



May 16, 2023

The Honorable Mark Lawrence
Chair, Energy, Utilities, & Technology Committee
Senate Democratic Office
3 State House Station
Augusta, Maine 04333

The Honorable Stanley Paige Zeigler
Chair, Energy, Utilities, & Technology Committee
House Democratic Office
3 State House Station
Augusta, Maine 04333

re: New Leaf Energy Testimony in Support of LD1850, *An Act Relating to Energy Storage and the State's Energy Goals*

Dear Chair Lawrence, Chair Zeigler, and Members of the Committee:

New Leaf Energy appreciates the opportunity to provide testimony in support of LD1850, An Act Relating to Energy Storage and the State's Energy Goals.

New Leaf Energy is a developer of solar and energy storage at both distribution and transmission scales, here in Maine and across the country. Our mission is accelerate the transition to a world powered by renewable energy.

Energy storage is a crucial part of that transition, providing reliability and a variety of other services to the electric grid to complement increasing levels of renewable generation. Recent energy price spikes have been caused by constraints in the natural gas supply that particularly affect reliability and affordability in the winter months. Adding energy storage to the grid can help shift renewable generation to the times when it is most needed, and reduce the competition between electricity and heating for gas supplies that drives price spikes and the risk of blackouts. Energy storage can also reduce emissions and improve local air quality by displacing "peaker" plants, which run less frequently but have higher emissions than other generating resources. If Maine is to achieve its ambitious clean energy goals, energy storage is a necessary piece of the puzzle.

While energy storage is a technically and commercially mature technology, the wholesale market conditions in New England do not enable storage projects to come online without policy support, in contrast to other states like Texas that have more energy price volatility. We therefore support Section 3 of LD1850, which directs the Governor's Energy Office to develop a program for procuring energy storage. Energy storage resources provide a number of valuable services to the grid, but wholesale market revenues are unpredictable, which increases the risk of the project and therefore the cost of capital financing. A program that enables projects to secure longer-term contracts provides the necessary stability to get those projects online. Certain options for program design, such as an indexed storage credit, would still require projects to maximize their participation in wholesale markets, and simply provide the stability that is missing in those markets.

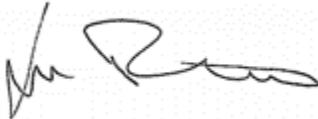
While we support the proposal in Section 3, we strongly recommend that the timeline for developing a program be speeded up. The development cycle for large energy storage projects can often stretch as long as five years. According to the schedule as laid out in the bill, a program would not be launched

until 2025. This would make it impossible for the newly established program to help Maine achieve its statutory goal of 300MW of energy storage by 2025, and given the lengthy development timeline, it would even be a stretch to reach the goal of 400 MW by 2030. The urgency of the climate crisis is growing every day; we must move as quickly as we can to set up the necessary policy frameworks to facilitate a transition to a carbon-free electric grid. Therefore we recommend this bill be amended to require that the Governor's Energy Office provide program recommendations to the Public Utilities Commission by November 30, 2023, and that the PUC review those recommendations by February 15, 2024, enabling the Legislature to report out a bill if necessary in spring 2024.

Finally, we support the directive for the GEO to include both transmission- and distribution-connected storage in the program design. Energy storage resources can provide different benefits at the transmission and distribution scales, and both should be considered and potentially offered different types of policy support. We support the comments filed by Bluewave addressing rate design for distribution-connected storage, and referencing the Connecticut study that found a 2.8 to 1 benefit to cost ratio for distribution-connected front-of-meter energy storage. Should this bill pass, we look forward to engaging with the Governor's Energy Office to develop a program that can best capture the benefits of both transmission- and distribution-connected energy storage.

Thank you for the opportunity to comment in support of LD1850. This important legislation would move Maine forward in its drive toward a reliable, affordable, emissions-free electric grid.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jessica Robertson', is positioned above the typed name.

Jessica Robertson
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