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JANUARY 2023 HIGHLIGHTS

As we all face another steep increase in electricity prices this month, it is appropriate to look at what is driving the increase. For the past year, regional electricity prices have increased due to sharp increases in the price of natural gas on the world market, caused primarily by Russia's invasion of Ukraine, something over which Maine officials have little control. But as we look ahead, there is another adverse impact looming on the horizon over which Maine officials do have control – Maine's net energy billing (NEB) program.

This program was enacted by the Legislature in 2019 to stimulate the construction of solar generating facilities in Maine. In one sense the legislation achieved its goal, as there are now more than 750 solar projects under development participating in the program. However, the ratepayer subsidies built into the program are starting to come due and are expected to significantly increase electricity prices over the next few years. Unlike traditional net metering, which typically involves rooftop solar that directly offsets a portion of a customer's electricity usage, the new NEB program does not require that the generator be located near any of the customers who receive the benefits of the project. These projects, spanning dozens of acres of land and thousands of individual solar panels, are orders of magnitude larger than anything built prior to 2019 under the old net metering program, yet they receive compensation at exactly the same rate that an individual customer receives for energy generated by rooftop solar. For some of these projects, the utilities (i.e. their ratepayers) are now paying approximately 25 cents per kWh for electricity that costs less than 10 cents per kWh to generate. It has been estimated that if most of the 750 projects under development are actually built, the rate impact of this subsidy could be \$270 million per year. To put that into perspective, that equates to more than \$330 per year for each customer of CMP and Versant. Because these projects receive subsidies for 20-years, the total subsidy will likely be in the billions of dollars over the life of the program.

While we will remain vigilant for ways to limit the rate impact of all these projects under development, it is critically important that the Legislature take steps to reform the program going forward and limit any adverse rate impact from future projects. The Governor's Energy Office (GEO) has convened a stakeholder group to make recommendations to the Legislature (see article below). While the recommendations are a step in the right direction, the OPA is concerned that they do not go far enough. Specifically, the OPA believes that the Legislature should reduce the size of projects that qualify for net energy billing from 5 MW to 1 MW and should limit the program to projects that are physically located on the customer's property such as traditional rooftop solar (so called "behind the meter" facilities) or are truly local neighborhood projects located within 1 mile of all the participating customers. This will restore the program to close to what it was before the 2019 legislation -- small local generating facilities primarily sized to benefit local customers. And this should reduce future subsidies to a level where they have a negligible impact on rates.

It is important to recognize that the OPA's proposal will not prohibit solar developers from building and operating solar facilities in Maine. Under industry restructuring adopted almost 25 years ago, developers of generation do not need the PUC's, the OPA's, or the local utility's permission to build and operate a generating facility in Maine. And OPA supports the PUC's program of inviting solar developers to engage in a competitive bidding program overseen by the PUC whereby many of the lowest bidders will be given the opportunity to enter into a long-term contract with the local utility to sell their energy to the utility at the developer's bid price. This will assure that solar developers have an opportunity to succeed in developing needed solar projects but will also assure that ratepayers pay no more than the actual cost of building and operating the solar project.

William S. Harwood, Public Advocate

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Additions to The OPA Team

The OPA is pleased to announce two new members to our team! Elizabeth Deprey joined our office in late December as the office's new Consumer Advisor. We also welcome Jesse Houck, who joined the OPA in early January as our new Economic Analyst. Maine ratepayers are lucky to have them working with the OPA team to advance the interests of ratepayers.

Consumer Assistance

Electricity Assistance is Available to More Mainers Than Ever

Mainers participating in DHHS programs with a household income less than 75% of the Federal Poverty Guidelines, recently received notice of their eligibility to receive financial assistance with their electricity bill payments. As we enter the height of the winter heating season, recipients are urged to contact their utility to take advantage of this support program. Individuals can also contact their local community action agency to find additional programs that may benefit their household:

<https://www.mainehousing.org/programs-services/energy/liap-agency-contacts>

What to do if you are behind on your utility bills

Consumer calls to the OPA continue to be much higher than normal. This month brought many calls and emails from people concerned about increasing utility bills. There are a few key steps that you can take to ensure continued service.

- 1) Contact your utility. Ask about a payment arrangement to pay down your back balance.
- 2) If you have a payment arrangement with your utility and you can't afford it, contact the Maine Public Utilities Commission's Consumer Assistance Division at (800)452-4699 to see if they can negotiate a more favorable rate for you.
- 3) Call your local Community Action Partnership (CAP). There are heating, electric, and pandemic assistance funds available to help with your utility bills.
- 4) Contact your town for general assistance fund support.
- 5) If you are eligible for heating assistance, call your electric utility and ask about enrolling in arrearage management. This program provides debt forgiveness as you pay your current electricity bill on-time.

Having trouble paying a utility bill?

