

Testimony of Industrial Energy Consumer Group
In Opposition of
L.D. 1775, *An Act to Establish a Clean Hydrogen Pilot Program* Before the Joint
Standing Committee on Energy, Utilities and Technology
May 2, 2023

Good afternoon, Senator Lawrence, Representative Ziegler and Members of the Joint Standing Committee on Energy, Utilities and Technology.

I am Tony Buxton, an attorney with the firm of Preti Flaherty, here today on behalf of Industrial Energy Consumer Group (IECG). IECG has represented medium and large sized consumers of energy in Maine for more than thirty-five years at the state, regional and federal level. We advocate for policies that reduce the cost of energy for our members and cost-effectively help Maine achieve its climate goals.

IECG testifies today in strong opposition to LD 1775 because it requires already highly stressed Maine electricity rate payers to hugely subsidize developers of clean hydrogen through electricity rates.

IECG, however, strongly supported President Biden's Inflation Reduction Act (IRA), which contains generous tax benefits for clean hydrogen projects. These benefits, which may be combined with IRA renewable energy benefits, can provide tax credits of 50% to 100% of a project's capital cost. The cleaner the hydrogen, the higher the IRA tax credit.

The energy benefit this bill would create is significant. If the full 60 Mw were exempted from distribution charges, EMT charges and RPS, the benefit would be approximately \$24 million today. The project would escape most fixed costs that are paid by all other ratepayers, this just is not fair, especially now.

We remind the Committee that this bill is unnecessary. Title 35-A permits special rate contracts to be approved by the Commission. Such approval is based on need and a salutary principle: Does approval of a proposed special rate contract benefit all ratepayers, not merely the applicant?

IECG urges the Committee leave well enough alone. This legislation is not necessary to incentivize clean hydrogen.