**Testimony to the Joint Standing Committee on Energy, Utilities & Technology**

**In Support of**

**LD 709, Resolve, To Provide a Brief Moratorium on Certain New Net Energy Billing Arrangements and To Examine the Costs and Benefits of Net Energy Billing**

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Senator Lawrence, Representative Berry, and Distinguished Members of the Energy, Utilities & Technology Committee:

CEI is a Community Development Finance Institution (CDFI) with a 43-year history of promoting good jobs, environmentally sustainable enterprises, and shared prosperity in Maine. Over the last three years, CEI has financed 101 green and environmentally sustainable businesses totaling $34.8 million, loans and investments that leveraged another $118.4 million to help create and retain 1,767 new and existing jobs. In the solar space, we have financed 41 projects since 2007, resulting in over $22MM dollars invested in this industry in Maine. These projects have benefited small businesses, municipalities, schools, and non-profits. In the two years since LDs 1711, 1679, and 1494 were passed, we have financed $13M across 10 solar deals and leveraged $33MM more in outside financing. Bright Community Capital (BCC), a CEI subsidiary, has financed 20 solar projects since its inception in 2017. BCC aims to increase access to solar for affordable housing residents, lower costs for low-to-moderate income (LMI) households, and co-locate pollinator-friendly habitats with solar installations.

We are writing, as a financer of solar projects in Maine, to contribute our viewpoint regarding LD 709, *Resolve, To Provide a Brief Moratorium on Certain New Net Energy Billing Arrangements and To Examine the Costs and Benefits of Net Energy* Billing and related net energy billing proposals pending before the EUT Committee. While we agree that a pause may be necessary to determine the best business practices for NEB solar installations moving forward, a back-dated mandate will be detrimental to the solar industry in Maine. Policy shifts send direct signals to the market that will affect Maine's ability to meet its statutory climate and energy requirements to reduce greenhouse gas emissions and increase renewable energy resources. Importantly, this disruption does not just affect Maine's ability to decarbonize or its role as a climate policy leader; unpredictability in the marketplace inevitably affects Maine's ability to build a skilled clean energy workforce in accordance with the state's economic policy objectives.[1] Thoughtful and methodical policymaking will provide confidence to both investors and developers that will enable the state's clean energy economy to grow.

CEI (including BCC) supports the use of financial tools to either *prioritize* or *disincentivize* certain types of solar development. Criteria such as favorable siting, single- vs. dual- or multi-purpose land use, access for LMI households, workforce and use of local contractors could provide a framework to evaluate solar projects. Within this overall policy framework, the state could establish a base project compensation rate for solar projects, where financial adders can counter-act subtractors, but not allow the project to exceed the base rate of compensation. The following characteristics could help determine the benefits, challenges, and costs of a solar installation and be used to apply financial "adders" and "subtractors" to a project accordingly.

Examples of financial "*adders*" include the existence of such activities or siting actions as/but may not be limited to:

- Multi-use: Livestock grazing, co-location of crops, pollinator habitat
- Siting: Landfill, brownfield, roof-top, carport
- LMI inclusion (set a percentage reserved for LMI off-takers)
- Use of local installers and/or workforce training
- Battery storage

Examples of financial "*subtractors*" may include:

- Farmland – Solar provides dependable income from leased land; perhaps there is a specification regarding the maximum percentage of the overall property a solar installation may occupy
- Forested land – Subtractor value may be determined depending on the end use and value of the cleared trees or the amount of cleared land
- Create a size cap for larger projects, with additional criteria

In general, large-scale projects (e.g., over 1 MW DC), which are needed for Maine to meet its decarbonization and GHG emissions reduction targets, possess economies of scale to offer consumers the best rates and can absorb financial "subtractor" penalties. The number of these large-scale projects could be limited each year to slow the pace of development until policy is refined. Smaller projects (e.g., less than 300 kW DC), would benefit from financial incentives, a smoother permitting process, and lower interconnection costs. Solar project compensation could be established relative to project size, to balance financial viability with Maine's goals beyond climate change mitigation. Larger projects could receive lower compensation levels due to economies of scale. Also, there is the potential to take the difference between the value of the project and what the customer pays to fund desired climate and economic outcomes (e.g., job training for clean energy jobs).

Thank you for considering this testimony. Net energy billing is a key pathway to a clean energy economy with good jobs. CEI thanks the Committee for taking a measured and balanced approach to this important issue in attempting to foster a predictable market for investment in renewable energy systems. We would welcome the opportunity to serve on a working group comprised of stakeholders to help Maine delineate the best path forward.

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