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PUBLIC UTILITIES COMMISSION

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Testimony Neither For Nor Against

**LD 1710 – An Act To Require Prompt and Effective Use
of the Renewable Energy Resources of Northern Maine**

May 18, 2021

Senator Lawrence, Representative Berry, honorable members of the Committee on Energy, Utilities, and Technology, the Public Utilities Commission (Commission) testifies neither for nor against LD [1710](#), *An Act To Require Prompt and Effective Use of the Renewable Energy Resources of Northern Maine*. This Act would establish the “Northern Maine Renewable Energy Development Program,” to be administered by the Commission, with the purpose of removing obstacles to the use of renewable resources in Northern Maine and promoting the development of such resources.

The Act contains two basic components. First, the Act would require the Commission to issue a request for proposals (RFP) for the construction and development of a 345-kilovolt double circuit generation connection line, or transmission line or lines of greater capacity, in northern Maine to connect renewable energy resources in northern Maine with the ISO-New England system. Second, the Commission would be required to issue an RFP for the construction and development of renewable energy generation projects in northern Maine that will be designed to connect to and transmit generated power using the transmission line connected to the ISO-New England system. The Commission would direct investor-owned transmission and distribution (T&D) utilities to enter into contracts for the purchase of the output from the selected projects.

The Act requires that the contracts must be for at least a 20-year term.

Transmission Line RFP

At the outset, the Commission notes that the required RFP is fundamentally different from the typical RFP for power purchase agreements (PPA). In such agreements, the Commission directs a utility to enter into an agreement to purchase energy, capacity and/or renewable energy credits (RECs). The utility then sells the products into the wholesale market and ratepayers are at risk if the contract prices are higher than the market value.

The Act would require the Commission to conduct a novel procurement to, in effect, finance the development, construction and commercial operation of a transmission line or lines. Presumably, the value of the transmission asset would be transferred to the utility for the benefit of the ratepayers, but the Commission seeks clarity on what entity will own this asset. To the extent that the value of the transmission asset is below the cost of the long-term contract, the ratepayers would pay the difference.

The Act contains substantial guidance in the evaluation of the proposals. However, the Act does not specifically allow the Commission to reject all proposals based on the estimated rate impact to Maine consumers. Thus, the potential cost to ratepayers is unknown. The Commission suggests that the Act include specific direction allowing for the rejection of proposals upon a finding that the cost to ratepayers is not in the public interest.

Renewable Energy RFP

The Act specifies that the contracts with renewable generators under this provision may not exceed the thermal limit of the transmission line or lines constructed pursuant to the transmission line RFP. Other than this restriction, the Act provides little guidance on the overall costs that might be imposed on ratepayers as a result of the required PPAs.

While the Act does require the Commission to give preference to the most cost effective proposals, the Commission suggests that the Committee consider the potential rate impacts of the contracts required by the Act and determine whether a cap on ratepayer costs should be included in the legislation.

The Commission is available to answer any questions and will attend the work session.

Sincerely,



Garrett Corbin
Legislative Liaison

cc: Energy, Utilities, and Technology Committee Members
Deirdre Schneider and Daniel Tartakoff, Legislative Analysts