



AMERICANS for TAX REFORM

March 17, 2016

To: Committee on Energy, Utilities, and Technology
From: Americans for Tax Reform President Grover Norquist

Dear Legislator,

I write today in support of efforts to address the consumer cost shifting inherent with net metering policies for solar power customers in Maine. Without this important reform - in the long term - traditional energy consumers will continue to subsidize the use of solar power by Maine customers who are not paying for their use of the energy grid.

Generous state and federal tax credits and subsidies have resulted in a large number of electric utility customers installing rooftop solar and other distributed generation (DG) power sources on their homes and businesses. **Because on-site power storage remains to be cost-prohibitive, these customers rely heavily on the energy grid for power in inclement weather, at night, and when they generate excess power, which is sent back onto the grid.**

Utilities are required to compensate these customers at the retail rate of power when this power is sent to the grid. As a result, rooftop solar and DG customers have their power meter rolled backwards (net metering) and utility companies are forced to pay customers at a much higher rate than it cost them to produce that energy by traditional means. The retail rate of electricity paid by traditional consumers includes the cost of building and maintaining the electric grid. In Maine, solar and DG customers are therefore not paying for their use or the maintenance of the grid.

The legislative compromise to address this problem isn't perfect but it takes a step in the right direction.

The proposal to increase the cap on solar power generation in Maine over the next 5 years without substantially changing the inherent cost shifting for current customers is somewhat concerning. On the plus side, as new customers sign up, the contract price set by the Public Utilities Commission paid would decrease as the level of installation grows and the cost of solar installation declines. This introduces somewhat of an equitable and free market-oriented ratchet down compared to net metering policies.

The greatest benefit of the current compromise before the legislature is that if the new program is successful, net metering will not present the cost-shifting problem to the energy market for future solar customers, as it will not be available when certain benchmarks for capacity generation are met. **The result is less volatility in the state solar and Maine's overall energy market.**

Americans for Tax Reform applauds efforts by the legislature to address the problems solar power generation presents to Maine energy consumers.

If you have any questions about ATR's position on this issue, please contact state affairs manager Paul Blair at 202-785-0266 or by email at pblair@atr.org.

Onward,

Grover Norquist
President, Americans for Tax Reform