to predict • The removal of an ownership or legal interest requirement would fundamentally change the nature of net energy billing and substantially expand the eligibility of the program and the resulting ratepayer costs beyond facilities developed to serve customer's own needs • Removal of expiration of unused kWh credits – this change would expand net energy billing to include facilities intentionally sized above a customer's own needs so that the facility owner perpetually obtains excess kWh credits that it can sell to entities unrelated to the generating facility; such entities would then be able to use those credits to lower their utility bills resulting in a further loss of revenue that will ultimately be paid for by the general body of ratepayers • This legislation would significantly alter the current net energy billing program and could result in significant unintended consequences

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• Small hydros produce power and have no need for credits • Utilities are a monopoly and guaranteed a profit; their T&D charges are adjusted every year to ensure they make a reasonable profit • The cost to encourage qualifying facilities back in the 1980s and 1990s was much greater to ratepayers than the small dollars we are talking about now in avoided T&D rates • Let's look at T&D charges and see how much net energy billing is hurting income: Bangor Hydro: \$0.00002 per kWh; CMP: \$0.00012 per kWh; ratepayer subsidy: 7.2 cents a month, compared to other subsidies ranging from 6.0 to 87.0 cents per month • Cost of net energy billing for a typical ratepayer is 0.1% of their \$67.80 bill • Suggest a few improvements: unnecessary for credits to be valid forever; allowing a facility to net energy bill to an unlimited number of entities is unreasonable; change word "meters" to "customers"; facilities larger than 100 to 300 kW should pay a T&D charge on a sliding scale •	• PUC previously issued a report that concluded "any substantial expansion of net energy billing could create substantial financial and administrative burdens for COUs."