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**Testimony In Opposition to
LD 1775, “An Act to Establish a Clean Hydrogen Pilot Program”
May 2, 2023**

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

My name is William Harwood, here today as Public Advocate, to testify in opposition to LD 1775, “An Act to Establish a Clean Hydrogen Pilot Program.”

The purpose of the bill is to set up a system to select one or more hydrogen production facilities to be completely exempt from utility Transmission and Distribution (T&D) charges.

Rather than enter into the debate over whether hydrogen production provides sufficient economic and environmental benefits to justify such a large subsidy, the OPA’s opposition is based on the approach taken by the bill. Essentially, the proponents are asking this Committee to decide whether this favorable rate treatment is needed for a hydrogen facility to be built or, alternatively, will it result in an undeserved windfall to the investors behind such a facility.

With all due respect, it would make more sense for the PUC to make this determination. You sit as part time legislators with a staff of one (albeit a very talented one) and only have a few hours of hearings and work sessions to devote to this bill. On the other hand, the PUC has three well-trained, full-time Commissioners who were vetted by this Committee and who are supported by a staff of 75 hardworking, dedicated, and capable employees. They can spend hundreds of employee hours getting to the bottom of this and save you the trouble of doing so.

Furthermore, your predecessors have already enacted legislation to give the PUC authority to discount utility rates whenever a specific customer is unable to pay the otherwise applicable rate approved by the PUC. Section 703(3-A) of Title 35-A provides that the PUC



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can approve a Special Rate Contract (SRC) between a utility and a customer when it has been established that the SRC customer cannot afford to pay the PUC approved rate but would be able to pay a discounted rate, specifically created to meet the unique financial needs of that SRC customer. So long as the PUC determines that the discount is no larger than necessary for the customer to do business and the revenue received by the utility at the discounted rate will benefit all other ratepayers by covering at least a portion of the utility's cost of serving the SRC ratepayer, the Contract will be approved.

I recommend that, rather than pass this legislation, you informally direct this hydrogen production facility developer to enter into SRC negotiations with the applicable utility and then they can present the SRC to the PUC for its review and approval. The OPA would be happy to help facilitate such negotiations.

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 1775 and will be available for the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in cursive script that reads 'William S. Harwood'.

William S. Harwood
Public Advocate