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**TESTIMONY BEFORE THE JOINT STANDING COMMITTEE ON ENERGY, UTILITIES AND
TECHNOLOGY**

**An Act to Establish the Department of Energy Resources
L.D. 1270**

**GOVERNOR'S ENERGY OFFICE
April 8, 2025**

Senator Lawrence, Representative Sachs, and 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).

The GEO testifies in support of L.D. 1270.

I am pleased to be here before you today to present the Governor's proposal to elevate the GEO to a cabinet-level department: the Maine Department of Energy Resources. As you are aware, this legislation largely mirrors language contained in the Governor's Recommended Fiscal Year 2026-2027 Unified General Fund Budget in Part LL. We appreciate the feedback we have received to date on this proposal from a wide range of interested parties and the Committee's interest in having additional time to review this important change through today's public hearing.

For decades, Maine has persisted as the most home heating fuel dependent state in the nation, exposing Maine people and businesses to significant energy cost volatility exacerbated by our overdependence on imported fuels to heat homes and power the economy. From the oil embargo in the 1970s, to major disruptions in more recent years from the COVID-19 pandemic and the Russian invasion of Ukraine, Maine people have been and continue to be directly impacted by energy price swings driven by global energy markets.

Maine policymakers have long recognized that the state's overreliance on oil poses significant challenges to Maine's energy security and to price stability for both residential and commercial energy consumers. This is the same challenge that compelled the creation of the state's first energy office in 1975, the Maine Office of Energy Resources under Governor James Longley, in order to plan for a more diverse, local, reliable, and affordable portfolio of energy resources for Maine. This continues to be one of the key challenges that drives many of the state's actions related to energy resources, planning and development today.

At present, the GEO is established within the Executive Department and directly responsible to the Governor. GEO's existing statute, under Title 2 §9, outlines the office's duties to prepare a state energy plan to identify opportunities to lower the total cost of energy to consumers in the state and the transmission, capacity, and infrastructure needs to facilitate the development of a diverse set of energy

resources. It describes the office's duties to share energy information with the public; to provide technical assistance to the Governor and Legislature on energy issues; to promote energy efficiency, demand-side management and distributed generation; and to plan for the reduction of oil in all sectors of the economy. In executing its duties, GEO works in partnership with state agencies, federal and local officials, industry, advocacy organizations and nonprofits, academia, the legislature, and other stakeholders on solutions to meet the state's current and future energy needs.

The resources dedicated to energy planning have varied dramatically over the years. As you know, this is not the first time a proposal to elevate the Energy Office has been put forward. During the LePage Administration in 2017, House Republicans put forward legislation to establish an energy seat in the Cabinet and adequate resources to do this work, siting the challenges of fulfilling statutory energy planning and policy work with only two full-time positions, temporary part-time help, and a limited budget. Today this is only more evident. As the regional energy landscape grows more complex, it remains critical that Maine's energy office has durable structure and resources to deliver on its statutory duties.

Establishing the Maine Department of Energy Resources outside of the Governor's Office, where GEO currently resides, will allow for a more integrated, comprehensive, and consistent approach to the planning and management of Maine's energy system over the long term, enhancing the ability of the state to effectively prioritize affordable and reliable energy for all Maine people and businesses through the following key actions:

- Cultivating and maintaining institutional knowledge, capacity, and durability across administrations;
- Improving internal and external alignment of state entities to meet growing responsibilities;
- Continuing to advance our state's leadership in the increasingly complex regional energy landscape; and
- Enhancing the overall state approach to procurement, starting with a data-driven planning effort.

Institutional knowledge, capacity, and durability:

The cultivation of institutional knowledge and capacity is one of the most valuable resources of the department, particularly given the complexity of energy planning and state policy implementation. Today, GEO has a staff with substantial experience, technical expertise, relationships within state government and with outside stakeholders, knowledge of critical energy security planning responsibilities, and capacity to effectively deliver on the statutory duties of the department that inform durable policies and programs necessary to support affordable and reliable energy for Maine people and businesses.

As GEO is currently structured, all employees serve at the pleasure of the Governor which risks the loss of staff expertise at the end of a Governor's term. This cycle of capacity building and rebuilding ultimately limits the ability of the office to efficiently deliver on its duties to coordinate state energy policy, serve its constituents, and build on prior planning exercises. A cabinet-level department would be led by a Commissioner that is appointed by the Governor, but would be better designed to retain and attract high quality staff with specific expertise necessary to support the ongoing operational capacity and continuity of the department's work.

Improve internal and external alignment of state entities to meet growing responsibilities:

In recent years, the Maine Legislature has taken many actions to direct Maine's energy policy through the establishment of statutory goals and requirements related to energy efficiency, renewable resource deployment, beneficial electrification, and emission reductions, among others. In doing so, the Legislature has also expanded GEO's responsibilities. This proposal adds to the enumerated duties of the department to reflect the current legislatively directed responsibilities such as reporting on the state's renewable resource requirements and monitoring of beneficial electrification trends and opportunities. Elevating GEO to a cabinet-level position would situate the office amongst other state agencies with similar long-term policy directives, commensurate with these added responsibilities, and better position the department to effectively coordinate the state's energy policy.

The office has also worked in recent years to secure more than \$200 million in federal funding to support grid resilience and innovation, energy efficiency, and workforce development, among other key investments that support advancement of Maine's statutorily defined goals. The durability of a department will support proper administration of multi-year federal grant contracts.

