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Testimony Neither for nor Against
LD 1347, “An Act to Eliminate the Current Net Energy Billing Policy in Maine”
April 13, 2023

Senator Lawrence, Representative Zeigler and distinguished members of the Joint Standing Committee on Energy, Utilities, and Technology,

My name is William Harwood and I am the Public Advocate, here today to testify neither for nor against LD 1347, “An Act to Eliminate the Current Net Energy Billing Policy in Maine.”

The OPA thanks the sponsors for bringing forward this important bill. This bill addresses one of the most important issues facing all of us – how to address the exploding cost of Net Energy Billing (NEB). If nothing is done, the OPA estimates that in two years, the cost of NEB will grow to approximately \$220M/year or approximately \$275/year for each ratepayer. Attached is the OPA’s calculation. And this increase will continue for the next 20 years. These large rate increases will create additional challenges to meeting the state’s climate goals of expanding the use of EVs and heat pumps.

Additionally, the NEB program suffers from three flaws not directly related the amount of the direct subsidy. First, there was not thoughtful planning about where these projects should be built. Unfortunately, the location appears to have been dictated primarily by the availability of inexpensive land and the proximity to a utility substation. As a result, many of these projects under development are located in places where the utility has insufficient capacity to interconnect these projects and/or more energy is not needed. This creates costs and major headaches for utility engineers responsible for keeping our lights on.

Second, the program does not capture the value of the renewable energy being generated by these projects. Developers retain the right to sell the renewable energy credits (RECs) associated with the energy generated by NEB projects and RECs are the way we measure our progress toward meeting our climate goals. Accordingly, the Maine ratepayers



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participating in the program are technically not using renewable energy and the program does little to help Maine achieve its renewable energy targets, despite the exorbitant cost of the program. Because these NEB projects are not regulated as Competitive Electricity Providers under PUC rules, they essentially fall through the cracks of the regulatory system.

Finally, the entire concept of “subscribing ratepayers” has created billing confusion and controversy for both utilities and consumers. For most community projects, these “subscribing ratepayers” have not provided the land on which the project is sited or invested any money in the project. All they did was volunteer to accept a portion of the subsidy so the project developer could meet this inexplicable regulatory standard that there be a minimum number of subscribing ratepayers to qualify as an NEB project. And like most other inexplicable regulatory requirements, this creates a lot of confusion and controversy. Our office receives a steady flow of NEB subscribing ratepayers who are confused and angry because the invoices they receive from the utility and the invoices they receive from the NEB developer do not match up and often appear to be addressing different ratepayers. When we try to explain the complicated billing system, the subscribed customers often become even more frustrated and want to end their participation as a “subscribing ratepayer.”

For all those reasons, the OPA agrees that something should be done about the NEB program, but the OPA has reservations about ending the program altogether. Prior to the enactment of LD 1711 in 2019, NEB existed under PUC Chapter 313 and was not controversial. Small roof top solar projects with capacity of less than 660 KW were allowed to participate in net metering and the overall cost to other ratepayers was modest. We think that the Committee should consider saving that portion of the program that allows ratepayers to install small roof top solar panels on their homes and businesses.

In addition, the bill appears to be focusing on future NEB projects and does not address those projects already under development. Currently there are approximately 2000 MW of NEB solar projects either in operation or under active development. Although we



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certainly understand that not all of those projects will actually be built, there are credible estimates that when the dust settles, there will be approximately 1200 MW of NEB projects in operation resulting in a cost of \$220M/year being subsidized by ratepayers (1200 MW of NEB is more capacity than any generator in New England, even the huge Seabrook and Millstone nuclear plants). Before we close the door on this session, we owe it to the ratepayers to explore ways to reduce the ongoing subsidy paid to all NEB projects.

The bill does not address the need to replace the current NEB program with a more cost-effective program to encourage renewable energy development. The OPA recognizes that for economic and environmental reasons, Maine needs more wind and solar in the mix to reduce our dependence on burning natural gas to generate electricity. So, we need to signal to the solar industry that cutting back the NEB program should not be misinterpreted as a lack of support or appreciation for what they bring to the table. The OPA recommends that the bill direct the PUC to set up a competitive bidding program for small solar projects whereby the winning bidders would be rewarded with a long-term Power Purchase Agreement (PPA) with one of the utilities. To the extent the solar industry needs more help from the State to grow and expand, this is a far more cost-effective way to provide it.

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 1347 and will be available for the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

William S. Harwood
Public Advocate