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## **TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE**

### **An Act Regarding the Future of Renewable Energy Transmission in Northern Maine L.D. 1963**

#### **GOVERNOR'S ENERGY OFFICE January 11, 2024**

Senator Lawrence, Representative Zeigler, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 1963.

In 2021, the Legislature established the Northern Maine Renewable Energy Development Program (35-A § 3210-I) through bipartisan legislation signed by Governor Mills. The intent of this program is to remove obstacles to the use of and to promote development of the substantial renewable energy resources in northern Maine to advance the clean energy and climate policies and goals of the State. Despite the termination of the first procurement under this program, GEO is committed to working with the sponsor and the Public Utilities Commission to advance this program by amending the legislation in a way that facilitates a successful outcome in a renewed procurement.

New clean energy generation and the associated transmission infrastructure are critical to stabilizing energy supply costs, reducing reliance on fossil fuels, and driving job creation and investment for the benefit of Maine people and communities—and to meeting our goal of using 100 percent clean energy by 2040. As has been highlighted by prior studies from the GEO, long-term contracts for clean energy are a central component of meeting Maine's targets. Specifically, GEO's 2021 State of Maine Renewable Energy Goals Market Assessment and the current Maine Energy Plan: Pathway to 2040 modeling results show that these mechanisms are critical for building new resources that can meet our state's electrification efforts. Diversifying our energy portfolio with these resources can also provide stability in electric rates by reducing the exposure to our current system's over-reliance on natural gas-fueled electric generation resources.

We also know that coordinating with our neighbors in New England will be paramount to advancing projects that are cost-effective for Maine ratepayers.

GEO is committed to assisting in the expeditious advancement of a successful procurement to develop these resources in northern Maine, especially through coordination with other states. GEO is in constant communication with regional partners related to advancing collaborative work on energy planning and to secure federal dollars to improve our regional electric grid, thus we are well positioned to lead and coordinate efforts with the Commission.

To ensure a successful outcome in a renewed procurement, we are also proposing some initial changes to the sponsor's amendment:

- In Sec. 2 relating to the solicitation of generation connection infrastructure, we encourage the Commission to issue a draft request for proposals for public comment in advance of posting a final request for proposals and to ensure GEO involvement in the procurement process.
- In Sec. 2, C, we encourage the Commission to give preference to proposals that:
  - 1) Demonstrate the most cost-effective and efficient transmission access to renewable energy resources *and* associated renewable energy certificates;
  - 2) Provide community engagement plans to minimize conflict relating to the permitting and siting of these projects; and
  - 3) Adequately demonstrate project viability in a commercially reasonable timeframe. We want to end up with a final contract that is not just the lowest cost, but that will ultimately result in a project that gets built in a timely manner.
- In Sec. 3 relating to the solicitation of renewable generation projects, we again encourage the Commission to issue a draft request for proposals for public comment and to ensure GEO involvement in the procurement process. We also suggest changing the date in this section to July 31, 2024 or upon the effective date of this legislation to ensure only new projects can bid for this contract which we believe was the intent of the initial legislation.

A few additional suggestions:

- We suggest further amending the statute that establishes the program to encourage the commission to give preference to proposals that, in the commission's determination, provide ratepayer benefits, including, but not limited to, enhanced electric reliability, resource adequacy including contributing to reducing winter electricity price spikes and overall price impacts, avoidance of line loss and mitigation of transmission costs to the extent possible—language that was included in other recently enacted state resource procurement legislation.
- We also would like to make sure it is clear that the Commission and GEO have the authority to seek funds to support the necessary consultant expertise, whether that be legal or technical, to undertake the procurement, review and contracting of these projects.
- Finally, regarding the size of the program, we suggest seeking generation in an amount that, at a minimum, ensures the generation connection infrastructure is cost-effective.

Thank you for your consideration of these suggestions. GEO looks forward to working together to advance this initiative and our commitment to a clean, affordable, and reliable energy future for Maine.

