



May 18, 2023

Senator Mark Lawrence, Chair
Representative Paige Ziegler, Chair
Committee on Energy, Utilities and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony neither for nor against LD 1895, “An Act Regarding the Procurement of Energy from Offshore Wind Resources”

Senator Lawrence, Representative Ziegler, members of the Energy, Utilities and Technology Committee

My name is Jeremy Payne and I am a principal with Cornerstone Government Affairs Group here to testify neither for nor against LD 1895 on behalf of our client the Maine Renewable Energy Association (“MREA”)

First, we want to applaud Senator Lawrence for his leadership on developing a procurement process to unleash the enormous potential off offshore wind. I had the honor of serving on the Offshore Wind Road Map’s advisory committee – as well as serving as Celina Cunningham’s co-chair of the energy markets and strategies working group – and this diverse group of people worked extremely well together over the last 18 months or so. We tackled really complex topics, for example developing a capable and diverse workforce, avoiding and mitigating impacts to the fisheries industries and aquatic species, examining transmission options, how to entice other states to collaborate on developing projects in the Gulf of Maine, and designing a cost-effective procurement process which will attract high quality, competitive bids. None of these issues have simple and unanimous answers, and we believe LD 1895 takes some important first steps toward growing our Maine-based offshore wind industry. However, we are disappointed that the very people and entities this bill contemplates submitting bids were largely shut out from any direct involvement of the drafting of the procurement pieces of this bill. We appreciate this opportunity to offer some thoughts – and are of course willing to work with the sponsor, the committee, and other stakeholders to continue designing the procurements.

We are glad to support the procurement schedule and amounts contemplated in the bill – we believe this sends a critical signal to the marketplace to expend financial resources on pre-development work, community outreach, discussions with contractors in order to ready their bids for the 1/1/25 bid process. Importantly, it also envisions subsequent procurements occurring on a reasonable and predictable schedule – this will help bidders who do not receive a contract to continue development and refining their bids for future RFPs.

We are concerned, however, with a few important components of the procurement bid review process

- The PUC is instructed to provide a 60% weighting as it relates to pricing. Notably, this is less than what the PUC has recently used regarding the so-called grid-scale procurement from LD 1494¹, which requires the PUC to provide a 70% weighting to price and 30% weighting to economic development considerations,
- Next, the legislation requires to provide 25% weighting to bids with economic development and community benefits, however, it includes provisions such as Project Labor Agreements and Labor Peace Agreements, and
- And last, LD 1895 instructs the PUC to apply 15% weighting to bids with natural resources benefits, including additional private funding for monitoring environmental impacts. We believe the regulatory permitting process will already require any applicants to conduct appropriate studies and ongoing monitoring

We understand the legislation chooses to prioritize other social issues, but it is important to remember those decisions have a literal cost to consumers. This legislation, or any other, can decide to include other non-energy policies within bids but we should be mindful those costs will not just vanish, but will ultimately show up in the bid prices the PUC reviews

It is important to acknowledge that Maine's construction workforce is approximately 90% non-union, so providing preference to organized labor agreements may have the effect of excluding Maine-based companies from being able to bid for this important work. In order to ensure this process does not create a jobs program for Massachusetts construction companies, one reasonable middle ground would be to allow employee-owned ("ESOPs") companies to bid for the work and be eligible for this 25% weighting. This approach was used in last year's LD 1969, "An Act Concerning Equity in Renewable Energy Projects and Workforce Development"²

Given the amount of work ahead of us as we pursue a clean energy transition, we do not believe that effectively discouraging any development inside of the Lease Management Area 1 (LMA1) is appropriate. If all projects proposed for LMA1 are automatically precluded from receiving any tax incentives then we are ultimately pushing projects further and further from shore, which will certainly increase transmission costs and overall programmatic costs to consumers

¹ <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=SP0457&item=3&snum=129> -- (1) A weight of 70% must be given to the benefits to ratepayers, and (2) A weight of 30% must be given to benefits to the economy

² Section 14-2-H-11 – "(11) Whether an entity is employee-owned, including but not limited to an entity that offers employee stock ownership plans or is structured as a worker cooperative"

We fully agree that the PUC and bidders should coordinate procurement efforts with other New England states, as has been done with the so-called Northern Maine Renewable Energy Development Program³

Finally, we want to emphasize that we know this is a very complex issue and we appreciate all those involved with this bill's creation – and we are glad to participate in making improvements to this legislation in the days ahead

Thank you

³ <https://legislature.maine.gov/legis/statutes/35-A/title35-Asec3210-l.html>