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Testimony Neither For Nor Against
LD 1063, “An Act to Require Competitive Procurement of Electricity from Generators
Fueled by Municipal Solid Waste in Conjunction with Recycling”

April 9, 2025

Senator Lawrence, Representative Sachs, and distinguished members of the Joint Standing Committee on Energy, Utilities and Technology,

My name is Heather Sanborn, here today as Public Advocate, to testify neither for nor against LD 1063, “An Act to Require Competitive Procurement of Electricity from Generators Fueled by Municipal Solid Waste in Conjunction with Recycling.”

This bill would have the PUC order utilities to enter into power purchase agreements (PPAs) with municipal solid waste facilities for contracts of 5 to 15 years at a fixed price of 6.9 cents per kWh.

We want to point out to the committee that the standard offer price is not the correct comparison point for considering the cost of this contract. Instead, the correct comparison is the wholesale energy costs plus the likely value of the RECs. The title for the energy produced under these contracts would be transferred to CMP and/or Versant, who would then sell the energy on the wholesale spot market and sell the RECs. If the price the utilities receive for these sales is less than 6.9 cents, the difference will appear as an increase in stranded costs for ratepayers. But if the value of the energy and the RECs is higher than 6.9 cents at the time they are sold, the difference will reduce stranded costs. Note that when wholesale energy costs spiked as Russia invaded Ukraine, some power purchase agreements were “in the money” and that is why the stranded costs were negative in 2022, actually lowering customers’ bills.

The fixed price contained in this bill may not be a bad deal for ratepayers, though we think it probably does represent a small premium over forecast average wholesale energy prices, at least in the initial years of the contract. We estimate that the forecast for the wholesale value of the energy and the RECs purchased under these contracts is probably 4-6 cents. However, a fixed price contract at 6.9 cents for 15 years could promote price stability for ratepayers by providing a reasonably priced hedge against unexpected increases in the wholesale price of energy.

Thank you for your time, attention, and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 1063 and will be available if requested for the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,
Heather Sanborn
Public Advocate