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Senator Lawrence, Representative Zeigler, fellow members of the Committee on Energy, Utilities, and Technology, I'm Steve Foster, Representative for House District 32, serving the residents of Charleston, Dexter, Exeter, Garland, Stetson, and a part of Bradford, here to present LD698, "An Act to Reduce the Cost of Energy in Maine and Reduce Greenhouse Gas Emissions Through the Effective use of Bridge Fuels".

As you're well aware, Maine electric rates are among the highest in the country. Maine's high electricity costs not only take a larger portion of our citizens' monthly budgets, but also put our commercial large electricity users at a competitive disadvantage with those located in most other states. We also know a large contributor to this is the limited supply and high cost of natural gas in New England.

At 7:30 on this cloudy, wind free morning, ISO New England's ap showed natural gas fueled 51% of energy production supplying our grid, with renewables at 10%. Natural gas generation typically averages from 40 to above 50% on any given day. As we continue to add more intermittent energy generation to the grid, we will continue to rely on natural gas and other forms of reliable generation to supply New England. With that in mind, I submit for your consideration LD698, legislation I hope we can all agree is a necessary vehicle to reduce the overall cost of Maine's electricity supply.

It might surprise some on this committee that ten years ago, Republican and Democrat legislative leadership and EUT committee members came together to pass a broad and complex piece of legislation: the Maine Omnibus Energy Act of 2013. That bill (1) amended the PUC's organic statute to explicitly include minimizing energy costs for Maine consumers; (2) extended some of the first programs for heat pumps; (3) provided important reforms to the Efficiency Maine Trust statute, including the concept of MACE (maximum achievable cost effective), while capping efficiency spending; (4) established the first version of Maine's non-wires alternative, (5) allowed municipalities to have a say in the management of street lighting systems; (6) required the PUC to consider the University of Maine's deep-water offshore floating wind pilot project; and (7) enacted the Maine Energy Cost Reduction Act (MECRA) law.

I will pause for a moment to consider the idea that a supermajority of legislators of both parties passed such an ambitious bill. For good or ill, it was passed with near unanimity.

My sponsor's amendment to LD 698 is not as broad or complex as the 2013 Omnibus. However, it is intended to allow Maine to leverage the investment and the authority we made in the PUC through MECRA and subsequent state and regional developments. I will defer to others following me to walk you through its details and the intent behind each section.

I will describe for the Committee the role that natural gas plays today and the important bridge it is to a fully decarbonized future. MECRA was enacted to address the high cost and scarcity of natural gas in the region, which leads to both shortages of natural gas and costs that can be ten times the price of the underlying commodity price. Higher natural gas sets the clearing price of electricity, so shortages also increase both the price of electricity and greenhouse gas emissions.

A PUC study from Sussex Economic Advisors concluded that Maine ratepayers would benefit from an ECRC (energy cost reduction contract), while an OPA study by The Brattle Group concluded that state intervention might be necessary, as pipeline constraints had "increased Maine electricity costs by more than $180 million" in 2013. The PUC agreed, saying that "the potential cost of inaction should also be considered. Shortage of pipeline capacity has already cost Maine electricity customers hundreds of millions of dollars over the last few winters." The PUC voted to proceed with an ECRC, but in November 2016, it suspended further activities pending future developments, "in recognition of events in courts and public utilities commissions in other New England states".

I recognize that some in Maine may oppose further expansion of natural gas infrastructure fearing it may lock Maine into use of a fossil fuel that will hurt our move towards beneficial electrification. However, natural gas will set the price of electricity in New England for at least the rest of this decade and likely through the next. If we do nothing to reduce the cost in Maine and New England, we will face that cost predicted by the PUC. As an example, it has been estimated that New England ratepayers paid enough in higher electricity prices in January and February 2022 to pay for the entire capital cost of a new interstate natural gas pipeline in the region. Similar economics are in play this winter.

In addition, in less than two weeks this winter, New England's oil-fired electric power plants emitted over 1.2 billion pounds of CO2, and this amount of CO2 emissions "undid" the gasoline-displacement carbon emissions effect of 2.2 times as many EVs as all of New England had in 2021. Failure to have adequate supplies of natural gas – and failure to plan a thoughtful transition from natural gas to even lower carbon-containing liquid fuels will damage the Maine economy and increase greenhouse gas emissions for years.

Very briefly, my amendment to LD 698 primarily proposes**:**

To amend the findings of MECRA to include the concepts of achieving reductions of greenhouse gases while seeking a cost-effective transition to beneficial electrification;

- To charge the PUC to engage with other New England stakeholders to investigate establishment of adequate supplies of natural gas for Maine now, including acquiring existing firm gas capacity rights for Maine's benefit as other regional participants holding such rights move to surrender them and to plan for a transition to natural gas made from renewable resources and other liquid fuels with little or no greenhouse gas emissions; and

- To have the PUC contract with the University of Maine or other competent researchers to prepare a report on existing and near-term zero or near-zero replacement energy sources for natural gas in commercial and industrial uses, identifying when the replacement energy sources are expected to be available, the cost of those energy sources and the steps needed to develop a cost-effective and reliable supply of such replacement energy sources; including working with Maine stakeholders to develop recommendations for implementation of such replacement energy sources.

Thank you for your time. I'll try to answer any questions you may have but would suggest others who may follow me can better address the details.

Respectfully submitted,
Steve Foster
State Representative