Respectfully,



Caroline Colan, Legislative Liaison  
Governor's Energy Office

## Proposed Amendment to LD 1963

Amend the bill by striking out everything after the enacting clause and inserting the following:

Sec. 1. 35-A MRS § 3210-I, sub-§1 is amended to read as follows:

1. **Program established.** The Northern Maine Renewable Energy Development Program, referred to in this section as "the program," is established to remove obstacles to the use of and to promote development of the substantial renewable energy resources in northern Maine. As used in this section, "northern Maine" means Aroostook County and any other area of the State in which the retail market is administered by the independent system administrator for northern Maine.

The commission shall administer the program in accordance with this section and shall ensure that such administration accounts for and is designed to advance the renewable energy and climate policies and goals of the State and to:

A. Encourage the rapid development of renewable resources in northern Maine to achieve greenhouse gas emissions reductions in the State and realize direct and near-term economic benefits in northern Maine;

B. Develop the transmission infrastructure necessary for the State to expeditiously meet its renewable energy and climate goals using, to the extent practicable, renewable energy resources located in the State;

C. Transition the State's mandated renewable energy purchasing through contracting approved and ordered by the commission in accordance with this section for the purchase of capacity, renewable energy and renewable energy credits, or any combination thereof, in a manner designed to most effectively account for the changing seasonal, time of day and other electricity usage characteristics associated with beneficial electrification as defined in section 10102, subsection 3-A over the duration of such contracts;

D. Promote energy equity with particular consideration given to the economic circumstances and opportunities in the State's socially vulnerable counties and communities. For the purposes of this paragraph, "socially vulnerable counties and communities" means those counties and communities in the State containing populations that are disproportionately burdened by existing social inequities or lack the capacity to withstand new or worsening burdens; ~~and~~

E. Recognize that, in advancing the renewable energy and climate policies and goals of the State, the near-term development of the transmission and other infrastructure necessary to reduce greenhouse gas emissions is in the public interest; ~~and~~

F. Seek, in collaboration with the Governor's Energy Office, established in Title 2, section 9, to partner with other states or entities in the procurement, or advancement of alternative mechanism that leads to the development, of infrastructure pursuant to subsection 2 and renewable energy generation projects pursuant to subsection 3.

Sec. 2. 35-A MRSA § 3210-I, sub-§2 is amended to read as follows:

**2. Request for proposals; generation connection ~~line~~ infrastructure.** After issuing a draft request for proposals for public comment, the commission, in coordination with the Governor's Energy Office, shall issue a request for proposals for the development and construction of a 345 kilovolt double circuit generation connection line, or, in the commission's discretion, a transmission line or lines of greater capacity, infrastructure necessary to connect up to the maximum number of megawatts permitted by ISO-New England of renewable energy resources located in northern Maine and developed pursuant to subsection 3 with the electric grid operated by the New England independent system operator, referred to in this section as "the ISO-New England system." The commission may issue preliminary requests for information from utilities and private developers or release draft requests for proposals to gather information to inform the program. The commission may develop a request for proposals and evaluate proposals in coordination with other states or entities.

A. The proposals must be required to cover a contract term of 30 years, except that the commission may, in its discretion, approve a contract term of a different duration, and must include provisions for the construction, development and subsequent commercial operation of the line or lines described in this subsection.

B. The commission shall evaluate the proposals received based, at a minimum, on the following factors: cost, economic benefit to northern Maine, the qualifications of the bidder or bidders, the long-term viability of each proposal and the anticipated contribution of each proposal toward the achievement by the State of its renewable energy goals under section 3210. The commission shall disqualify any proposal that, in the commission's determination, fails to demonstrate the bidder's technical and financial capacity to successfully construct, develop and operate the line or lines described in this subsection and to pursue, negotiate and contract for its interconnection with the ISO-New England system.

