

Testimony of Jeffrey Jones, P.E (jeff@jonespe.com) in Support of (L.D. 1223) An Act to Lower Electric Rates for Maine Ratepayers by Requiring the Payment of Certain Costs from the General Fund

Senator Lawrence, Representative Sachs and esteemed members of the committee. I am Jeff Jones, I live in Bangor, and I run Maine Power LLC, the Standard Offer Provider for the Large Class of customers for most of the state. I am a licensed Professional Engineer with an MBA. I have worked in the utility industry for over fifty years. And I am a citizen concerned about global warming caused by using fossil fuels for heating and transportation. That is why I volunteer with Citizens' Climate Lobby.

Maine has a public policy problem. We put hidden taxes on our electric bills when we say we want to electrify transportation and heating. We're taxing what we want (clean electricity use) and not taxing what we don't want (carbon pollution from burning fossil fuels). This does not make sense. As others pointed out at the Public Hearing, this is a regressive tax and should be recovered through the general fund with its progressive tax structure.

I have seen the result of the MIT Sloan School's En-ROADS climate model. When it comes to carbon pollution caused by the burning of fossil fuels, the two methods we have used, both pollution regulations and incentives (such as rebates for heat pumps) will not be sufficient to meet our carbon reduction goals without also implementing a price on carbon pollution. Maine is by some measures the most fossil dependent state. If we are going to change that, we need to utilize the power of market forces by pricing carbon pollution.

There were multiple questions from the EUT members at the Public Hearing about how public policy charges should be funded. And I believe that the Public Advocate's opposition to an earlier bill was based on the lack of a funding mechanism. There is a very simple answer to these concerns. We just need to assess a carbon pollution fee on fossil fuels imported into the state which would easily fund our current public policy charges. I know it may not seem to be politically popular to talk about any kind of tax, but Maine already assesses a not dissimilar pollution abatement tax on fossil fuel imports. This pollution abatement tax is known as the oil transfer fee on crude oil and refined petroleum products imported into the state. The mechanism for collecting fees is already in place and could be expanded for the purpose of funding public policy charges currently in electric bills.

This concept has wide support, not only from the non-partisan Citizens' Climate Lobby, but also promoted by the conservative Climate Leadership Council. There is a widespread consensus among economists that pricing carbon is an essential and cost-effective tool for reducing carbon pollution by creating incentives for consumers and producers to lower emissions and shift to cleaner alternatives. And the U.S. Chamber of Commerce advocates for policies that use market forces to achieve emissions reductions efficiently. Further, when likely voters are asked if they support charging fossil fuel companies for the pollution that they cause, respondents overwhelmingly (74%) answer in the affirmative. This is done in most other developed countries, and Washington state has a voter-approved program covering approximately 70% of the state's emissions. Maine could easily adopt a carbon pollution fee-based payment mechanism for the suggested public policy charges to achieve similarly successful results.

We know what to do and how to do it. Let's not let perceived politics get in the way of good policy. Thank you for your time and I hope that you will agree.