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May 16, 2019

Chairman Lawrence, Chairman Berry and Members of the Energy, Utilities and
Technology Committee,

The Office of the Public Advocate (“OPA”) testifies neither for nor against
LD 1711 “An Act To Promote Solar Energy Projects and Distributed Generation
resources in Maine” which would amend and enact provisions regarding energy billing
and the Maine Solar Energy Act.

LD 1711 would direct the Public Utilities Commission (“PUC”) to establish a
pilot program implementing a tariff rate for nonresidential customers on new
distributed generation resources of up to 2 megawatts, if the PUC determines that a
tariff rate is the most cost-effective manner possible to promote the development of
distributed generation resources.

The bill directs that if a pilot program is adopted the tariff rate must be no
more than the standard offer rate for the customer rate class that includes the smallest
commercial customers plus a small percentage of the effective transmission and
distribution rate for the rate class that includes the smallest commercial customers.

LD 1711 tasks the PUC with determining a “tariff rate” it does at the same
time restrict the PUC to establishing a rate that is “no more than the standard offer.”
By limiting the PUC’s ability in this way, the payment provided may not reflect the
true market cost of the value being provided to the grid, making the calculation of
whether the resource is minimizing costs to ratepayers more difficult to determine.

The bill also creates the role of a “standard buyer” that may be the investor owned utility or another entity as determined by the PUC. The standard buyer serves as a counterparty to long term contracts with project sponsors for the solicitation and procurement, incrementally of 250 megawatts of large scale distributed generation resources. The procurement is to be achieved through competitive solicitation to establish market-based declining block contract rates. The PUC and the standard buyer must implement a transparent process to track and recover the eligible costs and benefits from customers of the investor owned transmission and distribution utility in whose territory the generation resources are located through a process established by the PUC. The process must be similar to the allocation of costs and benefits of long-term contracts.

The contracts are for a fixed-price, 20-year term, presumably reflecting the industry standard for solar equipment financing. However, this bill as currently written does not provide any criteria for how bid prices will be evaluated or any description of the value components, such as avoided energy and capacity costs, avoided transmission costs, that should be assessed for purposes of evaluating the bid prices.

The OPA believes LD 1711 provides an important and thoughtful step in developing a solar policy for this state, however the best course forward is for this Committee to develop a comprehensive Omnibus bill that would incorporate the other solar energy proposals that are presently before the Committee.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD

1711, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in black ink, reading "Barry J. Hobbins". The signature is written in a cursive style with a large, sweeping initial "B".

Barry J. Hobbins
Public Advocate