



STATE OF MAINE
 OFFICE OF THE GOVERNOR
 STATE HOUSE STATION
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 GOVERNOR

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 ENERGY OFFICE

TESTIMONY BEFORE THE APPROPRIATIONS AND FINANCIAL AFFAIRS COMMITTEE

“An Act Making Unified Appropriations and Allocations from the General Fund and Other Funds for the Expenditures of State Government and Changing Certain Provisions of the Law Necessary to the Proper Operations of State Government for the Fiscal Years Ending June 30, 2025, June 30, 2026 and June 30, 2027”

L.D. 210

**GOVERNOR'S ENERGY OFFICE
 February 27, 2025**

Senator Rotundo, Representative Gattine, and Members of the Joint Standing Committee on Appropriations and Financial Affairs (AFA) as well as members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Dan Burgess, and I am the Director of the Governor's Energy Office (GEO). I am here today to testify in support of the fiscal year 2026-2027 biennial budget bill, L.D. 210, specifically the initiatives on today's agenda related to the Governor's Energy Office and the proposed Department of Energy Resources.

Maine—like many states, both blue and red—is facing a tight budget environment. The Mills Administration has spent months carefully developing a balanced budget proposal to preserve the programs lawmakers and Maine people support, including education, revenue sharing, public safety, higher education, and school meals, while also protecting the long-term fiscal health of Maine.

Ultimately, the administration took a balanced approach: one that makes some investments - including operational needs such as technology efficiencies, health and safety improvements, collective bargaining impacts, etc. - that proposes some spending cuts, and that makes some targeted revenue increases. We know these proposals are difficult and appreciate that you will consider them with an open mind.

We look forward to working with you over the coming months to enact a budget that supports our greatest asset of all: the people of Maine.

The Governor's Energy Office & Department of Energy Resources

The GEO, established within the Executive Department and directly responsible to the Governor, is the designated energy office for the state. GEO provides policy leadership and technical assistance, develops energy programs, monitors energy markets, and reports on heating fuel and energy prices to help inform energy consumers in Maine. GEO works in partnership with state agencies, federal and local officials, industry, advocacy organizations and nonprofits, academia, and other stakeholders on solutions to meet the state's current and future energy needs.

Recognizing the critical need to ensure affordable, reliable energy for all Maine people and businesses, the Governor's Recommended Fiscal Year 2026-2027 Unified General Fund Budget includes a proposal to elevate the GEO to a cabinet-level department (**Part LL**). Maine is one of only a handful of states in the U.S. that have an energy office located within the Governor's Office and is the only one in the northeast. More than 40 states have energy offices with cabinet-level leadership.

Establishing the Maine Department of Energy Resources outside of the Governor's Office, where GEO currently resides, would allow for a more integrated, comprehensive, and consistent approach to the planning and management of Maine's energy system. It is a budget neutral initiative during a tight budget cycle.

In recent years, the Maine Legislature has expanded GEO's responsibilities, and the office has been awarded more than \$200 million in federal funds to support grid resilience and innovation, energy efficiency, and workforce development, among other key investments for Maine. This proposal would support the ability of the state to retain highly qualified professional staff who are dedicated to public service and ensure the responsible long-term administrative and policy management of multi-year contracts to deploy federal funds. Elevating GEO to a cabinet-level department would make the Office commensurate with these added responsibilities.

The proposal directs the department to continue to execute the existing duties of the GEO to advance the state's statutory energy requirements and allocates additional procurement authority to ensure the state is on track to meet Maine's electric demand and reliability needs, consistent with the practice of energy departments in other states. The Department would also continue engagement and coordination with state agencies, the Maine Public Utilities Commission, and other state, regional and federal partners as presently led by GEO.

The Department would be led by a commissioner to be appointed by the Governor, which, like all cabinet-level positions, would be subject to confirmation by the committee of jurisdiction and the Legislature.

The initiatives listed under the Department of Energy Resources (Z424) in L.D. 210 beginning on **page A-248** direct the administrative transfer of positions and existing funding from the Governor's Energy Office Program within the Executive Department to the Department of Energy Resources.

GEO Initiatives

GEO (Z122) initiatives begin on **page A-276**. These initiatives as a package will enhance the GEO's ability to develop policies and programs to advance energy solutions for Maine, grow Maine's clean energy economy, and ensure Maine people have a reliable and affordable energy supply.

Programmatic

The fourth initiative on **page A-277** requests \$1 million in fiscal years 2026 and 2027 to sustain the clean energy workforce development and innovation initiatives under GEO's Clean Energy Partnership program, stakeholder engagement, and analysis to contribute to the Governor's goal of increasing clean energy jobs to 30,000 by 2030.

Initiative: Provides funding to provide supplement federal funds received through various grants from the US Department of Labor, the US Department of Energy, and the American Rescue Plan Act.