C. The commission shall give preference to proposals that:

(1) In the commission's determination, in the aggregate with proposals received under subsection 3, demonstrate the most cost-effective and efficient transmission access to renewable energy resources and associated renewable energy certificates, in northern Maine in a manner that best supports the achievement of the State's renewable energy goals under section 3210 and that maximize benefits to the State;

(2) Provide community engagement plans and favor use, where practicable, of existing utility and other rights-of-way and other existing transmission corridors in the construction of the line or lines described in this subsection; and

(3) Adequately demonstrate project viability in a commercially reasonable timeframe; and

(4) In the commission's determination, are likely to provide a reduction in transmission costs and costs to ratepayers for electricity over time as more energy is transmitted using the line or lines described in this subsection.

D. The commission may consider and, in accordance with the applicable provisions of this subsection and subsection 3, select a proposal or proposals that include both the development and construction of the line or lines described in this subsection and the

development and construction of one or more qualified renewable energy generation projects described in subsection 3.

E. ~~No later than November 1, 2022, the~~ The commission shall approve a contract or contracts between one or more transmission and distribution utilities and the bidder of any proposal selected by the commission in accordance with this subsection, except that, if at the close of the competitive bidding process the commission determines that no proposal meets the requirements of this subsection or that approval of a contract or contracts that otherwise meet the requirements of this subsection is not in the public interest, the commission may reject all proposals and may open a new competitive bidding process under this subsection.

**Sec. 3. 35-A MRSA § 3210-I, sub-§3** is amended to read as follows:

**3. Request for proposals; renewable energy generation projects.** After issuing a draft request for proposals for public comment, the commission, in coordination with the Governor's Energy Office, shall issue a request for proposals for the development and construction of qualified renewable energy generation projects in northern Maine designed to connect to and transmit generated power using the line or lines to be constructed pursuant to subsection 2. The commission shall make every effort to ensure that the competitive bidding process directed by this subsection results in the approval of contracts pursuant to paragraph E ~~no later than November 1, 2022~~. As part of the request for proposals under this subsection, the commission shall make available to potential bidders any relevant information submitted to the commission by the bidder or bidders whose proposal or proposals were approved for contracting under subsection 2. The commission may develop a request for proposals and evaluate proposals in coordination with other states or entities, except as provided in paragraph B, subparagraph (2), renewable energy generation projects on which construction commenced prior to July 31, 2024~~September 30, 2022~~ are not qualified for the purposes of this subsection.

**Sec. 3. 35-A MRSA § 3210-I, sub-§3(B)** is amended to read as follows:

B. The commission may, in its discretion, consider and select in accordance with the applicable requirements of this subsection:

- (1) One or more contracts for capacity, renewable energy or renewable energy credits, or any combination thereof, from a qualified renewable energy generation project described in this subsection; or
- (2) One or more contracts for renewable energy generation projects on which construction commenced prior to July 31, 2024 ~~September 30, 2024~~, if the commission determines that:
  - (a) Such a project otherwise meets the requirements of this subsection;
  - (b) Additional line capacity remains available on the line or lines to be constructed pursuant to subsection 2; and
  - (c) There are no commercially viable proposals remaining for consideration for qualified renewable energy generation projects on which construction commenced or will commence on or after July 31, 2024 ~~September 30, 2022~~.

Sec. 3. 35-A MRSA § 3210-I, sub-§3(D) is amended to read as follows:

D. The commission shall give greatest preference to proposals that, in the commission's determination, in the aggregate with proposals received under subsection 2, demonstrate the most cost-effective and efficient development of renewable energy resources in northern Maine in a manner that best supports the achievement of the State's renewable energy goals under section 3210 and maximize benefits to the State; provide ratepayer benefits, including, but not limited to, enhanced electric reliability, resource adequacy including contributing to reducing winter electricity price spikes and overall price impacts, avoidance of line loss and mitigation of transmission costs to the extent possible.