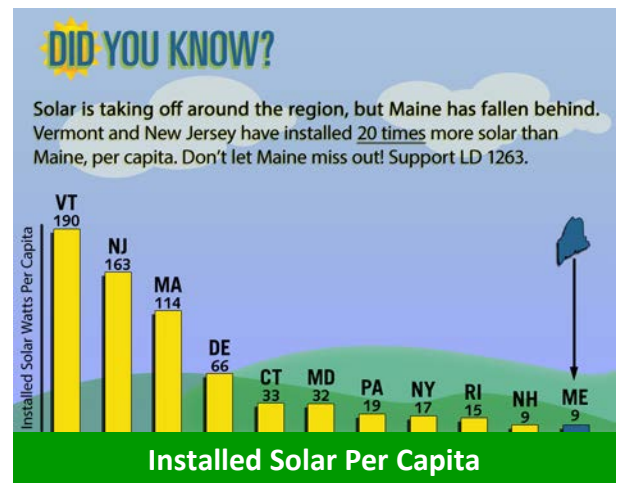
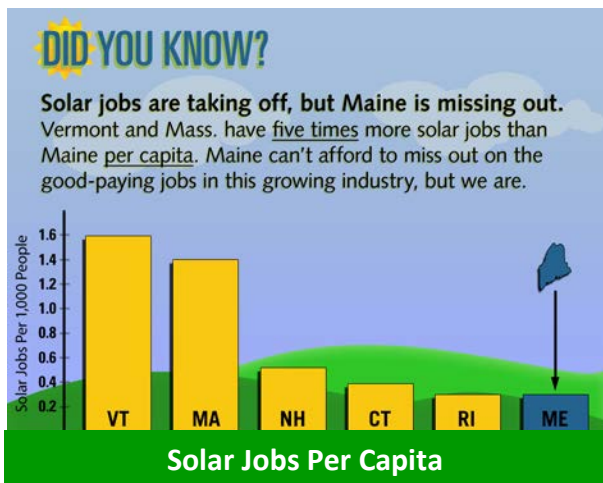


LD 1263: An Act to Create Jobs and Promote Investment in Maine's Economy through Increased Access to Solar Energy

Sponsored by Representative 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 energy resources **Maine has in abundance**. It's now economical for homes and businesses to produce their own power and increase energy security. Despite this good news, **Maine is falling far behind the region and the U.S. on solar installations and job creation** because it **lacks policies to increase access to solar** for more Maine homes and businesses.

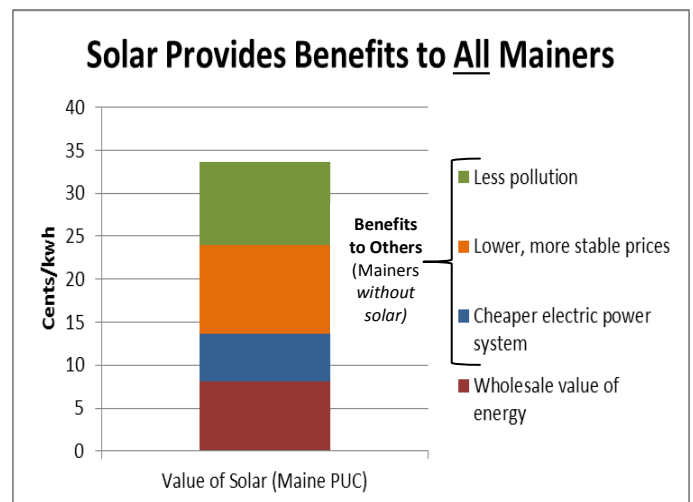


Without greater energy diversity and more choices, **Maine homeowners and businesses face volatile and rising energy prices**. Rooftop solar offers a way for Mainers to **take control of their own energy costs**. Prices for solar panels have fallen 50% in the last five years. However while the price of solar is increasingly competitive, all of the cost needs to be paid up-front, for systems with no fuel costs.

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**, including by actually reducing the *price* of electricity we all pay, by displacing more expensive power generation and transmission upgrades. For example, according to



their findings, a typical 5 kilowatt solar installation would yield \$55,000 in energy benefits over 25-years—most of which were in the form of public or ratepayer benefits, and which far exceeds the roughly \$30,000 in net-metering credits a homeowner might receive for that power over that time period.

To better capture the opportunity of solar, Maine needs to reduce financial and regulatory barriers and encourage solar investment and increase solar jobs by better 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 like net-metering and the Renewable Portfolio Standard and puts the state on the path for significant steady growth in solar over the next decade.

For over a decade, net-metering has been the central policy in Maine and elsewhere to encourage small-scale distributed generation, such as solar. Electric utilities such as Central Maine Power are strongly opposed to continued use of net-metering. That is because their narrow focus is on the transmission and distribution portion of electric rates, not the overall benefits to ratepayers, much less the environment or clean energy jobs.

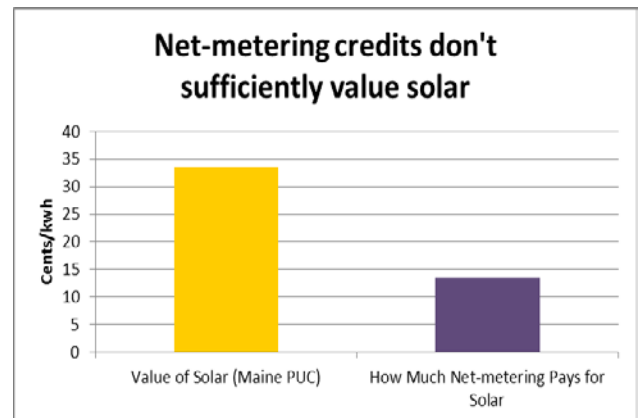
The bill retains net-metering, and makes some targeted improvements:

- **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 power they produce. This increases the revenues from generating solar and reduces the payback period considerably.
- The value of credits is determined by a competitive market, however it is reasonable to project that the solar credits will be worth roughly 15 cents/kwh.
- In other states that have used this approach, various 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.
- The bill scales credits to provide the *largest* benefit to residential customers, farms, and community-based shared solar projects, but solar of all scales would receive S-RECs.



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 adding 40 MW per year and Massachusetts installed 300 MW just last year alone.

Based on the experience in the rest of New England, **most of that solar will probably come from homes, businesses and other organizations producing solar for their own use.** LD 1263 might result in roughly 10,000 residential projects and nearly 3,000 business or community-based installations by 2022.

However 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 (and may or may not serve as “distributed generation.”)

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.

