

Testimony of ND Paper before the Joint Standing Committee on Energy, Utilities and Technology Regarding Support for LD 698

March 8, 2023

Senator Lawrence, Representative Zeigler, and members of the Committee, my name is Joel Pike and I am a resident of Jay. I am the Director of Energy Strategy for ND Paper's U.S. operations and I work out of the ND paper mill in Rumford.

My testimony today is in **support** of LD 698 and of the need to secure an affordable natural gas supply for Maine. ND Paper's total investments have exceeded a quarter of a billion dollars in Maine. Our economic impact here includes the employment of nearly 700 workers and annual expenditures of approximately 270 million dollars directly in Maine for materials procurement, payroll, and taxes.

Affordable energy is crucial to ND Paper's continued success in Maine. As this committee knows all too well, Maine's paper industry has struggled in recent times, and the disruptions caused by the Covid-19 pandemic have only added to those difficulties. The pulp and paper industry has not recovered from the historic crash in most grades of paper that began at the start of the pandemic. In addition, changes required in order to respond to pandemic-induced market and supply chain impacts continue to pose challenges for our mills. These challenges aside, the products that ND produces at both of our facilities are commodities with highly competitive world markets. Paying an average of two to three times what other producers pay puts us at a significant disadvantage.

The Legislature recognized ten years ago that Maine pays more for electricity because of high natural gas prices and more for natural gas itself compared to other parts of the country because of the limited pipeline capacity. Expanding pipeline capacity into New England would reduce the "basis differential" between the region and other pricing points outside of the New England. Natural gas is also the marginal fuel for generation in New England a majority of the time so it sets the price of electricity—just look at the significant rise in the Standard Offer for Electricity, which was primarily due to the forecasted natural gas prices for this winter.

The PUC knows that new pipeline capacity is one way to reduce Maine electricity consumers' electricity prices. But new pipeline capacity doesn't build itself. This bill gives the PUC the authority it needs to continue building on its past efforts by allowing it to investigate how Maine and New England, and especially large industrial energy consumers, might benefit from expanded pipeline capacity.

In addition to lowering costs, this bill promises climate benefits. Environmental sustainability is a cornerstone of ND Paper's 100-year vision. We believe that expanded pipeline capacity will decrease the need to burn emissions-intensive oil during winter cold snaps, like the ones we experienced just last month (February 2023) and at the end of 2022.

On behalf of ND Paper, I urge this committee to vote in favor of LD 698, and I appreciate your consideration of this testimony.