



Kathleen Newman, Director of Government Affairs

An Act to Establish a Clean Hydrogen Pilot Program

May 2, 2023

Testifying: In Opposition

Senator Lawrence, Representative Zeigler, Members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Kathleen Newman, presenting testimony on behalf of Central Maine Power company in opposition to LD 1775 – An Act to Establish a Clean Hydrogen Pilot Program.

We are supportive of cost-effective pilot projects to research the possibilities of new types of renewable energy – particularly those that may help ease grid congestion and avoid costly upgrades – but we oppose this bill based on §123-3 which exempts the pilot participants from paying for their share of distribution costs, delivery and related charges. This is unfair to other ratepayers and establishes an unsustainable precedent.

Unlike similar bills¹ that failed in the 129th and 130th Legislatures which used the following exemption language:

Distribution charges regulated by the commission, including but not limited to volumetric, demand and standby charges;

LD 1775 goes further, exempting:

Any distribution, delivery or related charges regulated by the commission, including, but not limited to, volumetric fees, stranded costs and demand and standby charges;

This added language could allow pilot projects to also avoid necessary interconnection costs that would normally be the responsibility of the project owner, as well as any stranded costs – including those that may be generated by the project itself.

As noted by the Commission in their testimony on LD 9 last session, utilities can negotiate “special rate contracts” under which service is provided to particular customers at discounted rates when necessary to keep an existing customer from curtailing or ceasing its operations or to *enable a new customer to locate and operate in the utility’s service territory*. The Commission applies a standard of review, pursuant to 35-A M.R.S. § 703(3-A), which governs the special contracts a public utility may make, subject to the Commission's approval.

We believe the special rate contract approach is more equitable to other customers, mitigates some of the adverse impacts on ratepayers, and ensures the fairest possible outcome.

We urge the committee to amend the bill to remove the exemptions under §123, 3 and instead encourage the parties to enter into special rate contract proceedings at the Commission should these pilot projects go forward.

Thank you for your consideration of our position.

¹ LD 2017 - An Act To Promote Renewable Energy Resources by Establishing an Energy-to-Gas Pilot Project (Committee Amendment A)

LD 9 - An Act To Promote Renewable Energy by Authorizing a Power-to fuel Pilot Program