

Overview of Distributed Generation Legislation

As a result of the stakeholder process directed by Resolves. Ch. 37, 127th Legislature, Maine's consumer advocates, utilities, solar installers and environmental advocates have reached agreement on a program to support distributed generation resources for the benefit of all electricity customers. This document provides a summary of the legislation.

Program Size

Under the proposed program, Maine utilities would enter into long term contracts for 248 MW of solar over the next five years (through 2022), divided between four market segments, as follows.

Segment	% of Market	Total MWs
Residential & Small Business	47%	118
Community	19%	45
Large Commercial & Industrial	10%	25
Grid Scale (up to 5 MW)	24%	60
Total		248

By comparison, Maine currently has approximately 20 MW of solar PV, nearly all of it in the sited at residential and small business customers.

As described in greater detail below, the output of these facilities would be aggregated and sold into the relevant New England markets by the utilities, and the revenue used to offset the costs of the contracts.

Market Segments

For each market segment, the program uses market-based mechanisms (or a proxy) to obtain the lowest price long term contracts for ratepayers. The size of the solar facilities, the customers who can participate, and the method of procurement varies between market segments as described below. Each includes measures to ensure that the procurements are competitive and that developers are held accountable for meeting their obligations so that projects actually get built.

Grid Scale

Under this market segment, the Commission is required to buy an average of 15 MW of solar capacity a year (up to a total of 60 MW) through annual requests for proposals for solar projects of up to 5 MW in size. The mechanism would be similar to the Commission's

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existing long term contracting authority, with 20-year contracts for the entire output of a solar facility.

Commercial & Industrial

For this market segment the Commission would hold reverse auctions at least annually for 20-year contracts for the full output of solar generation sited at the facilities of large commercial and industrial customers. The facilities could range in size from 250 kW up to 1 MW, with a total procurement of 25 MW. Once the solar facility is in operation, these customers would receive a monthly bill credit equal to the output of the facility for the prior month times the contract price.

Community Solar

Similar to the commercial and industrial market segment above, the Commission would hold annual (or more frequent) reverse auctions for 20-year contracts for the full output of community solar facilities of up to 3 MW in size, with a total procurement of 45 MW. There is no cap on the number of customers who may participate in a community solar project, but smaller subscriptions (under 25 kW) must make up at least 50% of a project's total capacity. Upon commercial operation of the solar facility, participating customers would receive a monthly bill credit equal to their share of the output of the facility for the prior month times the price determined through the reverse auction. Smaller community solar facilities (<250 kW) could participate in the residential and small business market segment described below.

Residential & Small Business

New residential and small business customers would receive a 20-year contract at a set price for net exports (measured hourly) for solar PV projects less than 250 kW. The total procurement would be 118 MW, which is equal to the National Renewable Energy's Laboratory's median estimate of what would be installed if net metering continued in Maine through 2022. Customers would have the option of installing a separate meter and selling the entire output of their facility, or using their generation to offset their own load and selling the excess.

Unlike net metering, where the price may change depending on changes in electricity prices or rate design, the contract price would be set by the Commission at a level high enough to meet the installation targets, subject to an overall cap on program cost. Customers would receive that price for twenty years. The contract price paid to new customers who sign up would step down over time as the level of installations grows, and the cost of solar installations continues to decline. The Commission would also establish an adjustment

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mechanism to prevent the market from “stalling out” if the price drops too low. These rates, once established, must be approved by the legislature before taking effect.

Existing net metering customers may continue to net meter under the existing commission rules for twelve years after the new program takes effect (effectively 13 1/2 years from today). Existing customers who want greater certainty may opt to enter into a long term contract under the new program at a rate to be established by the Commission by rule (and also subject to legislative approval).

Program Review

Once the new program is in effect, net metering would be not be available to new customers, pending a program review after 18 months, or 21 MW of capacity is installed, whichever is sooner. At that time, the Commission will conduct a review to determine whether the residential and small business market segment is likely to meet its installation targets and reduce costs to all ratepayers. If not, and if the program cannot be revised to meet those goals, the Commission will report to the Legislature and if the Legislature does not otherwise take action, net metering will be reinstated.

Standard Solar Buyer

Investor-owned transmission and distribution utilities would serve as the “standard buyer,” purchasing the output of each market segment, aggregating it and selling it into the relevant New England markets. The revenue would be used to offset the costs of the contracts. This would allow for direct participation by distributed generation resources into the region’s wholesale markets.