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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act To Require Prompt and Effective Use of the Renewable Energy Resources of Northern Maine
L.D. 1710

GOVERNOR'S ENERGY OFFICE
May 18, 2021

Senator Lawrence, Representative Berry, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Dan Burgess and I am the Director of the Governor's Energy Office (GEO).

The GEO testifies in general support of L.D. 1710.

The proposed legislation establishes the Northern Maine Renewable Energy Development Program administered by the Public Utilities Commission (PUC) in an effort to remove obstacles to the use of and promoting development of the substantial renewable energy resources in northern Maine. The PUC is directed to issue a request for proposals for the construction and development of a generation construction line, transmission line, or lines of greater capacity, in northern Maine to connect renewable energy resources in northern Maine with the ISO-New England system. Additionally, the PUC would be required to issue a request for proposals for renewable energy generation projects in northern Maine to utilize the developed line(s) to provide clean energy generation. The PUC is required to direct one or more investor-owned transmission and distribution (T&D) utilities to enter into a contracts for the construction of the line by March 1, 2022 as well as contract(s) for construction and development of renewable energy generation projects to utilize the constructed lines. In implementing and administering the program, the PUC is directed to participate in relevant regional or federal proceedings.

In February 2021 the GEO released the Renewable Energy Goals Market Assessment, as required by statute[1], which provides important information and assesses the renewable energy market and its ability to meet the state's clean energy requirements. This report includes analysis and review of the opportunities, potential, and challenges facing the state in reaching Maine's 80% renewable portfolio standard (RPS) by 2030. The analysis identified that transmission is a key component of Maine's renewable energy future. Particularly as the state pursues beneficial electrification of heating and transportation to meet greenhouse gas reduction targets, the state – and New England region – will need to generate additional renewable electricity. In order to provide that power to the grid, transmission infrastructure will be required, especially considering the amount of congestion and

[1] 129th Maine Legislature, LD 1494 – An Act To Reform Maine's Renewable Portfolio Standard, Public Law 2019, Chapter 477.

constraints already on Maine's electricity grid.[2] The report also notes the value of onshore renewable energy resources, such as onshore wind, utility-scale solar, and distributed generation, particularly in western and northern Maine and acknowledges that these resources will require, in the immediate short-term and/or long-term, development of transmission infrastructure to increase the capacity of Maine's electric grid.

Additionally, the Final Stakeholder Report Pursuant to Public Law 2019, Chapter 57: Resolve, To Study Transmission Solutions To Enable Renewable Energy Investment in the State, which provides an explanation of the transmission system, electricity market opportunities, current constraints, related studies, mechanisms for funding transmission upgrades, and options for further study. This stakeholder report identified the key transmission and distribution areas throughout Maine that face, or may face, constraints where power flows may at times be restricted or congested. Constrained and congested interfaces, such as Orrington-South and Surroweic-South, not only limit the amount of energy able to be delivered from resources in northern Maine to load centers in the south, in some instances it also prevents generators from being able to participate in the capacity markets of ISO-New England.[3]

Given the importance of clean energy generation in northern Maine for a variety of reasons - including aiding the state in meeting its clean energy and climate requirements, as well as economic development opportunities for northern Maine – and the limited ability for delivery of electricity from the northern region to southern load centers and the regional grid system due to congestion and constraints on Maine's transmission and distribution system, the GEO is appreciative of the bill sponsor for putting this proposed legislation forward. The GEO understands the importance of finding solutions to the challenges of providing clean energy generation from northern Maine that will both advance reaching the state's renewable energy targets and provide economic opportunities. There are additional elements and questions related to this proposal the GEO would like the EUT Committee to consider.

