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Via Email: DOER@maine.gov

Celina Cunningham
Acting Commissioner
Department of Energy Resources
62 State House Station
Augusta, Maine 04333

RE: Comments of Industrial Energy Consumer Group on the Maine Department of Energy Resources Front-of-the-Meter Program – Straw Proposal

Dear Commissioner Cunningham:

Industrial Energy Consumer Group (“IECG”) appreciates the opportunity to comment on the straw proposal prepared by DNV and Current Energy Group (“CEG”) for the Front-of-the-Meter Distributed Energy Resource (“FTM DER”) Program. IECG considers this opportunity part of the overall structure of the legislation your Department administers to allow the State of Maine’s energy purchases to be far more finely honed to accomplish climate and renewable goals at the lowest possible cost. If these programs were ever considered to be simply “layered” on top of one another, the Department’s creation legislation has brought that strategy to an end. Purchases must fit together in consideration of need, capabilities of technologies and cost.

As the Maine Department of Energy Resources (“DOER”) is aware, IECG is a Maine incorporated trade association representing large Maine energy consumers on energy cost, supply, reliability and climate effects. For some forty years, IECG has sought to help all Maine energy consumers reduce the cost of electricity, natural gas, biomass and other fuels, and to more affordably and reliably acquire these fuels. More recently, IECG has helped lead state, regional and national efforts to achieve necessary climate goals at lowest reasonable cost. See, e.g., getmaineclimateright.com.

Maine cannot afford to repeat the costly mistake of the net energy billing program (“NEB”). NEB significantly overpaid solar developers to add new renewable energy generation to Maine’s grid. Had the State focused on pursuing utility-scale renewable projects rather than widespread distributed solar development, Maine could have realized multiple times more installed solar generation capacity at the same cost as what NEB incurs today. Now, unfortunately, some \$200 million per year of energy costs are layered upon ratepayers without considered and intelligent targeting to achieve policy goals efficiently. The core driver of LD 1777, adopted a response to NEB, was widespread concerns among Maine residents and businesses on energy affordability, in particular the cost of NEB. The primary objective of the legislation was to rein in costs associated with FTM DERs. Considering these origins of LD 1777 cost and direct impact on ratepayers need to be the dominant criteria for determining whether additional state-sponsored development of FTM DERs is warranted.

It appears that DNV and CEG have not taken the lessons learned from NEB to heart in developing the preliminary design for the FTM DER Program. The straw proposal includes no examination of potential cost of the new program and does not evaluate or compare the expected cost to ratepayers of new FTM DER development versus the current cost of utility-scale renewable energy projects. Cost effectiveness needs to be the foundation.

IECG has five primary areas of concern with the straw proposal.

First, the straw proposal is silent about an overall procurement target or cap for FTM DER development under the program. This is critical information for the Maine Public Utilities Commission (“PUC”) and interested parties to be able to determine potential cost impact on ratepayers. The provision of a cap also allows measurement of progress and, on an emergency basis, assertion of control when circumstances change. As we enter a new era where federal tax credit support no longer exists for new solar generation projects and where hosting capacity on Maine’s distribution system has been substantially impacted by the implementation of NEB, which will likely impact interconnection costs for new FTM DERs, the cost of developing new FTM DERs needs to be scrutinized extra carefully.

Second, DNV and CEG have provided no analysis demonstrating why FTM DERs can provide common grid services and new sources of clean energy more cost effectively than utility-scale generation projects. Maine’s statute is clear where the State needs to be in terms of overall clean energy supply in the coming years. Developing new FTM DERs to simply claim progress towards these upcoming goals is not justified if this progress can be achieved at a lower cost to ratepayers through the procurement of utility-scale projects, especially those that may be grandfathered for federal tax credits.

Third, there is no analysis provided by DNV and CEG supporting why FTM DERs can achieve the proposed objectives more cost effectively than behind-the-meter distributed energy resources supported by the Efficiency Maine Trust’s existing programs. This is a significant gap in the straw proposal and should be addressed in the final proposal that is submitted to the PUC. Behind-the-meter resources may be significantly more effective in creating benefits for Maine ratepayers.

Fourth, IECG has a number of concerns with the proposed Standard Offer Block concept. In presenting the concept, DNV and CEG appear to misunderstand how standard offer supply is currently structured and purchased. IECG has a range of questions related to the perceived benefits to standard offer customers claimed by DNV and CEG. Furthermore, the straw proposal is silent on the upcoming roll out of community choice aggregations (“CCAs”) in Maine, which IECG expects will complicate the procurement of standard offer supply. If DOER decides to proceed with the Standard Offer Block concept in its final program design proposal that is submitted to the PUC, any net costs associated with the program should be collected solely from standard offer participants and not from customers that procure competitive electricity supply.

Fifth, in presenting the Distribution System Service (“DSS”) concept, DNV and Current Energy Group do not mention or discuss Maine’s existing nonwires alternative (“NWA”) evaluation and procurement process. Title 35-A, section 3231-D establishes a clear process for

procuring NWAs, including FTM DERs, when the PUC determines that an NWA is appropriate under section 3132, 3132-A, or 3132-B. It is not clear how DOER is proposing the DSS concept would interact with the existing NWA evaluation and procurement process, and why FTM DER procurement outside of the existing process is necessary to realize the benefits identified by DNV and Current Energy Group related to deferring or avoiding traditional transmission and distribution investments. Once again, the failure to coordinate this proposed program with the NWA process omits use of a highly important tool created to make the grid more efficient and to reduce costs. No new programs should be designed without careful integration with the existing regulatory tools.

IECG looks forward to working with DOER to ensure that Maine continues progressing on its decarbonization path at the lowest reasonable cost for ratepayers. The current affordability crisis that Maine residents and businesses face must be recognized and mitigated to the extent possible as we consider the appropriate next steps for state-sponsored action on adding new clean energy sources that will support continued beneficial electrification across the state.

Sincerely,

/s/ Anthony Buxton

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