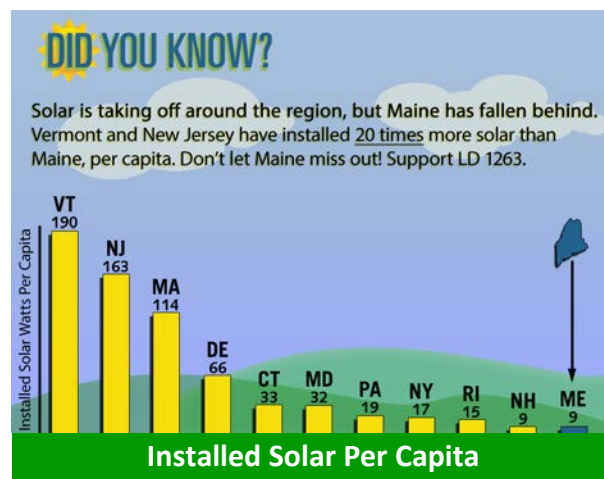
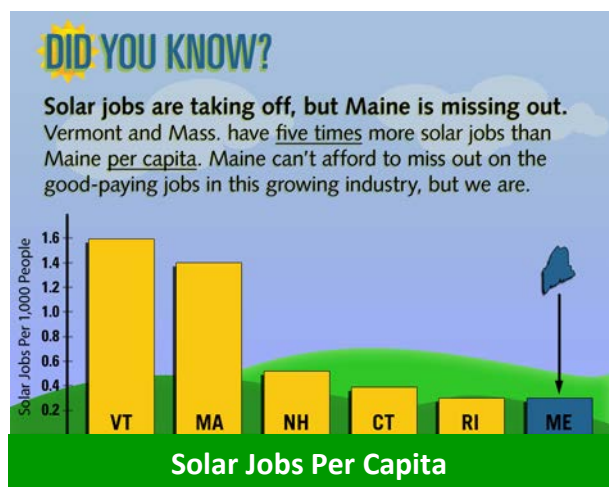


An Act to Create Jobs and Promote Investment in Maine's Economy through Increased Access to Solar Energy (LD 1263)

Sponsored by Representative Sara Gideon of Freeport

Background Explanation:

Maine has an excellent solar resource—comparable to cities like Houston, Miami or Atlantic City and *better* than that of leaders in solar like Germany, Massachusetts and Vermont. Unlike any fossil fuel, solar is one of the **renewable energy resources Maine has in abundance**. With solar panel prices at an all-time low, it's now economical for homes and businesses to harness solar to produce their own power and increase energy security. Despite this good news, **Maine is falling far behind** the region and the U.S. in both solar installations and **job creation** because it **lacks policies to increase access to solar** for more Maine homes and businesses.

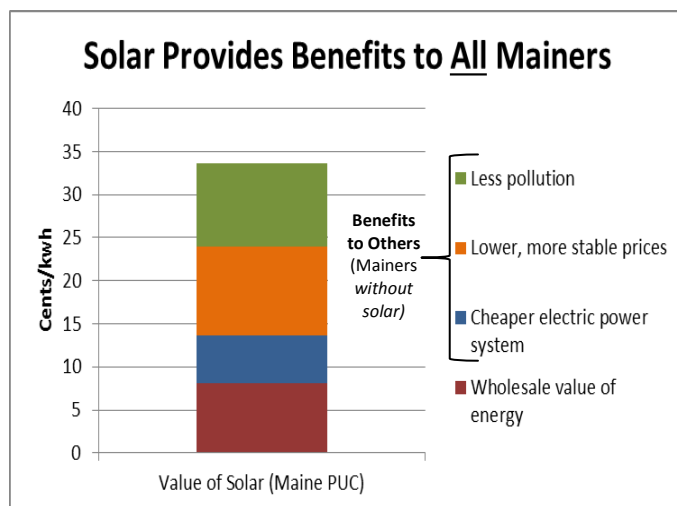


Without greater energy diversity and more choices, **Maine homeowners and businesses face volatile and rising energy prices**. Rooftop solar offers a way for Mainers to save money and **take control of our own energy costs**. Prices for solar panels have fallen 50% in the last five years. Although there is no cost for the fuel, all of the cost for solar systems needs to be paid up-front, which is a challenge.