The Clean Energy Partnership supports this goal by building public-private partnerships between State agencies, training and educational institutions, and industry to equip workers with relevant skills and advance innovative clean tech in Maine. This program is currently supporting initiatives to prepare Maine

people for jobs in the growing clean energy and energy efficiency fields through partnerships with the Associated General Contractors of Maine, the Building Performance Association, Downeast Community Partners, the International Association of Ironworkers Local 7, Kennebec Valley Community College, Northeast Energy Efficiency Partnerships, Inc., passivhausMaine, ReVision Energy, and the University of Maine. The amount requested for program initiatives is estimated from current program initiative costs, including the Maine Clean Energy Jobs Network website (www.maine-clean-energy-jobs.com), the ReMaine clean energy internship program, ongoing clean energy incubator and accelerator programs, and the Clean Energy Industry Report and Workforce Analysis Report. Existing funding for some of these initiatives was through the Maine Jobs and Recovery Plan (MJRP) and will be expiring. GEO would solicit bids via requests for proposals for these initiatives, in line with previously run programs.

Initiatives five and six on **page A-277** appear to have had their initiative text (aka “blippie”) swapped. We will correct this in the Change Package. What is intended is a request for an additional \$250,000 in fiscal years 2026 and 2027 on behalf of the Maine Offshore Wind Research Consortium to sustain successful offshore wind research initiatives and a \$500,000 request in fiscal years 2026 and 2027 to sustain energy planning efforts among other efforts of the Office.

As part of Maine’s commitment to responsible offshore wind, Governor Janet Mills established the Maine Offshore Wind Research Consortium in 2021 with bipartisan support to better understand the local and regional impacts of floating offshore wind power projects in the Gulf of Maine. The Consortium is coordinated by GEO alongside the Department of Marine Resources and the Department of Inland Fish and Wildlife, but its work is guided by an Advisory Board with representation from commercial and recreational fisheries, marine wildlife and habitats expertise, commercial offshore wind development expertise, state agencies, and the Tribes. Maine-based environmental NGOs, community representatives, and scientists from public and private research institutions are also represented to ensure a broad stakeholder perspective.

The \$250,000 request in fiscal years 2026 and 2027 for general funds is to supplement other general funds received to meet growing research needs and maximize leveraging opportunities with regional and national entities to address key priorities identified by the Advisory Board and other Maine stakeholders.

Initiative: Provides funding to sustain and implement the offshore wind program to meet climate, clean energy and economic goals for the state, as well as advance regional collaboration opportunities.

The amount requested for research initiatives is estimated from current program initiative costs and the list of additional research priorities identified by the Advisory Board is available in the Consortium’s Annual Report. The amount requested includes additional funding for research supplemented by contract support to facilitate data sharing and help secure additional funding from regional and national entities.

The \$500,000 request for general funds in fiscal years 2026 and 2027 is critical to provide funding to sustain energy planning efforts of the Office, to design and implement the Office’s existing energy procurement responsibilities in coordination with the Public Utilities Commission, to advance state and regional efforts related to grid planning and resilience building, and to support the Office’s expanded responsibilities regarding energy security planning and coordination.

Initiative: Provides funding to sustain energy planning efforts, design and implementation of energy procurements in coordination with the Public Utilities Commission, and advance regional collaboration to meet the state's energy and economic goals.

In January 2025, GEO submitted to the Legislature the *Maine Energy Plan*, a strategic plan for the state to advance affordable, reliable and clean energy for Maine's people and the economy. The Energy Plan highlights the significant progress Maine has made toward achieving its energy goals to date, and outlines strategies to reduce energy costs, ensure reliability and resilience, and increase the diversity of energy resources to meet the Governor's goal of 100 percent clean electricity by 2040, which will reduce energy costs and volatility over time. The Plan was informed by an 18-month stakeholder engagement process and an expert technical report. This budget request will support updated and additional technical analysis required to inform an update to this plan by the end of 2026.

Staffing

The first two initiatives on **page A-277** continue and make permanent a total of five limited-period Public Service Coordinator II positions which support the office's efforts related to clean transportation, energy market analysis and resource procurement, economic development, and implementation of federally funded grant awards.

Initiative: Continues and makes permanent one limited-period Public Service Coordinator II position previously continued by Financial Order 003730 F5, one limited-period Public Service Coordinator II position previously continued by Financial Order 003631 F5, one limited-period Public Service Coordinator II position established by Financial Order 003632 F5, and provides funding for related All Other costs.

Initiative: Continues and makes permanent one limited-period Public Service Coordinator II position previously continued by Financial Order 003601 F5 and one limited-period Public Service Coordinator II position established by Financial Order 003712 F5, and transfers these positions from the Governor's Energy Office, Other Special Revenue account to the Governor's Energy Office, Federal Expenditures Fund account within the same program and provides funding for related All Other costs. These positions will be responsible for supporting the goals and objectives contained within the various federally funded grant awards.