Increased Opportunity in Regional Coordination:

Since 2000, the resource mix that supplies New England's electricity market has shifted dramatically from coal and oil-fired power plants and has moved to a fleet primarily powered by natural gas and clean energy. Each of the New England states as well as the Eastern Canadian provinces also have energy policies, mandates, and legal requirements related to this transition. Regional coordination and collaboration is growing in importance and, given Maine's size in relation to other states in the region, is a critical tool for making necessary energy infrastructure investments in the most cost-effective manner.

This proposal specifies that the Commissioner or their designee shall represent the state in regional forums on energy, including as one of the state's representatives on RGGI, and directs the department to advocate at the regional and federal level to secure the state's interest in energy resources in alignment with the state's energy plan.

Data-driven, thoughtful alignment of planning and procurements:

Updated energy plan requirements included in this proposal more clearly emphasize the importance of coordinating the planning and modeling assumptions of related state planning processes between the department, the PUC's integrated grid planning responsibilities, the utilities, Efficiency Maine Trust, and the state's climate action plan. Each of these planning exercises ultimately drive policy decisions regarding resource, transmission, and infrastructure needs of the state—encouraging consistency across exercises will improve the efficiency, durability, and cost-effectiveness of planning outcomes.

I recognize this proposal also includes a significant change to the way procurements are conducted in the state and will spend a few minutes describing the intent of this proposal which is to establish a predictable, data-driven procurement process that delivers cost-effective, long term contracts that save Maine ratepayers money while advancing the state's goals.

This proposal, developed with input from numerous stakeholders, is meant to strengthen, not replace the procurement practices of the state. The GEO respects the long-standing efforts of the Public Utilities Commission and looks forward to partnering closely with the Commission as we build out new procurement authority. We also want to acknowledge that since the publication of the bill, we have

received substantial thoughtful feedback that will help strengthen and clarify the legislation. We appreciate the interest from a variety of stakeholders in making this an effective change and are committed to working with interested parties and with the Committee to get this section right.

Maine law has authorized various competitive procurement processes to support the development of new or sustain existing electricity generators for many years. Increasingly, these competitive mechanisms have been recognized as an important tool to ensure reliable and beneficial generation is available to our state. Past procurements range from the community-based renewables program initiated in 2011 to the biomass procurement bill of 2016 to the Renewable Portfolio Standard procurements authorized in 2019. More recent authority includes the Northern Maine program, energy storage procurements, the Distributed Solar and Energy Storage program, and the commercial offshore wind program. While the legislature has directed increasing roles for the GEO in recent years, these procurements have largely been both conducted and overseen by the Public Utilities Commission, making Maine an outlier – the only state in our region to utilize such an approach. To date, procurements also have taken place largely through specific, one-time directions from the legislature, which can complicate the ability for market participants to plan and develop most effectively – ultimately impacting the costs reflected in bids. This proposal includes a more consistent, predictable approach to procurements.

With this proposal, the Department of Energy Resources will assume responsibility for the development and administration of new competitive procurements that align with the state's comprehensive energy plan and identified supply needs to meet load growth. The Commission's role, like its counterparts in other states, will reflect its fundamental purpose of balancing access to safe and reliable energy with rates that are just and reasonable for all parties, minimizing energy costs, and enabling achievement of state goals. The Commission will independently review the Department's proposed contracts at the conclusion of each procurement and determine whether they comport with the statutory criteria, and adequately protect ratepayers and utilities alike. Only the Commission will have the authority to direct a contract to be executed, and only when it is satisfied that the Department's work is sound.

We see the Department's procurement leadership as essential to enabling improved coordination with our neighbors in the region, with whom our energy needs are increasingly intertwined. We also see it as a critical opportunity to more comprehensively engage with the public and stakeholders, ensuring ratepayers are protected through coordination with the Office of the Public Advocate; ensuring utilities are consulted and infrastructure impacts are managed; and, through robust public input, that Maine people and communities have the opportunity to contribute to these important processes. At the same time, we recognize that competitive processes require timely, efficient execution; clear and fair criteria and treatment of all participants; and a high degree of confidence from policymakers and the public that their interests are being advanced. A professional department, focused on achieving these objectives, is what Maine needs to continue our progress toward safe, affordable, cleaner energy sources.

In closing, GEO is eager to work with the Committee to ensure that the changes proposed in this legislation are successful in delivering a more integrated, comprehensive, consistent, and durable approach to the planning and management of Maine's energy system. I believe it will do so by ensuring the department is adequately resourced and staffed to be able to consistently execute on the existing duties of the GEO, to deliver on new legislatively directed responsibilities to advance the state's energy requirements, and to more efficiently coordinate energy policy with state agencies, the Maine Public Utilities Commission, and other state, regional and federal partners— all critical actions that support the development of policies and programs that will advance energy solutions for Maine, grow Maine's clean energy economy, and ensure Maine people and businesses have a reliable and affordable energy supply.

Lastly, it's my understanding that to effectuate the change, GEO will need to work with the Committee and the analyst to incorporate the appropriate budget initiatives which effectuate the transfer of responsibilities, staffing, and unobligated balances from the Governor's Energy Office to the Department of Energy Resources.

I appreciate your time and interest in our efforts to advance affordable, reliable and clean energy for Maine's people and the economy and invite feedback from the Committee and members of the public. I would be happy to address any questions you may have.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read "DL By". The letters are stylized and cursive.

Dan Burgess, Director
Governor's Energy Office