

Manufacturers Association of Maine

2023 Executive BOARD

8 March 2023

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Senator Lawrence, Representative Zeigler and honorable members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Mike Roughton, I am a resident of Standish and I serve as the Executive Director of the Manufacturers Association of Maine.

We testify today in support of LD 698, *An Act Directing the Public Utilities Commission to Study the State Natural Gas Supply Pursuant to the Maine Energy Cost Reduction Act*.

The Manufacturers Association of Maine (MAME) is a non-partisan 501(c)6 non-profit grounded in service to its membership, providing a network of resources designed to support the strategic business growth needs of Maine manufacturing entrepreneurs. Maine's manufacturing businesses are diverse, employing almost 60,000 individuals in military and defense, aerospace, metal fabrication, paper, boat building, semi-conductor, wood products, aquaculture and biotech, medical device, composites and bioplastics, as well as the food and beverage industries. These businesses represent almost 10% of Maine's annual GDP and 14.5% of all the wages paid in the state on a weekly basis. MAME's mission is to help manufacturing grow and succeed and supports Maine's development of future manufacturing through a variety of programs.

MAME's advocacy efforts focus on four (4) key areas: workforce development, taxation, human resources/wage and hour and energy. It is this last policy area we'd like to focus on today. As you are likely aware, manufacturing is energy intensive, and our members are acutely aware of rising prices. While some MAME members have locked in lower prices over the last few years, many of these contracts are due to expire soon. There is rarely a day that passes where our members aren't staring at a doubling or three-fold increase in electricity prices just around the corner. One of our members experienced electricity rising from a monthly spend of \$850 to \$2,300 virtually overnight. One of the larger businesses sees its annual spend doubling this year from \$1,000,000 to twice that. For any business, these prices could be crippling. For members with set contracts for their goods and services, there is no ability to pass along these increases, which only adds to the risk of our manufacturers being able to stay in business.

Stabilization and reduction of natural gas supply and pricing to Maine businesses would have a significantly positive impact on the viability of these



entities. . . not only through direct natural gas pricing, but also its directly impact on electricity costs. This is particularly so for those companies who provide products and/or services in markets beyond Maine, where energy pricing is lower or more stable.

It is anticipated that the LD698 would promote and incentivize improvements in supply and pricing in the longer term. In addition to this initiative, MAME would also propose the necessity to link this initiative with shorter-term, present-day legislation to mitigate the price increase experienced recently. If businesses are too negatively impacted in the short term, the longer-term benefits may not be sufficient to offset the immediate harm.

While LD 698 may not offer an immediate fix to the situation, the policies and goals that it pursues are laudable. Maine has many positive attributes, but being furthest away from natural gas supplies and at the end of pipelines that run through other mor populated areas are clear disadvantages. Any action to increase the natural gas supply to the state should be reviewed and pursued in order to stem the unfortunate tide many of our members currently find themselves in.

On behalf of the Manufacturers Association of Maine, we hope the committee will support LD 698 as amended.