Of these five positions, four are currently filled and one is vacant with plans to advertise. The third initiative on **page A-277** continues an additional Public Service Coordinator II position through September 8, 2026. This position is currently filled.

Initiative: Continues one Public Service Coordinator II position established with Financial Order 003775 F5 through September 8, 2026 to provide programmatic leadership and administration for the activities undertaken by the Governor's Energy Office, and provides funding for related All Other costs.

Each of these six positions have multi-year funding plans in place supported by federal dollars, and as a result, do not have implications for the General Fund. Making positions permanent for these programs is essential to ensuring the office can attract and retain high quality staff, and to give the GEO certainty for planning the ongoing operational capacity and continuity of work.

Other

The first initiative on **page A-276** is a request for funding for centralized services, specifically technology services, which is outlined in **Appendix A**.

Initiative: Provides funding for statewide technology services provided by the Department of Administrative and Financial Services, Office of Information Technology.

MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the citizens of Maine. IT enterprise functions

benefitting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput. MainelT is established as an internal service fund intended to recoup their costs through billings to departments and agencies for services provided. MainelT expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs, including vendor increases, supply chain costs, and network and systems modernization and upgrades. This recoupment process results in increased billing rates to departments and agencies.

The second initiative on **page A-276** requests an increase in the office's allotment baseline to align with projected available resources.

Initiative: Provides funding for an increase in federal grant awards issued to the Governor's Energy Office.

The Infrastructure Investment and Jobs Act and the Inflation Reduction Act have made available historic federal grant award opportunities. The GEO has sought both formula and competitive funds from these sources to support Maine's energy and economic goals and has been successful in receiving several awards. The requested increase in the allotment baseline will allow for use of obligated federal grant funds by the office.

The first initiative on **page A-278** provides funding to support the Department's share of the cost for the financial and human resources service center within the Department of Administrative and Financial Services.

Initiative: Provides funding for the Department's share of the cost for the financial and human resources service center within the Department of Administrative and Financial Services.

Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies. Service Centers are established as an internal service funds intended to recoup their costs through billings to departments and agencies for services provided. The Service Centers expenses are higher due to negotiated and benefit changes to Personal Services as well as increases in operational costs. This recoupment process results in increased billing rates to departments and agencies.

Finally, the remaining initiatives on **pages A-278 and A-279** correspond with those on page A-248 which direct the administrative transfer of positions and existing funding from the Governor's Energy Office Program within the Executive Department to the Department of Energy Resources.

GEO appreciates your time and interest in our efforts to advance affordable, reliable and clean energy for Maine's people and the economy. I would be happy to address any questions you may have.

Thank you for your consideration.



Dan Burgess, Director
Governor's Energy Office

APPENDIX A: Centralized Services

The Department of Administrative and Financial Services (DAFS) develops, delivers, and maintains centralized government systems that support the financial, human resource, physical and technological infrastructure of state government. The services are billed to agencies through Internal Service Funds

All components of an internal service fund, including staff, All Other and capital, are included in Internal Service Fund budgeting. Personal Services increases the result of collective bargaining, or any other Personal Services action, as well as increases to All Other costs for various reasons, including vendor increases or supply chain costs, etc. impact these budgets. Internal Service Funds are meant to recover the costs of providing the service. DAFS bills agencies for these services and the agencies pay the bills with All Other funds.

In this biennial budget, DAFS has adjusted these rates for all of the reasons outlined above, but primarily the result of significant collective bargaining efforts approved by the Governor and Legislature. Agency All Other funds are not increased in the baseline to reflect the increased costs of the Internal Service Funds, so statewide all agencies will include initiatives for additional All Other to cover these services.

DAFS Centralized Services Internal Service Funds include:

- Service Centers within DAFS provide centralized accounting, payroll, budgeting and human resources services to departments and agencies.
- MaineIT is responsible for the delivery of safe, secure, and high-performing networks and systems to State Agencies for daily performance of their missions for the citizens of Maine. IT enterprise functions benefitting all state agencies are managed through this office to ensure consistency, volume discount efficiencies, and optimum performance and throughput.
- Central Fleet Management (CFM) within DAFS centrally procures, distributes and disposes of passenger and light truck vehicles. CFM handles many aspects of vehicle service including writing vehicle specifications, ordering vehicles, providing drivers with maintenance schedules, service assistance, fueling resources, insurance protection, and accident information processing.
- The Division of Risk Management within DAFS provides high quality insurance, loss control and claims services to all state agencies, the State's higher education institutions and some quasi-state agencies at the lowest possible cost.
- The Division of Leased Space manages leases encompassing office, warehouse, garage, storage, tower, classroom, mixed-use, and training spaces.
- Central Services within DAFS provides a wide range of mail services, including interoffice mail, as well as disposition of state surplus materials and equipment no longer needed by the state agency that purchased them. This group also manages federal surplus property.