The PUC has a webpage to connect you to bill assistance resources. This list covers all utilities and is a great page to review if you are having trouble making ends meet:

<https://www.maine.gov/mpuc/consumer-assistance/programs>

Distributed Generation Stakeholder Group

The OPA has been an active participant in the DG Stakeholder Group, created under LD 936, tasked with developing recommendations for a successor distributed generation program to replace net energy billing. Last week, the Governor's Energy Office submitted a proposed final draft of the Stakeholder Group's final report to the Legislature's Energy, Utilities & Technology (EUT) Committee. The report makes the following recommendations:

- Projects between 1-5 MW in size will be able to participate in competitive procurements that will be used to set project compensation.
- 70% of projects will be awarded based on competitive bidding, while 30% will be set aside for community access projects owned by a municipality, tribe, school, or state entity.
- The procurement will prioritize projects sited on disturbed lands and projects that are eligible for tax credits under the recently passed federal Inflation Reduction Act.
- The report finds that projects paired with energy storage can provide additional benefits and that storage should be included in the procurement.
- The report acknowledges the need for additional development of program design and proposes that the Governor's Energy Office and Public Utilities Commission be tasked with further developing the program.
- The report makes no recommendations for projects less than 1 MW in size.

The EUT Committee must now decide whether to report out a bill based on the information and recommendations included in the final report. The OPA will continue to participate in the legislative process to push for a more cost-effective distributed generation program that is in the interests of Maine's ratepayers.

Retail Supply Study Stakeholder Group

The Legislature passed LD 318 (P.L. 2022, Chapter 164) this past session, directing the OPA to convene a stakeholder group to study and review possible reforms of retail electric supply. The OPA hired Exeter Associates and Baldwin Consulting to assist with the study, which is due to the Legislature on February 1, 2023. The group met on Friday December 16, 2022 to discuss preliminary recommendations. Recordings of past meetings can be viewed here:

<https://www.maine.gov/meopa/reports-and-testimony/retail-supply-stakeholder-group>

PUC Electric Proceedings

OPA Challenges Versant Power's Rate Request

As previously reported, on October 3rd, Versant formally requested an increase in rates of approximately \$33.5 million, which would constitute a 34% increase in distribution rates (Docket No. 2022-00255). On December 16, 2022, the OPA filed its case in opposition to Versant Power's requested rate increase. In their testimony, the OPA's witnesses recommended that Versant's increase be cut roughly in half to around \$17 million.

The major driver for the OPA's recommendation is a reduction to Versant's proposed capital expansion program. In particular, Versant has proposed reflecting in rates new spending on capital projects which significantly exceed recent spending levels. The OPA is concerned that undertaking so many projects at once may result in project delays, due to potential supply chain issues, resulting in proposed capital spending being included in rates, even though the project is not yet benefitting ratepayers. For instance, the company experienced such delays in its recent deployment of new metering equipment. The OPA's witnesses also recommend reducing the allowed return on equity (or shareholder profit) from Versant's proposed 9.35% to 8.83% and reducing the amount of equity included in the company's capital structure.

The next step in the process is for Versant to ask questions in discovery regarding the OPA's testimony. This process will continue into January. A final decision is not expected until June 2023.

CMP's Rate Case Continues

As previously reported, on December 2, 2022, the OPA filed its case in opposition to Central Maine Power Company's requested rate increase of over 30% spread out over three years (Docket No. 2022-00152). Since that time, CMP has begun the process of asking questions in discovery regarding the testimony presented by OPA and other intervenors. This process will continue into January. A final decision is not expected until July 2023.

Versant Proposes Increase to Stranded Cost Rates

On December 15, 2022, Versant Power proposed new stranded cost rates for its Bangor Hydro District (BHD) and Maine Public District (MPD) for the period of March 1, 2023 through February 28, 2026 (Docket No. 2022-00356). Under Maine's Restructuring Act, stranded costs must be adjusted every three years. For Versant's BHD service district, it requests that the Commission approve, effective March 1, 2023, a stranded cost rate increase of \$10,088,899, or 181% increase over current rates. For Versant's MPD district, it requests Commission approval, effective March 1, 2023, of a stranded cost rate increase of \$3,682,620, or 279% over current rates.

The OPA expects to be an active participant in this proceeding, closely examining Versant Power's requested rate increases. The first step in this proceeding will be an initial case and technical conference to be held on January 18, 2023.

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CMP and Versant Will Soon File Testimony Addressing Need for new Service Quality Standards

The PUC has opened an investigation to establish standards that will better measure and motivate improved performance by CMP and Versant in the areas of service quality and customer service (Docket No. 2022-0027.) This case is of particular interest to ratepayers, as on December 14, 2022, CMP and Versant were once again ranked last in J.D. Power's survey of residential customer satisfaction. On December 21, 2022, the companies were granted an extension of the deadline for filing their testimony due to the impacts from the recent major winter storms. Their testimony is due by January 6, 2023 and will be discussed at a technical conference on February 16, 2023.

