



LD 1777, An Act to Reduce Costs and Increase Customer Protections for the State's Net Energy Billing Program

Why do we need to keep the Kilowatt-hour Project Charge in LD 1777?

The Project Charge represents almost half of the cost savings in the bill. Right now, Mainers are paying an additional \$235 million every year to subsidize solar projects, a number that will continue to rise uncontrollably if we don't act. Roughly half of that cost comes from the kWh credit projects that would be subject to the Project Charge. LD 1777 takes a modest approach to rein in these costs, slicing \$61 million off of Mainers' annual costs. *\$28 million of the first-year savings comes from the Kilowatt-hour Project Charge.*

The Project Charge de-links solar developer compensation from future unpredictable increases in utility rates. Right now, the compensation for solar farm owners is directly tied to rising retail utility rates. When we have big storms, like we did in 2023 and 2024, the solar farm owners get a raise. When we need to replace an old substation or build new transmission lines, the solar farm owners get a raise. *The Project Charge allows for solar compensation to grow at a predictable 2.25% per year.*

The Project Charge takes a tiered approach, carefully right-sizing compensation for the largest projects that have the highest rates of return. In developing LD 1777, we listened closely to Maine solar developers who noted that large projects have much better rates of return than small projects. We have adjusted compensation using a tiered model to recognize the needs of smaller projects.

What are the compensation rates for solar in this program? ¹

Today: 22.8 cents (the full retail rate). Note that on July 1, 2025, compensation will increase to 23.2 cents based on additional storm costs being added to rates.

Under LD 1777, in 2026, net compensation after paying project charge:

small projects (under 1MW)—at least **23.2 cents** (plus 2.25% per year in future years)

middle size projects (1MW-3MW)—at least **20.8 cents** (plus 2.25% per year)

larger projects (3MW-5MW)—at least **18.1 cents** (plus 2.25% per year)

How can I tell if these rates are fair?

- If these projects sold their generation at wholesale rates in 2024—**9.16 cents**
- If we followed NH's model (credits only for the supply portion of the bill)—**10.6 cents**
- If these projects received the same rate as Tariff Rate projects in LD 1777—**14.21 cents**
- If these projects got the 2020 rate, increased by a predictable 2.25% per year—**17.65 cents**

LD 1777 is a balanced solution that will lower energy bills and create a sustainable path for clean energy investment in Maine.

¹ Example rates used in this explainer are CMP residential rates.

Questions? Please contact us!

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Who we are ...

The **Maine Office of the Public Advocate (OPA)** is an executive branch agency representing the interests of ratepayers in regulatory and investigatory proceedings before the PUC. Our Consumer Advocate fields hundreds of phone calls and emails each month related to community solar, competitive electricity providers, utility bills, low-income resources, and consumer rights. We collaborate with the Legislature's Energy, Utilities and Technology (EUT) Committee to promote policies that benefit Maine consumers and provide technical expertise on the cost impacts of various policy proposals.

Have constituents with questions or concerns about their solar or utility bills? Have them reach out!
Consumer Advocacy Hotline: 207-624-3687