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March 4, 2025

Committee on Energy, Utilities, and Technology
c/o Office of Fiscal and Program Review
5 State House Station
Augusta, ME 04333

RE: Testimony in Opposition to L.D. 444, An Act to Lower Energy Costs by Repealing the Law Setting Out the State's Goals for Consumption of Electricity from Renewable Resources

Dear Senator Lawrence, Representative Sachs, and other members of the Committee,

My name is Steve Clemmer, Director of Energy Research in the Union of Concerned Scientists (UCS) Climate and Energy Program. UCS is the nation's leading science based non-profit organization with more than a half a million supporters, including more than 2,500 in Maine. I offer this testimony on behalf of UCS in opposition to L.D. 444.

Contrary to the title of the bill, repealing Maine's Renewable Portfolio Standard (RPS) would increase energy costs for ratepayers, not lower them. It would also have major negative consequences for Maine's economy by stifling investment and job creation in a rapidly growing clean energy industry. And it would make it more difficult and expensive to achieve the state's climate goals.

Renewable portfolio standards have been a popular, successful, and cost-effective policy. As of August 2024, 29 states and the District Columbia have adopted RPSs and Clean Electricity Standards (CES), according to Lawrence Berkeley National Laboratory (LBNL).¹ Sixteen states, including Maine, have RPS targets of at least 50% of retail sales, four states have adopted 100% RPSs, and 16 states have broader 100% CESs.

State RPSs have been a key driver for renewable energy deployment in the United States, contributing to major cost reductions for wind and solar. National average power purchase agreement (PPA) prices for wind fell by nearly 70% between 2009 and 2022,² while PPA prices for utility-scale solar projects fell by 87% between 2010 and 2023, according to LBNL.³ State RPSs, combined with long-term procurement policies, have provided stability and predictability for renewable energy developers that have helped lower the cost of financing projects. The policy has been so successful that many states, including Maine, have continued to increase their RPS targets over the past 20 years.⁴

Here are three main reasons why Maine's RPS is so important:

¹ Barbose, G. 2024. *U.S. State Renewables Portfolio & Clean Electricity Standards: 2024 Status Update*. Lawrence Berkeley National Laboratory. Online at: <https://emp.lbl.gov/projects/renewables-portfolio/>

² Wiser, R., D. Millstein, B. Hoen, M. Bolinger, W. Gorman, J. Rand, G. Barbose, A. Cheyette, N. Darghouth, S. Jeong, J. Kemp, E. O'Shaughnessy, B. Paulos, and J. Seel. *Land-Based Market Report: 2024 Edition*. Lawrence Berkeley National Laboratory. Online at: <https://emp.lbl.gov/wind-technologies-market-report>

³ Seel, J., J. Kemp, A. Cheyette, D. Millstein, W. Gorman, S. Jeong, D. Robson, R. Setiawan, and M. Bolinger. *Utility-Scale Solar, 2024 Edition*. Lawrence Berkeley National Laboratory. Online at: <https://emp.lbl.gov/utility-scale-solar>

⁴ Barbose, G. 2024, at p. 10.

Maine's RPS is lowering electricity prices and overall energy costs

- Maine's RPS saved ratepayers an average of \$21.5 million per year between 2011 and 2022, according to a 2024 analysis commissioned by the Governor's Energy Office (GEO).⁵ This includes an average of \$39 million per year in wholesale price reduction benefits, which have more than offset an average of \$17.5 million per year in RPS compliance costs. This is a conservative estimate as it doesn't include the economic and price suppression benefits from renewable energy facilities located in Maine that are used to comply with RPS policies in other states.
- Data from the Maine PUC shows that past renewable energy procurements under Maine's RPS have driven generation costs down, resulting in lower customer electricity bills. The sale of energy from approved procurements played a key role in reducing delivery prices for CMP residential customers by 5.5% and for Versant residential customers by up to 3.8% in 2022, while helping to offset high storm recovery costs seen in 2020 and 2021.⁶ The first RPS procurement in 2020 resulted in the approval of 17 renewable energy projects, with very competitive prices ranging from 2.9-4.2 cents per kilowatt-hour (kWh).⁷ The second RPS procurement in 2021 resulted in the approval of an additional seven projects, with slightly lower prices ranging from 2.8-3.9 cents/kWh.⁸
- The Maine Pathways to 2040 study shows that accelerating Maine's RPS targets and reaching 100% clean electricity by 2040, combined with widespread electrification of transportation and heating, could reduce average electricity prices and overall energy supply costs, resulting in a 20% reduction in average household energy costs or more than \$1,300 per year.⁹ Using low-cost renewable electricity to displace higher cost and less efficient fossil fuels for transportation and home heating is a key strategy for reducing overall energy bills. The analysis also showed that renewable energy sources (primarily new wind and solar) would provide nearly all of the electricity generation in Maine needed to meet the 100% clean electricity targets by 2040.

