

Solar Bill (LD 1649) Frequently Asked Questions

1. Why does Maine need a comprehensive new solar policy?

Despite an exciting revolution spurred by falling solar prices, and overall market growth, Maine has lagged behind the entire Northeast in terms of solar development and solar job creation. The state's net-metering policy has allowed some important growth in small rooftop solar. However that growth has been disappointingly small, especially compared to our neighboring states, due to Maine's current barriers, such as the 10-person limit on community solar, and lack of supportive policies, including any to help businesses finance and afford larger solar projects.

2. How was the bill developed? Who supports it?

The bill is the outcome of an intensive six-month stakeholder process that was called for by the Legislature in 2015. The goals were to come up with alternative ways to increase all kinds of solar power in Maine in a way that was beneficial for both solar markets and ratepayers. The process, moderated by the Maine Public Utilities Commission and Office of the Public Advocate, included a highly transparent series of discussions between a wide diversity of stakeholders, including ratepayer advocates, solar companies, environmental groups, utilities, and others. The bill language has been sent to the Energy & Utilities Committee for its consideration. It is supported by Maine's solar installers, workers, environmental organizations, community groups, municipalities, Maine's two large utilities, and the Public Advocate.

3. How much and what kinds of solar development does it include?

The bill ensures that 248 MW of additional solar be developed in Maine between 2017 and 2022. Currently Maine has about 18 MW. There are specific breakdowns in four categories:

- Residential/small business/small community solar, up to 250 kW per project (118 MW)
- Large community solar, up to 5 MW per project (45 MW)
- Large commercial/institutional solar, up to 2 MW per project (25 MW)
- Grid-scale solar, up to 5 MW per project (60 MW)

4. How will the new solar policy work in a nutshell? What is the innovation?

The bill uses several market mechanisms to achieve the required amounts of solar at the lowest price possible. It uses competitive auctions for large-scale solar, and set rates for smaller solar that will be guaranteed for 20 years. The rate will be set based on what is needed to achieve the targets. A central innovation is that the solar from this policy must be purchased by the utilities, acting as a "standard buyer." That solar output will be aggregated and re-sold into energy markets on behalf of all ratepayers—the costs and benefits from solar can therefore be more easily shared by all. The policy is designed to return a net benefit to ratepayers, which means everyone who buys power in Maine will benefit with lower rates

5. How does the bill ensure that there will be substantial growth of solar in Maine?

The solar targets in the bill are not merely “goals”: they are tied to specific requirements for the PUC and the utilities to go out and enter into contracts to make sure solar projects are built. Large scale solar will be purchased through competitive auctions held by the PUC. On the smaller, rooftop scale, the PUC must set rates sufficient to “ensure” that the targets are met. It must also include an adjustment mechanism to keep the solar market growing. As the rooftop solar market grows and prices continue to decline, the price offered for electricity generated by new solar customers would decline.

6. What changes are made to community solar policy?

The bill brings big changes to the opportunity for community solar in Maine. The bill removes the current barrier that limits net-metering projects to nine participants. Under the bill there will be no specific limit on the number of participants. Instead project size will be the only limiting factor and will allow large-scale community solar projects that could generate enough power for several hundred participants. The bill allows towns, businesses, colleges or others to join as well—in fact the bill is designed to allow for a wide variety of types and sizes of community solar. Community solar shareholders will receive bill credits tied to guaranteed 20-year contracts, as do residential and other installations.

7. What changes are made to residential/rooftop solar?

The approach is very similar to net-metering from a customer perspective. Rooftop solar customers, whether homes or businesses, will continue to directly consume some of the solar power they produce. They will still receive bill credits for the power they export to the grid, which they can use to purchase power when they aren’t generating solar. The biggest difference is that customers will receive bill credits tied to a 20-year contract with set prices instead of bill credits in the form of kilowatt-hours. Currently there is no contract or guarantee that any customer’s net-metering arrangement will continue. The revised arrangement not only gives greater certainty, it also, for the first time, allows customers to offset 100% of their bill, including fixed charges. By law, the rates must be designed to achieve at least as much solar as traditional net-metering.

From a regulatory and utility perspective, there are important differences. This arrangement ensures solar customers share in the costs of paying for the grid and receive a full and fair payment for the solar they export to the grid. The costs of bill credits will be more transparent and, because the utility can aggregate and resell the solar power it receives, the revenue will be shared among ratepayers to lower rates for everyone.

8. What happens with net-metering?

Net-metering will stay in place until the PUC develops rules with specific rates for small solar customers. The rules need to be reviewed by the legislature before they can be enacted.¹ At that time, which could happen in mid-2017, Maine will establish an 18-month trial period using the “revised net-metering” approach described above. This will be followed by an evaluation by the PUC. If the program is on track to meet solar targets and provide ratepayer benefits, it will continue and traditional net-metering will remain suspended for new customers. If it is not on track, there will be a limited window for the PUC to propose revisions to the program. If they don’t propose revisions, or they are not accepted by the Legislature, net-metering will be reinstated.

9. What happens to existing solar customers using net-metering?

Existing net-metering customers can continue using net-metering, or have the option to switch into the new program and receive a 20-year contract. The political and regulatory climate in Maine is causing considerable uncertainty for existing net-metering customers, since the PUC has authority to halt or alter the program at any time. Under the bill, existing customers will now be guaranteed in law the ability to continue net-metering through at least the end of 2029, at which point the PUC will determine an appropriate way to allow self-generation and fair compensation for solar, which could include continued net-metering.

10. What is the likely impact of the bill on electricity rates?

The policy is designed to achieve a net reduction in electric rates for all Maine consumers and a more transparent way to account for the costs and benefits of solar on the grid. According to conservative estimates by the Public Advocate, the ultimate effect of the policy would be a reduction in annual bills for all customers. For a medium-sized business, this might be \$35/year, for a very large business, \$1,900/year. The impacts of the program over the near-term vs long-term will depend slightly on the manner in which the PUC sets up the 20-year contracts (e.g. flat rates or escalating rates).

For more information, contact Dylan Voorhees or Emmie Theberge at dylan@nrcm.org or emmie@nrcm.org or 622-3101.



¹ According to the printed bill, the rules would take effect if the legislature fails to reject or amend them. NRCM believes the intent of the bill was to require affirmative approval of the rules before they take effect and replace net-metering. This is a change the committee can make to provide better checks and balances.