



**Testimony Neither for Nor Against LD 1775
An Act to Establish a Clean Hydrogen Pilot Program
May 2, 2023**

Senator Lawrence, Representative Zeigler, and members of the committee, my name is James Cote and I am here on behalf of Versant Power neither for nor against LD 1775.

Energy storage technologies represent one of the biggest challenges and opportunities in today's energy sector. Their potential use-cases are almost as diverse as the technologies themselves- which range from batteries of various types, to pumped-hydro, molten salt, and power-to-gas conversion, among others. Storage can be used to shift peak and reduce the usage of less efficient generators, it can provide back-up power to homes and businesses in the event of an outage, it can ease congestion at interconnection points, and can even defer the need for some transmission and distribution upgrades.

It is with that in mind that Versant Power offers our support for many of the concepts contained within LD 1775 and hopes that the committee will continue to encourage the development and deployment of this and various other rapidly evolving storage technologies, in recognition of the many benefits they may provide to all ratepayers.

In particular, we believe power-to- fuel systems, from a perspective of grid management and the integration of renewable generation resources, may be well suited to easing congestion and/or capturing energy that might otherwise be curtailed. Pilot projects such as the one proposed in this legislation may also prove to be valuable in demonstrating commercial feasibility and helping regulators and stakeholders better understand the complex technical, legal and market mechanisms involved.

Having said that, Versant Power believes it is important that the committee evaluate the level of protection contained in this legislation for electric customers. In particular:

Section 2- Should this program move forward it should be limited to two pilot programs rather than 3. Two projects seem more than adequate for the purposes of analyzing a pilot program.

Section 2-A(2)- Given hydrogen technology is rapidly developing and maturing, we believe that the Public Utilities Commission should be required to find that there are no cost increases to electricity ratepayers before selecting clean hydrogen facilities, instead of finding that these projects would be "reasonably likely not to cause significant costs."

Section 3- As we have stated in two previous legislative sessions, the exemption of these pilot projects from distribution charges for transmission of electricity is a policy consideration for



which the committee will need to weigh the potential benefits of these projects against the fact that such an exemption means those costs would be spread among other ratepayers. In this time of high electric supply costs, we would urge the committee to explore with the Public Utilities Commission what these exemptions could mean for electric ratepayers who may be responsible for making up the difference and weigh the benefits of these projects against those costs.

Versant Power believes energy storage will play a major role in meeting current and future energy challenges, and we hope the committee will encourage the development and deployment of a wide array of these technologies.

Thank you for your consideration and I would be pleased to provide you with more information at the work session upon your request.