



Committee on Energy, Utilities and Technology  
% Legislative Information Office  
100 State House Station  
Augusta, ME 04333

April 8, 2025

Re: Public Hearing, LD 1270, An Act to Establish the Department of Energy Resources

Dear Senator Lawrence, Representative Sachs and Members of the Committee:

Thank you for the opportunity to share testimony in support of LD 1270, *An Act to Establish the Department of Energy Resources*, on behalf of the Maine Renewable Energy Association (MREA). MREA is a not-for-profit association of renewable energy producers, suppliers of goods and services to those producers, and other supporters of the industry. Our member companies include wind, solar, hydropower, biomass, and tidal energy generators and developers of such projects, as well as companies that provide services to those producers, such as environmental engineers, electricians, and general contractors.

LD 1270 would create a cabinet-level Department of Energy Resources (Department) tasked with planning and managing Maine's energy system and clean energy transition, including conducting regular procurements of renewable energy resources to meet Maine's clean energy and emission reduction goals. MREA strongly supports this legislation as a critical tool to support comprehensive, efficient, and effective strategies to implement Maine's clean energy transition and as a strong signal to the renewable energy industry that Maine is a reliable place to do business, which supports job growth and lower energy costs.

Establishing a Department of Energy Resources outside of the Governor's Office would allow for a more integrated, comprehensive, and consistent approach to the planning and management of Maine's energy system, helping Maine more effectively prioritize affordable and reliable energy for Maine people and businesses. Maine is one of only a handful of states in the U.S. that does *not* have energy offices with cabinet-level leadership. In recent years, the Maine Legislature has expanded the role of the Governor's Energy Office (GEO) as the importance of grid resilience, energy efficiency, and workforce development have come into sharper focus. Elevating GEO to a cabinet-level position would make the office commensurate with these added responsibilities.

Among GEO's responsibilities, planning Maine's clean energy transition is of highest importance to MREA. Renewable energy procurements – procurements of long-term power

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purchase agreements or other associated environmental attributes to meet Maine's Renewable Portfolio Standard (RPS) – play an outsized role in that planning. LD 1270 would empower the proposed Department to conduct regular procurements (every two years). Regular procurement authority sends a strong signal to the renewable energy industry that Maine is a reliable place to do business. This not only supports the development community, but provides stability to general contractors, electrical and environmental engineering firms, and other “support” firms that provide thousands of Maine jobs in the planning, designing, construction, and operation of renewable energy projects.

Regular authority – and by extension, regular procurements – also supports lower project costs. With a clear view of nearer term opportunities to bid-in projects and less time between procurements, renewable energy developers' carrying costs (costs to hold land leases, maintain operation-ready projects, etc.) are decreased, allowing for lower bid prices, which are passed along to ratepayers.

MREA also supports regular procurement authority, held by the proposed Department, because we see ample room for improvement. On March 31, 2025 the Maine Public Utilities Commission (Commission) submitted to this Committee a report on Maine's most recent, completed procurements.<sup>1</sup> On one hand, the report detailed that the four operating projects awarded contracts under the procurements have resulted in net ratepayer benefits of \$2,839,000. On the other hand, when coupled with the announcement from the Commission that they did not select any bids in the “contaminated lands procurement”<sup>2</sup>, the report shows that only one new onshore wind project and *no* new grid-scale solar projects have been built using long-term contracting since 2015. This is unacceptable.

By vesting procurement authority with adequate checks and balances in the proposed Department, procurement authority can be more nimbly deployed. As described in an April 4, 2025 memo to the Committee, the Commission suggests that the Committee amend the statutory language that prompted the “contaminated lands” procurement prior to the second round in response to findings from the initial, unsuccessful procurement. Though MREA is grateful for the Commission's reflection and responsiveness, project cost only increases with time (see previous commentary on carrying costs). A Department with vested authority could respond more quickly to bumps in the road, as well as advance our clean energy goals through procurements more nimbly.

Attached to our testimony are a few friendly amendments. They include an amendment that gives greater visibility to procurement size. We heard loud and clear from members that knowing well in advance approximately how many megawatts would be procured is important

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<sup>1</sup> See Maine Public Utilities Commission, “[Report Regarding the Status of Contracts for Class IA Resources Procured Pursuant to 35-A M.R.S. § 3210-G and the Distributed Generation Resources Procurement Conducted Pursuant to 35-A M.R.S. § 3209-D](#)”, submitted to the Energy, Utilities and Technology Committee on March 31, 2025.


