

## Maine Enacts New Law to Encourage Net Metering and Long-Term Contracts for Distributed Generation

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Today, Governor Janet Mills signed [new legislation](#) to broaden customer access to net metering (known in Maine as net energy billing, or NEB) and to promote distributed energy generation, including through competitive procurements for long-term contracts with the state's transmission and distribution (T&D) utilities. The "Act to Promote Solar Energy Projects and Distributed Generation Resources in Maine" (the Act) includes the following key provisions:

### Big Changes to Maine's Net Energy Billing Program

The Act makes substantial additions to Maine's NEB statute, 35-A M.R.S. § 3209-A.

- Whereas Maine law previously limited the size of eligible NEB facilities to 660 kW or less, the Act allows for participation by facilities of nameplate capacity of less than 5 megawatts (MW).
- The Act also makes the customer eligibility criteria for NEB less restrictive. For example, while participating customers must still hold a "financial interest" in a participating project, the definition of an eligible financial interest now includes not only facility ownership or an interest akin to ownership, but also arrangements under which the NEB customer leases the facility or purchases the output of the facility under a power purchase agreement (PPA).
- The Act also eliminates the prior restriction on the number of meters associated with shared distributed generation facilities (*i.e.*, community solar facilities) throughout most of the state, and establishes NEB for non-residential customers of T&D utilities. Participating non-residential customers will receive bill credits reflecting a rate that is set at the standard offer rate for supply and 75% of the T&D rate for the applicable customer class.

### Competitive Procurements for Long-Term Distributed Generation Contracts

- The Act also creates 35-A M.R.S. ch. 34-C, a new chapter within Maine's statutes governing public utilities.
- In part, Chapter 34-C requires the Commission to procure 375 MW of distributed generation (250 MW from shared distribution resources, and 125 MW from distribution generation resources associated with commercial or institutional customers) through the state's T&D utilities or another Commission-designated entity.
- The state will procure this distributed generation through multiple solicitations for declining blocks of distributed generation. These solicitations will be designed to obtain the full 375 MW by July 1, 2024, with initial procurements beginning on or before July 1, 2020.
- Eligible bids must meet minimum requirements, including, but not limited to, providing evidence of site control, receipt of all non-ministerial approvals, an executed interconnection agreement with the T&D utility, and financial assurances.



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## **Long-Term Contracts for Winning Bidders**

- Each selected bid will execute a 20-year contract with a T&D utility, under which the T&D utility will credit the value of the facility's generation output against the electric bill of customer(s) associated with the facility.
- The \$/kWh contract rate for the first block of winning bids will be set at the clearing price established through a bid stack process during the first solicitation. The contract rate applicable to winning bids in subsequent solicitations will decline by 3% in each subsequent solicitation block.

## **Additional Measures to Encourage Distributed Generation**

In addition to the procurement requirement summarized above, the Act requires additional actions from the Commission and T&D utilities, including:

- Commercially reasonable steps to promote the participation of distribution generation in the regional markets and use of such resources to meet the state's energy needs.
- Measures to maximize tax benefits in the event of a change in law.
- Timely interconnection of distributed generation resources.

The Act is a wide-ranging effort to expand the buildout of solar generation within the state. Solar customers and developers will welcome the expansion of NEB and the new opportunity to compete for long-term contracts.

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