CENTRAL MAINE POWER

Testimony in Opposition to LD 1146
An Act to Encourage the Use of Renewable Energy
April 9, 2013

Senator Cleveland, Representative Hobbins, members of the Committee on Energy, Utilities and Technology, my name is David Allen. I'm here on behalf of Central Maine Power Company to testify in opposition to LD 1146.

Net-energy billing was established at a time when utilities were vertically integrated, that is, when utilities generated and delivered the electricity used by their customers. The concept was simple. If a homeowner wanted to generate some of his own electricity but still have the utility distribution system available, he entered into a net-energy billing agreement with the company. For every kilowatt hour he puts onto the system, he is given a credit equal to the combined energy and delivery cost of one kilowatt hour. Then when he takes one kilowatt hour of energy from the system he uses that credit to "pay" for it.

Originally, the size of the generator was capped at 100 kilowatts, though most systems were 5 to 10 kilowatts. Credits could not be banked from month to month, though that was later changed to allow banking for up to one year.

The entire system was designed for single homeowners who installed systems sized to meet their needs. The banking limit was put in place to discourage people from putting in systems too large for their own needs in recognition of the fact that net-energy billing is a subsidy, that is, all other utility customers subsidize those who use net-energy billing.

In essence, the homeowner is using the T&D system to both take in energy and send out energy, but doesn't pay for that use. Other customers pick up that share of the cost.

Recently, largely because of the advent of home wind energy systems and improvements in solar technology, the net energy billing rule was changed to allow larger systems that could be owned by a group of people, and each owner would be entitled to net-energy bill against his own use based on his ownership interest. The current limit is 660 kilowatts (the size of a typical type of wind turbine), though no one has installed a system anywhere near that size. Shared ownership and net-billing is limited to 10 accounts, again, in order to limit the impact on other ratepayers.

The whole system is designed to accommodate small renewable energy systems designed to serve the energy needs of a single home or business or a small group of homes or businesses. It was never intended to allow large generators to by-pass T&D charges and sell power directly to customers.

CMP currently has over 1000 net-energy billing customers. Each customer has two meters to measure input and output, and each customer's bill has to be manually calculated and billed.

This bill virtually eliminates all of the net-energy billing rules that have been developed over a couple of decades and replaces them with a statute that could cost our customers dearly.

A two megawatt generator is large enough to serve over 3000 Maine homes, but the actual number of homes it would serve depends on the generator's capacity factor, i.e. how much of the time it could run. However many homes the generator serves, those customers would no longer be paying the full cost of delivery services, so

the costs of the system would be shifted to other customers. In addition, those thousand or more customers could be anywhere in the state.

Passage of this bill could dramatically increase the subsidy CMP customers are already paying from hundreds of thousands of dollars to millions of dollars.

CMP already has in place a program to help generators sell their output to the New England market. We bundle the generation of generators under 5 MWs and sell the power into the market for them. They receive the market price for the energy and can also sell any renewable energy credits they qualify for.

That way, the generators receive the proper value for their product, and our customers don't end up subsidizing them through their delivery rates.