Costs and Regional Coordination: As was identified in both the Final Stakeholder Report Pursuant to Public Law 2019, Chapter 57 and the Renewable Energy Goals Market Assessment, there are opportunities to pursue regional collaboration and potential cost-sharing with the other New England states who share in utilizing the regional electricity grid and may benefit from the additional clean energy resources available in northern Maine. The bill directs the PUC to "make every effort to facilitate the construction and development of the line or lines described in subsection 2, including, but not limited to, participating in any regional or federal proceeding relating to the line or lines; and participate in proceedings involving the inclusion or integration of the line or lines described in subsection 2 and any associated upgrades by the New England Power Pool Regulatory Commission, and the ISO-New England system's transmission plan, bulk power system and pool transmission facilities…" The GEO would like to ensure that this regional coordination explores and pursues any opportunities to consider the development of this line and benefits to the regional grid in a way that allows for cost-sharing across ISO-NE states. Additionally, the GEO has worked closely with the PUC on regional issues and would would want to ensure direct engagement in any actions related to this effort.

Biomass Preference Language: The GEO supports the consideration of accomplishing the state's clean energy and climate goals in its considerations for the PUC selection criteria. The GEO, however, would like to further understand subsection 3, paragraph F which directs the PUC "to make every effort to ensure that at least one such contract supports the construction and development in northern Maine of a biomass generator fueled by wood or wood waste…considering the waste reduction benefits to the

[2] Maine Governor's Energy Office. State of Maine Renewable Energy Goals Assessment. February 2021. https://www.maine.gov/energy/studies-reports-working-groups/completed-reports

[3] Maine Governor's Energy Office. Final Stakeholder Report Pursuant to Public Law 2019, Chapter 57: Resolve, To Study Transmission Solutions To Enable Renewable Energy Investment in the State. January 3, 2020. https://www.maine.gov/energy/studies-reports-working-groups/completed-reports

State's forest products industry associated with the operation of the generator." Given the other components for consideration in selecting a bid, including cost-effectiveness, meeting the state's statutory energy and climate goals, and economic benefits to northern Maine, the GEO has questions about additional technology requirements. The GEO supports a fully competitive bid process that allows for greatest benefits to Maine people.

Coordination with Other Programs and Procurements: In regards to the renewable energy generation projects specifically, the GEO encourages the Committee to consider how this transmission and generation procurement would be established in relation to other renewable energy procurements proposed by legislation this session, as well as the second round of procurements established by P.L. 2019, Chapter 477. The GEO also wants to better understand the selection of 20 years or longer for a contract term and what the benefits or risks are of that contract length.

Federal Opportunities: Across the region and nationally it is recognized that transmission will be needed to be upgraded and expanded to meet our clean energy targets. In the past few weeks, the Biden Administration made several announcements related to supporting the expansion and modernization of the electric gird, including new financial tools and guidance to build transmission lines.[4] Maine should take full advantage of federal funding opportunities for infrastructure development, including for transmission lines.

As stated in the Renewable Energy Goals Market Assessment, "This study highlights that many lower-cost pathways to meet Maine's RPS requirement in the next decade are achievable through the development of high-quality wind resources in western and northern Maine, which in turn require new transmission investments. The scale of these transmission investments, along with the longer development timelines as compared to renewable projects, will make it difficult for any single wind project to shoulder the development burden of these transmission projects. Limited transmission availability will present similar challenges for the development of other generation sources, such as solar. A state-sponsored anticipatory transmission planning process could help address this issue by identifying the transmission needed to meet the RPS in advance of renewable development."[5]

In alignment with this recommendation from the report and the considerations presented in this testimony, the GEO is committed to working on this effort in coordination or informed by existing studies through ISO-NE related to transmission and New England state's climate and clean energy priorities.

Thank you for your consideration.

Dan Burgess, Director
Governor's Energy Office

[4] White House Fact Sheet: Biden Administration Advances Expansion & Modernization of the Electric Grid, April 2021: https://www.whitehouse.gov/briefing-room/statements-releases/2021/04/27/fact-sheet-biden-administration-advances-expansion-modernization-of-the-electric-grid/

[5] Maine Governor's Energy Office. State of Maine Renewable Energy Goals Assessment. February 2021. https://www.maine.gov/energy/studies-reports-working-groups/completed-reports