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ENERGY, UTILITIES AND TECHNOLOGY

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STATE OF MAINE SENATE 128TH LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT “ ” to S.P. 529, L.D. 1504, Bill, “An Act Regarding Solar Power for Farms and Businesses”

Amend the bill by striking out the title and substituting the following:

'An Act To Modernize Rates for Small-scale Distributed Generation'

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 35-A MRSA §3209, sub-§3, as enacted by PL 1997, c. 316, §3, is amended to read:

3. Exit fees. A customer who significantly reduces or eliminates consumption of electricity due to self-generation, conversion to an alternative fuel or demand-side management may not be assessed an exit or reentry fee in any form for the reduction or elimination of consumption or reestablishment of service with a transmission and distribution utility, including any fee for transmission or distribution service relating to the energy or demand supplied by the customer's own generation.

Sec. 2. 35-A MRSA §3209-A, as enacted by PL 2011, c. 262, §1, is repealed and the following enacted in its place:

§3209-A. Net energy billing

An eligible customer may elect net energy billing for the customer's accounts or meters in accordance with this section.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Eligible customer" means a person or an entity that takes electricity service through a transmission and distribution utility and that owns or has an interest in an eligible facility located in that transmission and distribution utility's service territory.

B. "Eligible facility" means an electric generating facility that meets eligibility requirements established by the commission by rule.

1 C. "Gross output" means all of the energy generated by an eligible facility during an
2 applicable period, including all energy that is used to offset the usage of customers.

3 D. "Net energy" means the difference between the kilowatt-hours delivered by the
4 transmission and distribution utility to an eligible customer over a billing period and
5 the kilowatt-hours exported by the customer from an eligible facility to the
6 transmission and distribution system over the same billing period.

7 E. "Net energy billing" means a billing and metering practice under which eligible
8 customers are billed on the basis of net energy over the billing period taking into
9 account accumulated unused kilowatt-hour credits from the previous billing period.

10 F. "Shared interest" means an interest in an eligible facility shared by multiple
11 eligible customers that have distinct billing accounts with a transmission and
12 distribution utility.

13 G. "Transmission and distribution bill" means an eligible customer's bill, over a
14 billing period, for transmission and distribution utility service.

15 **2. Prohibition on gross output.** A transmission and distribution utility may not
16 require an eligible customer to meter the gross output of an eligible facility in order to
17 participate in net energy billing.

18 **3. Limit on accounts.** The number of eligible customers that participate in a single
19 shared interest in an eligible facility or the number of meters associated with a single
20 shared interest in an eligible facility may not exceed 200, except that the number of
21 eligible customers or meters is limited to 10 for a shared interest in an eligible facility
22 located in the service territory of a transmission and distribution utility located in an area
23 administered by the independent system administrator for northern Maine or any
24 successor of the independent system administrator for northern Maine unless the
25 commission determines that the utility's billing system can accommodate more than 10
26 accounts or meters for the purpose of net energy billing.

27 **4. Rules.** The commission shall adopt rules governing net energy billing to
28 implement this section. The rules must require that, until December 31, 2021, 100% of an
29 eligible customer's net energy applies to that customer's transmission and distribution bill.
30 Rules adopted or amended under this section are routine technical rules as defined in Title
31 5, chapter 375, subchapter 2-A.

32 **Sec. 3. Report.** The Public Utilities Commission shall submit a report to the joint
33 standing committee of the Legislature having jurisdiction over utilities and energy
34 matters by January 1, 2021 that includes recommendations on how to transition from net
35 energy billing as governed by the Maine Revised Statutes, Title 35-A, section 3209-A to
36 time-of-use rates, market-based rates or other rate designs. The commission shall submit
37 information in its report on how its recommendations:

38 1. Promote distributed energy resources while supporting equitable treatment of all
39 customers and application of cost causation principles in rate design;

40 2. Integrate distributed energy resources to increase efficiency of the electric grid
41 while reducing costs for all ratepayers;

3. Use the capabilities of advance metering investments by transmission and distribution utilities to track exports to the grid and usage and to provide actionable price signals to all customers, including those with distributed energy resources; and

4. Encourage integration and compensation for small-scale distributed energy resources in the regional markets.

The Public Utilities Commission shall conduct an analysis of the costs and benefits to ratepayers from net energy billing in an adjudicatory proceeding. The analysis must include all identifiable costs and benefits for net energy billing participants and nonparticipants, including but not limited to the costs and benefits described in Public Law 2013, chapter 562, section 2. The analysis must at a minimum look at costs and benefits over a 10-year period and a 25-year period. Where uncertainty exists with regard to a future cost or benefit, the commission shall use assumptions for what it considers the most likely higher and lower value scenarios. For any recommendation made in the report, the commission shall quantify or estimate how the recommendation would increase or decrease costs to ratepayers over both the short term and the long term and how it is likely to affect solar installations. The commission shall address how the recommendation compares to the current net energy billing practice in terms of ratepayer impacts and the rate at which customer-sited solar photovoltaic installations are occurring in the State.

In looking at rate design options, the commission, in consultation with solar installers, transmission and distribution utilities, the Governor's Energy Office and the Public Advocate, shall compile the best available data on the energy production from customer-sited solar photovoltaic installations or other distributed generation resources in this State and on electricity usage by customers with customer-sited solar photovoltaic installations or other distributed generation resources.

The joint standing committee of the Legislature having jurisdiction over utilities and energy matters may report out legislation based on the recommendations to the First Regular Session of the 130th Legislature.

Sec. 4. Rule. The Public Utilities Commission shall amend its net energy billing rule before January 1, 2018 to be consistent with the Maine Revised Statutes, Title 35-A, section 3209-A.'

SUMMARY

This amendment is the majority report of the committee, and it replaces the bill. It does the following regarding net energy billing:

1. It requires a net energy billing customer to receive 100% of the net energy of an eligible facility for the customer's transmission and distribution bill until December 31, 2021;

2. It prohibits a transmission and distribution utility from requiring a customer to meter the gross output of an eligible facility in order to participate in net energy billing;

3. It limits to 200 the number of eligible customers that may participate in a single shared interest in an eligible facility or the number of meters associated with a single shared interest, except in the service territory of a transmission and distribution utility

1 located in an area administered by the independent system administrator for northern
2 Maine; and

3 4. It requires the Public Utilities Commission to amend its current net energy billing
4 rules before January 1, 2018 to be consistent with the Maine Revised Statutes, Title 35-A,
5 section 3209-A.

6 This amendment also requires the Public Utilities Commission to submit a report by
7 January 1, 2021 that includes recommendations on how to transition from net energy
8 billing to time-of-use rates, market-based rates or other rate design options. In its report,
9 the commission must include information regarding an analysis of costs and benefits of
10 net energy billing, which it is required to conduct in an adjudicatory proceeding, as well
11 as how those costs and benefits compare to any recommendations the commission makes
12 in this report.

13 **FISCAL NOTE REQUIRED**

14 **(See attached)**