PUC Denies OPA's Request for \$75 Bill Credit for Versant and CMP's Low-Income Customers

On December 9, 2022, in response to increases in the standard offer prices for CMP and Versant customers, effective January 1, 2023, OPA filed an emergency petition for approval of a one-time bill credit of \$75 for qualifying low-income customers (Docket No. 2022-00350). The credit would have approximately offset the \$25/month increase in standard offer prices for the three-month winter period. On December 20, 2022, the PUC denied the petition stating that the PUC does not have the authority to grant the proposed bill credits.

The OPA and CMP Reach Agreement on Additional NWA Planning Standards

The OPA signed a Memorandum of Understanding (MOU) with CMP memorializing agreement on protocols for investigating Nonwires Alternatives (NWA) (cost effective alternatives to traditional utility investments in poles and wires) (Docket No. 2020-00125). The purpose of the MOU is to improve the accuracy and efficiency of the NWA analyses. The MOU identifies specific factors which will apply to all NWA analyses so that NWA reviews are consistent and transparent. For example, the MOU requires CMP to include Distributed Energy Resource (DER) impacts in its system planning forecasts and clearly identify the capacity factors of DERs modeled in planning forecasts. CMP is also required to identify with specificity the applicable reliability standard used by CMP to justify its proposed investment in each wires project.

[PUC Natural Gas Proceedings](#)

PUC Approves Agreement Required for SNG to Participate in a Biomethanation Pilot Project

On October 14, 2022, Summit Natural Gas (SNG) filed a request for an Advisory Ruling (Docket No. 2020-00089) seeking clarification of the need for Commission approval of a planned short-term, pilot-scale biomethanation project at the site of the Peaks Renewables dairy digester in Clinton, Maine. The project is funded by a \$5.0 million grant from the Department of Energy (DOE) in partnership with, among others, the National Renewable Energy Laboratory (NREL). After discussions with the PUC and the parties, the case was resolved by agreement. SNG will adhere to certain conditions regarding financial, accounting, and costs. The PUC found that the project could

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provide important information regarding the production of pipeline-quality renewable natural gas associated with the Clinton digester.

Bangor Natural Gas (BNG) and Bucksport Generation (Bucksport) Propose Extension of Their Special Rate Contract (SRC)

BNG and Bucksport filed a request to extend their existing SRC (originally agreed to in 2014) (Docket No. 2022-00333.) On December 9, 2022, the PUC agreed with the OPA that Bucksport's identity should be public information (in the initial filings Bucksport was referred to only as "the SRC customer." On December 22, 2022, BNG and Bucksport participated in a technical conference where the OPA and the PUC asked questions about the companies' contract. The parties filed briefs on January 4, 2023.

OPA Argues that Customers Should Not Have to Pay for Costs as Summit Natural Gas (SNG) Prepares to Increase the System Pressure in its Distribution System

In 2014, the PUC discovered that SNG had erred in the sizing of the equipment ("risers") that the company installed when connecting customers to buried service lines and mains. As a result, SNG was required to reduce the pressure in its distribution system. In 2021, SNG requested a waiver of a federal pipeline safety regulation in order to restore the pressure to the original level (Docket No. 2021-00112.) Over OPA's objection, the waiver was granted and forwarded to US Department of Transportation's Pipeline and Hazardous Materials Safety Administration (PHMSA) for review. On October 24, 2022, PHMSA issued conditions that SNG would need to accept, including testing before and after the pressure increase, before PHMSA would lift its objection to the waiver request. On December 13, 2022, the PUC issued their Recommended Decision, which would amend the original waiver to include the conditions imposed by PHMSA. In response, OPA filed comments supporting the inclusion of PHMSA's conditions, but asking that the costs of all testing, leak detection surveys, repairs, equipment replacement, surveys, and any other costs associated with changing the system operating pressure should be paid by SNG's shareholders.

[PUC Telecommunications Proceedings](#)

The OPA Asks that Fiber Partners LLC (FP) File Public Versions of Their Confidential Documents

On December 15, 2022, Fiber Partners (FP) filed a request, pursuant to Chapter 880 of the PUC's Rules, to attach its equipment to utility poles (Docket No. 2022-00357). FP also requested, and was granted, a protective order for confidential business information that the company will be filing. The OPA agrees that certain sensitive information justifies an exception to the Freedom of Access Act (FOAA), guaranteeing access to the public records in the custody of state agencies. But on December 29, 2022, the OPA asked the PUC to require FP to create and file redacted, public versions of any confidential documents. The OPA has also requested an extension to the comment due date (originally set for December 30, 2022), so that interested persons have time to review the financial documents that FP will be providing in support of their request.

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[Find Out More](#)

To learn more about any of the cases mentioned in this issue, please visit the Public Utilities Commission's Case Management System (CMS). Make note of the docket number of the case of interest from this newsletter and enter it in the search feature on this page: <https://mpuc-cms.maine.gov/CQM.Public.WebUI/ExternalHome.aspx>

This will bring up all documents or comments filed in the case.

For more information about OPA, its FY 2022 Annual Report to the Governor and Legislature can be found here:

https://www.maine.gov/meopa/sites/maine.gov.meopa/files/inline-files/OPA_2021-2022%20Annual%20Report_0.pdf