The Benefits of Solar:

Solar offers many benefits to Maine, including: **reducing energy costs**; **employing Maine workers with good-paying jobs**; and **reducing pollution** that threatens our climate and oceans.

A new study by the Maine Public Utilities Commission shows that **solar creates significant public value**. For one thing, it **actually reduces the price we all pay for electricity** because it displaces more expensive power generation and transmission upgrades.



For example, under current policies, a typical 5 kilowatt solar installation might earn a homeowner around \$26,000 in net-metering credits over a 25-year period. According to the PUC findings, the full value of that solar power over 25-years is roughly \$55,000—and **most of those benefits (\$42,000) go to other Mainers who don't own solar**, in the form of lower electricity costs, reduced prices, and reduced pollution.

To better capture the opportunity solar presents, Maine needs to reduce **financial and regulatory barriers** and **increase access** to solar and solar jobs by **more fairly compensating** for the true value solar provides.

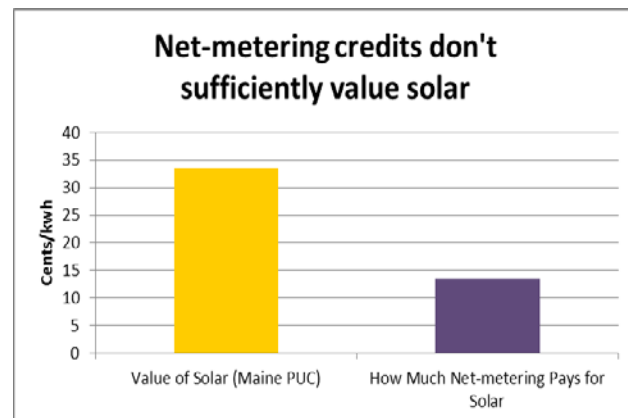
How the Bill Works:

The bill makes solar power more accessible for Maine people, businesses, and communities by addressing current barriers and limits. It will dramatically reduce the payback period for solar projects. It emphasizes rooftop solar, community/shared solar, and special opportunities for solar, such as at landfills and farms. It builds on successful existing Maine policies, such as net-metering and the Renewable Portfolio Standard, and puts Maine on the path for significant steady growth in solar over the next decade.

For more than a decade, net-metering has been the central policy in Maine and elsewhere to encourage small-scale distributed generation, such as solar. However, electric utilities - such as Central Maine Power – oppose continued use of net-metering because they are narrowly focused on the transmission and distribution portion of electric rates. The utilities ignore the **total cost reduction benefits to ratepayers**, as well as the solar jobs, energy independence and environmental benefits solar brings. The utilities are also now asking for the ability to own solar and other sources of generation (which was taken away in the past to promote competition). Utility ownership runs counter to one of the most attractive features of solar: owning your own source of power, the way we aspire to own our own cars or homes.

The bill retains net-metering, and makes some targeted improvements:

- **It raises the cap on the number of people who can co-own and benefit from a shared solar project** through net-metering. Right now Maine has an arbitrary cap of 10 people. The bill says the PUC must set a cap of at least 50 people or businesses.
- **It also increases the size of solar systems that communities or businesses can install** to reduce their electric bills through net-metering, from 660 kW to one megawatt.



The PUC study shows **net-metering is a good start for valuing solar, but it doesn't go far enough**. Our Renewable Portfolio Standards (RPS) is the core policy in Maine (and nearly 40 other states) to spur investment in new renewable generation using a market-based approach.

The bill establishes a solar-specific component of Maine's RPS:

- It gives everyone who generates solar power a solar credit (S-REC) for every unit of solar power they produce. This will increase the revenue solar array owners receive from generating solar, and reduces the payback period considerably.
- The value of credits is determined by a competitive market. Based on solar trends, it is reasonable to project that the solar credits will be worth roughly 16 cents/kwh at first and descend over time towards 10 cents/kwh.
- In other states that have used this approach, different kinds of businesses provide solar owners with many options to get paid for their solar credits, from getting a lump sum up front to receiving a direct deposit every quarter based on market prices.
- Solar at any scale would receive S-RECs, but the bill ensures the *largest* benefit goes to residential customers, farms, and community-based shared solar projects.

