PEAKS RENEWABLES, LLC TESTIMONY IN SUPPORT OF LD 1775

Good afternoon, Chairman Lawrence and Chairman Zeigler, and members of the Energy, Utilities, and Technology Committee.

My name is Aidan Renaghan. I am the Director of Renewable Project Development for Peaks Renewables, a renewable energy development company specializing in projects that decarbonize the thermal energy sector.

Peaks is finishing construction on a Renewable Natural Gas dairy digester at the Flood Family Farm in Clinton, which I believe many of you saw at our ribbon cutting last September. If you missed that event, we would love to offer any member a tour of our project.

I am pleased to join you today to urge your support of LD 1775.

Hydrogen is the most common element on earth and does not release greenhouse gases when combusted. As the country moves towards decarbonizing the economy, it is becoming increasingly clear that hydrogen will have a role to play in achieving this goal. Hydrogen is a powerful tool that can be used for deep decarbonization of heavy industry, as zero carbon transportation fuel, or for long duration energy storage. Hydrogen produced from renewable energy helps link the electron and the molecule, taking renewable energy and converting it to a gaseous fuel that can be stored, transported, and used as energy or as a feedstock for downstream processes and products.

This Committee has been deliberate in its support of the transition to renewable energy. We believe that these pilots projects can be a significant benefit to that transition. Our state is seeing large amounts of renewable energy curtailed on a regular basis. This is a significant problem to the continued deployment of renewable energy resources on the Maine grid.

This is why LD 1775 is important. LD 1775 establishes a pilot program for three projects that would convert electric power to hydrogen. Siting these projects in areas of congestion and curtailment could help capture otherwise wasted energy, avoid upgrades or expansions to the grid, and help encourage more renewable energy projects to interconnect. Implementing pilots today will help build knowledge around optimal use cases for clean hydrogen in the state.

The federal government has recognized the benefits of clean hydrogen and the need to begin deployment. The Infrastructure Investment and Jobs Act and the Inflation Reduction Act have created programs including, a production tax credit for clean hydrogen. These programs will help spur investment in this technology and drive down costs through deployment.

In short, driving the investment in clean hydrogen in Maine can benefit the grid, help encourage the continued deployment of renewable energy, and begin to build a local hydrogen economy that will help lay out a pathway for deep decarbonization of a variety of sectors including electricity, heavy industry, and transportation, in order to meet Maine's important climate goals.

As noted in a 2022 study by the Public Utilities Commission on this technology, Maine energy infrastructure could benefit from clean hydrogen development in two important ways:

"First, such facilities could complement the operation of certain renewable resources, most notably solar and wind, serving as a balancing resource and a 'sink' for energy that might otherwise be lost or produced at sub-optimal times. Second, the facilities, if strategically sited, could allow [transmission and distribution] upgrades or expansions to be avoided or delayed." Hydrogen can help promote the continued integration of renewables on the Maine grid and serve as a tool to allow for deep decarbonization of sectors and industries that cannot meet climate goals simply by the addition of solar or wind.

LD 1775 does just that by addressing one of Maine's largest barriers to clean hydrogen development: the cost of energy. While Maine has abundant renewable energy production thanks to the aggressive build-out of wind and solar, the cost of purchasing that energy makes development of clean hydrogen cost prohibitive. Accordingly, without this legislation, such pilot projects that can prove out the technology are unlikely to move forward. Supporting this legislation would allow energy that would otherwise be wasted, to be converted to useful, storable energy. And, because such pilot projects will not move forward without this legislation, ratepayers will not be affected by any "lost revenues" associated with the bill as there would be no distribution revenue with the legislation, and no distribution revenue without the legislation.

Other states have already begun to create their own unique programs to capitalize on the federal efforts and attract development. Many of them are not as well positioned to realize the potential of this technology as Maine is, because of our rich renewable energy development. With the passage of LD 1775, we have an incredible opportunity Maine to set itself apart and lead the creation of a hydrogen economy.

Thank you for your time and your consideration. I urge your support of LD 1775, An Act to Establish a Clean Hydrogen Pilot Program.