The two main drivers for recent electricity cost increases are Maine's and New England's over-dependence on imported natural gas for more than half of the region's electricity and the increase in climate change-fueled extreme weather events. High gas prices, due in large part to the Russian war in Ukraine and decisions by the US and other countries to ban Russian oil and gas imports, increased average residential electricity bills in Maine by \$60 per month between 2021 and 2023.¹⁰ In addition, CMP storm recovery costs totaling \$220 million for three storms in 2024 added \$10 per month to residential bills.¹¹ Continuing to increase Maine's RPS targets is important for reducing both of these costs.

⁵ *An Assessment of Maine's Renewable Portfolio Standard*. 2024. Prepared for the Governor's Energy Office, in collaboration with the Public Utilities Commission by Sustainable Energy Advantage, LLC. Online at: <https://www.maine.gov/energy/sites/maine.gov.energy/files/inline-files/Maine-RPS-Impacts-and-Procurement-Policy-Options-Report-Master.pdf>

⁶ Maine Public Utilities Commission. "Commission approves delivery rate decreases for Central Maine Power (CMP) and Versant Power Effective July 1." June 14, 2022. Online at: <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=8025065&v=article088>

⁷ Maine Public Utilities Commission. "Commission selects renewable energy projects to help achieve Maine's Renewable Portfolio Standard Goals," September 22, 2020. Online at: <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=3329595&v=article088>.

⁸ Maine Public Utilities Commission. "Maine Public Utilities Commission selects renewable energy projects in second competitive procurement," June 29, 2021. Online at: <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=5089377&v=article088>

⁹ *Maine Pathways to 2040: Analysis and Insights*. 2025. Prepared for the Maine Governor's Energy Office by the Brattle Group and Evolved Energy Research. Online at: <https://www.maine.gov/energy/sites/maine.gov.energy/files/2025-01/Maine%20Pathways%20to%202040%20Analysis%20and%20Insights.pdf>

¹⁰ The average CMP residential customer experienced a \$30 per month increase for standard offer service in 2021-2022 and an additional \$32 per month in 2022-2023 due to higher gas prices on the regional market.

<https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=6040934&v=article088>;

<https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=9617342&v=article088>

¹¹ <https://www.pressherald.com/2024/06/12/cmp-bills-to-go-up-this-summer-after-regulators-approve-rate-hikes-tied-to-storm-costs/>

Maine's RPS is creating jobs and providing significant economic development benefits

- Maine's RPS has resulted in over \$100 million in direct investment, \$900 million in operations and maintenance spending, over 1,000 full-time equivalent jobs, and over \$1 billion in worker income between 2008 and 2022, according to the 2024 report commissioned by GEO.
- The 17 renewable energy projects included in the first RPS procurement in 2020 will provide an estimated 450 FTE jobs during construction and 30 FTE jobs per year during operation, more than \$145 million in capital spending with Maine-based entities, \$3 million per year in goods and services from Maine companies over 20-years, and \$4.7 million per year in taxes and payments to host communities. The seven projects included in the second procurement in 2021 will provide an additional 175 FTE jobs during construction, 14 FTE jobs per year during operations, and contribute millions of dollars to Maine's economy over the 20-year contract period.
- Maine's clean energy economy grew more than three times faster than its overall economy between 2016 and 2022, according to the 2023 Maine Clean Energy Industry Report.¹² Maine's renewable electric power generation sector grew by 11% between 2018 and 2022, a faster rate than the 5% growth at the national level. Clean energy jobs in Maine have bounced back from COVID-19 disruptions and are back on the pathway to reach Governor Mills' goal of supporting 30,000 clean energy jobs by 2030.

Maine's RPS is a key strategy for meeting the state's climate goals by reducing emissions from imported oil and gas

- The first two competitive RPS procurements in 2020 and 2021 will reduce greenhouse gas emissions by 760,000 tons per year, according to the PUC.
- The Pathways to 2040 study showed that accelerating Maine's RPS targets to achieve 100% clean electricity by 2040, combined with widespread electrification of transportation and heating, are key strategies for achieving the state's climate goals and reaching carbon neutrality in Maine by 2045, while lowering overall energy costs to consumers.

To further capitalize on these benefits, Maine should accelerate—not abandon—its RPS targets to achieve 100 percent clean electricity by 2040, as proposed by Governor Mills.

Thank you for the opportunity to testify in opposition to L.D. 444.

¹² Maine Governor's Energy Office. *2023 Maine Clean Energy Industry Report*. Prepared by [bw] Research Partnership. Online at: <https://www.maine.gov/energy/sites/maine.gov.energy/files/2024-05/2023%20MECEIR%20Report%20Final.pdf>.