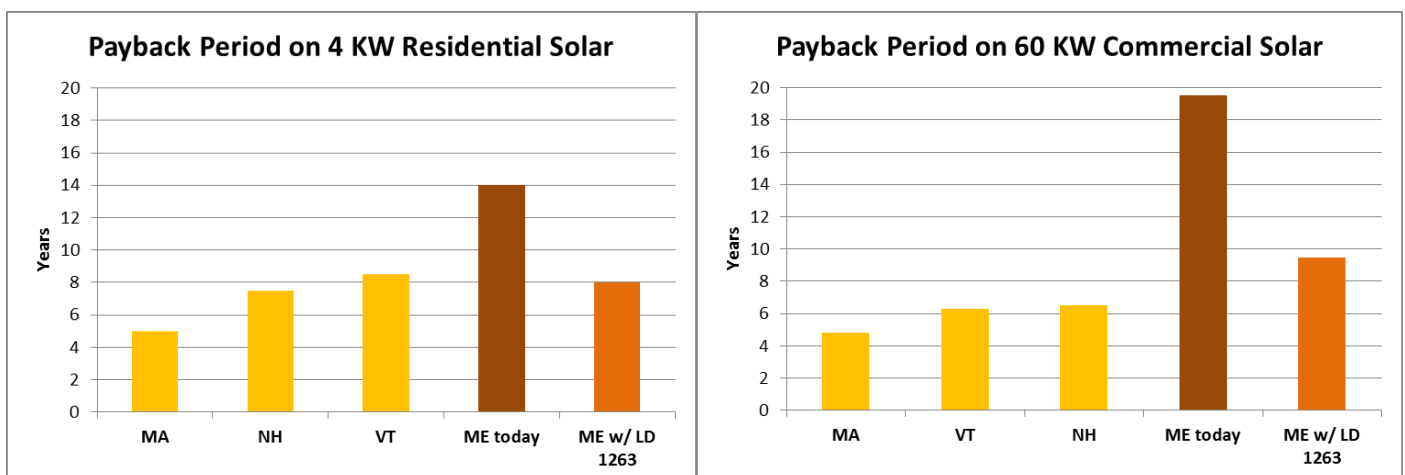
What the Bill Will Accomplish:

The bill calls for Maine to get 2.5% of its total electricity from solar by 2022. That's about **200 MW of solar by 2022**, compared to about 10 MW in Maine today. That may sound like a lot—and it is—however Vermont is now adding 40 MW per year and Massachusetts installed 300 MW just last year alone.

According to economic impact analysis of solar by the U.S. Department of Energy, the amount and types of solar stemming from LD 1263 would create **560 new jobs in Maine** over the next eight years. This is \$21 million in new payroll spending each year, and a total economic investment in the state of \$553 million.

In addition, several communities and developers are interested in building larger-scale solar in Maine, too, whether on landfills, brownfields, or other land with limited alternative uses. These projects offer the chance to provide solar power at the lowest cost possible to larger numbers of people, and can complement residential and commercial rooftop solar.

The SREC portion of LD 1263 has the biggest impact on making investment in solar more attractive for more homes, businesses and others. An analysis comparing payback period of a hypothetical residential and commercial solar project across several New England states shows why Maine is so far behind. It includes both existing policies and a scenario where Maine adopts LD 1263.



The bill will also lead to significant total investments in solar, which will generate significant job creation. Based on the number of solar jobs in states across the Northeast, each MW of solar is associated with 10-15 jobs. That means LD 1263 could spur **2,000-3,000 new solar jobs in Maine** over the next decade. Solar jobs are **good-paying jobs** that can't be outsourced and create opportunities especially for **retaining younger workers in Maine**.

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