



CENTRAL MAINE POWER

Kathleen Newman – Director, Government Affairs, Central Maine Power Company
Testifying in Support of

LD 1711 – An Act to Promote Solar Energy Projects and Distributed Generation Resources in
Maine

May 16, 2019

Senator Lawrence, Representative Berry, Members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Kathleen Newman, Director of Government Affairs for Central Maine Power Company, testifying in favor of LD 1711 – An Act to Promote Solar Energy Projects and Distributed Generation Resources in Maine.

Central Maine Power Company's position on solar energy projects, distributed generation and net energy billing has evolved over the last several years. For many years, we analyzed this type of legislation in terms of the price impact on our customers, opposing bills that would increase the cost of serving them. In 2017, after working with a broad coalition of stakeholders to come up with compromise language, the company testified in support of LD 1649—An Act To Modernize Maine's Solar Power Policy And Encourage Economic Development. Because it is imperative that greenhouse gas emissions from man-made causes be significantly reduced globally, we continue to support the principles advanced in that legislation and do so again today.

CMP believes Maine law governing the net energy billing and community solar systems should be consistent with the following principles:

- Protection of self-consumption for energy generated and consumed onsite
- New tariffs must be understandable to customers and provide fair opportunities for bill management
- Consistency with broader public policy goals for grid modernization and other initiatives, and
- Robust community renewable energy programs that provide ample opportunity for participation

Such modification of Maine's net energy billing statutes and regulations should also take into consideration the benefits and costs of distributed generation that can be directly quantified, including energy and capacity market price suppression, avoided transmission and distribution costs, the value of reduced carbon emissions, reliability, resiliency, and avoided costs of compliance with environmental and public health requirements. Different net metering tariff and credit structures for residential and small business customers and large commercial and industrial customers should also be considered. It is important to avoid unjust and unreasonable cost shifting and bill impacts on all customers. Structures should reflect cost causation, including time-based rates and credits, as well as the equitable distribution of the benefits of incentive programs across all customer classes.

While CMP is supportive of the objectives and general framework of the bill, it is very technical and should be carefully reviewed. The Company has had only a limited opportunity to review the bill but notes a number of provisions that should be clarified or amended to ensure a workable

structure is put forth to achieve the desired objectives. Although this is by no means an exhaustive list, the Company's initial concerns include the following:

Part A

- §3209-B(2) proposes the establishment of a pilot distributed generation resource tariff rate for non-residential customers but this provision lacks clarity as to what the proposed rate would apply. Is it intended to apply to the gross generation from a facility owned by a non-residential customer? Is it applied to the net output of this generation in excess of the customer's usage? Is it intended to apply to the full consumption of the customer? This provision of the bill is unclear.
- Sec. A-6. 35-A MRSA §3473, sub-§4 imposes an obligation on the Commission and IOUs to take "all commercially reasonable steps to promote the participation of distributed generation resources in serving the State's energy needs and in the wholesale electricity, capacity and ancillary service markets." This obligation is far too broad and vague to be either meaningful or enforceable. Unless there is a more specific objective desired, this provision should be stricken.
- Sec. A-6. 35-A MRSA §3473, sub-§6 proposes that the Commission establish rules for timely interconnection of distributed generation resources and impose financial penalties for failure to comply in this regard. This provision of the bill is unnecessary. The Commission has already established rules for generation interconnection (Chapter 324) and already has the power to levy administrative penalties under Section 1508-A for a T&D Utility's failure to comply.
- §3475 sub §1 states that the standard buyer will be "subject to the jurisdiction of the commission." If the standard buyer is the investor-owned utility, then the utility is clearly under the Commission's jurisdiction. However, if it is some other entity, it is not clear what this provision means. Is the standard buyer considered a utility under Maine law? What jurisdictional powers would the Commission have over this entity?
- §3475 sub §3 should be clarified to ensure that the investor owned utility is entitled to recover from its customers the net costs of performing the role of standard buyer. This language should be consistent with similar provisions in §3210-C.

While the general framework of the competitive solicitation provisions is well structured, it could be improved in a number of ways, including:

Bid qualification

- Requiring distributed generation resources to have a fully executed interconnection agreement with a T&D Utility prior to participation in an RFP is likely too restrictive. This would limit participation to only fully mature projects that are well advanced to construction and may result in uncompetitive results in RFPs.
- The proposed qualification criteria for Large Scale distributed resources requires that bidders "demonstrate experience fulfilling the obligation to subscribers of shared distributed generation facilities." While experienced bidders would be preferable, making this a prerequisite will serve as a barrier to entry for new market participants and could lead to uncompetitive results.

Other provisions

- §3477 sub §9 makes reference to a “wholesale rate” that would be paid to generation providers for unsubscribed generation credits. This term is vague and undefined. The provision could provide a general definition with more specificity to be established in the agreement between the provider and standard buyer.
- §3477 sub §16 includes a list of provisions with which a project sponsor must report compliance to the Commission within one year of commercial operation. This provision should be amended in number of ways, including:
 - Including subsection §9 in the list of compliance obligations
 - Requiring that compliance be verified more regularly than just a single point in time at the beginning of a 20-year contract
 - Specifying the consequences for failure to comply with the referenced provisions
- §3478 sub §2 includes language relating to T&D utilities’ provision of billing and collections services on behalf of project sponsors. This section is vague and confusing. At a minimum, this section should be clarified to clearly state that such arrangements should be voluntary and utilities should not be compelled to provide such services.

Part B

- Sec. B-1, sub-5 specifies that the electric ratepayer subsidy provided to long-term solar projects under this section is capped at the assessment charged under §10110 sub 4-A. This provision raises questions as to what happens if there is a decline in market prices after a long-term contract is executed, resulting in a higher level of ratepayer subsidy than envisioned. Is the contract quantity reduced? Is the purchasing utility prevented from recovering the costs from customers? The provision requires clarification.

The comments here are intended to improve the bill to make it workable and meet general principles of the system. We are committed to collaborating with other interested parties and hope, going forward, more open communication amongst the parties will lead to a better, more practicable outcome. We look forward to working with the committee to address these concerns.

Thank you for your consideration.