Maine Forest Products Council

The voice of Maine's forest economy

Testimony Neither For Nor Against

LD 32 "An Act To Repeal The Laws Regarding Net Energy Billing"
LD 257 "An Act To Eliminate The Practice Of Net Energy Billing"
LD 450 "An Act to Lower Electricity Costs by Repealing the Laws Governing Net Energy Billing"
LD 515 "An Act to Reverse Recent Changes Made to the Law Governing Net Energy Billing and Distributed Generation

&

LD 359 "An Act to Prohibit Net Energy Billing by Certain Customers"

February 27, 2025
Patrick Strauch, Executive Director

Good afternoon, Senator Lawrence, Representative Sachs and members of the Energy, Utilities and Technology Committee. My name is Patrick Strauch. I live in Exeter, and I am the Executive Director of the Maine Forest Products Council.

For 65 years, the Maine Forest Products Council has served as the voice of Maine's forest economy, representing more than 300 members from all facets of the forest products industry. Our members include pulp and paper mills, sawmills, secondary wood processors, foresters, loggers and truckers. We also represent commercial landowners managing more than 8 million acres of forestland.

While the Council certainly appreciates the sponsors of these bills for bringing the Net Energy Billing (NEB) program to the forefront, we view them as a starting point for what we hope to be a productive conversation about the future of the program. This discussion is important to our membership at many levels. For some of our members, the program has presented an important opportunity to reduce energy costs. For others, it has resulted in a significant financial burden. For that reason, we are testifying today in the 'neither for nor against' category.

In 2023, the Net Energy Billing program resulted in $130 million in so-called stranded costs. Stranded costs occur because, while guaranteeing 20 cents per kwh to solar developers to incentivize investments, ratepayers are charged 5 cents for the power, resulting in a cost difference that must be reallocated among the various ratepayer classes each year to recoup the difference. As a result, last July some commercial customers were hit with an unexpected monthly so-called "public policy charge" ranging from $421 to nearly $10,000 per month, depending on the class rate. Because the public policy charge is assessed by class and not by energy consumption, some of our members were hit particularly hard.

Here are some examples of how this policy has hurt some of our members:

- An example of a manufacturer that falls into the 'hurt a lot' category is Milo Chip. This facility was a satellite wood chipping operation that saw its monthly bill more than double due to a fixed $6,000 public policy charge on a power bill that typically averages less than $5,000 per month, a cost that the business was unfortunately unable to absorb.
- A member sawmill has been assessed a $3,500 monthly public policy charge attributed to Net Energy Billing.
- Delivery costs for another member sawmill increased by 80% from $37,585 in January of 2024 to $64,180 in January of 2025. This represents an 80% increase in delivery costs year over year without accounting for the increase in the cost of the electricity.
- A third sawmill indicated an increase in service charges due to NEB of $6,000 per month last year. This year, they were able to reclassify to a lower tariff to realize some savings. They are now paying $5,000 per month, but had they not reclassified, the bill would be $7,800 per month in NEB related charges.

These cost increases make it much more difficult for some to continue to do business in Maine and to attract new businesses to pick up the torch at some former manufacturing locations that have shuttered.

But, as mentioned earlier, for some, this program has presented an important opportunity. One of our members that operates a large sawmill sees a significant net financial benefit from the NEB program, indicating that there is value to having a program for those who utilize it.

Since its inception in 2019, the Legislature has acted to curtail the program by reducing the size of eligible facilities. Currently, the PUC has an open docket to review the costs and benefits of net energy billing. They have a study that shows the direct benefits of NEB are below the direct costs to ratepayers; the benefits exceed costs if environmental benefits are considered[1].

The Council urges the EUT Committee to take this opportunity to strongly consider the costs and benefits of this program, and to adjust accordingly. The stranded costs associated with this program are having a real impact on many of our members and other manufacturers across the state. At a minimum, we would suggest looking to other renewable energy procurement. The wood fired CHP program that we helped champion last session, for example, is capped at 10 cents per kwh. This approach provides an incentive for renewable energy development while controlling the overall cost of the program.

Thank you for your consideration on this complex, but important issue and thank you to the bill sponsors for bringing this dialogue forward.

[1] Costs and Benefits of Net Energy Billing (NEB) – January 21, 2025