<sup>2</sup> See Request for Proposals for the Sale of Energy and Renewable Energy Credits to Promote the Reuse of Contaminated Land Pursuant to 35-A M.R.S. § 3210-J, Docket No. 2024-00235.

for planning purposes and further underscores Maine's commitment. It also includes suggested Resolve language to guide rulemaking aimed largely at avoiding project attrition, including encouraging bids from viable projects and how the Department may assess project viability.

Finally, we urge the Committee to consider amendments to the "Distributed Solar and Energy Storage Program", though we do not offer specific amendment language at this time. This Committee has had, and will continue to have, good debate on the role of distributed generation in Maine's clean energy transition. That conversation has included consideration of the General Fund to support current and future programs and the use of competitive procurements for distributed generation resources. We recommend that the Committee consider, given the fragility of the federal Solar for All funding upon which this program currently relies, additional funding sources for the program. We also recommend that the Committee consider "developing" the program well prior to 2028. When the 131st Maine Legislature created this program through LD 1986, it was supposed to be developed "no later than July 1, 2024". Potentially waiting another four years is unacceptable, particularly because it is our understanding that Solar for All funding must be deployed within five years of receiving an award.

Thank you for your consideration of our testimony.

Sincerely,

A handwritten signature in cursive script that reads "Eliza Donoghue".

Eliza Donoghue, Esq.  
Executive Director

## Regular Procurement Authority Language in LD 1270, Suggested Amendments

The following contains feedback from Maine Renewable Energy Association (MREA) members with specific experience with past Maine and regional renewable energy procurements and procurement processes on proposed language in LD 1270 that would give the proposed Department of Energy Resources (Department) regular procurement authority.

**Specific, suggested language changes from the version shared by GEO on March 6, 2025 are in red.**

### **§10313. Competitive solicitations**

As of January 1, 2026, and every two years thereafter, the department shall conduct one or more competitive solicitations during the following two year period to procure energy, associated environmental attributes or a combination of both, from renewable and clean resources through long-term contracts if the department determines procurement is necessary to achieve the emission reduction and renewable and clean energy goals of the State and to meet and manage reasonably expected growth in electric demand and reliability needs [add specific statutory references, including 35 MRS §3210 (1-A); the Class I, Class II, and Class IA resource portfolio requirements in 35 MRS §3210; and 38 MRS §576-A]. The department shall be the primary entity responsible for initiating and conducting new procurements for renewable and clean resources, which may include new generation, existing qualified generation, energy storage, demand management, and related transmission, unless otherwise designated or, within any 4-year period after January 1, 2027, the office has not made a determination in line with the department's comprehensive state energy plan. The first three solicitations must each award contracts totaling at least equal to half of the total portfolio of new renewable capacity resources required in that year under section 3210, subsection 3-A, as determined by the department and to the extent sufficient resources are available, up to 40% must come from new renewable capacity resources that began commercial operations on or prior to June 30, 2019.

**1. Solicitation initiation.** If the department determines one or more competitive solicitations are necessary based on the comprehensive state energy plan required pursuant to 2 MRSA § 9 sub-§3 and related analysis, the office shall initiate solicitations in order to select resources for contracts under this subsection. The resource types, amounts, timetable, and method for solicitations of long-term contracts using a competitive bidding process shall be proposed by the department, and the department shall seek public comment on a draft proposal, in addition to other means such as requests for information, prior to publishing any final solicitation. After the initial three solicitations, the department shall seek public comment on total project award minimums for the following three solicitations and every three solicitations after.

**2. Consultants.** The department may hire expert consultants necessary to assist in the development of the solicitation and evaluation of proposals.

**3. Solicitation Coordination.** A solicitation may be coordinated with other entities including, but not limited to, state agencies or transmission and distribution utilities and with other New England states or entities designated by those states.

**4. Evaluation and selection.** The department may coordinate with other entities, including, but not limited to, state agencies, the Office of the Public Advocate, expert consultants, transmission and distribution utilities, other New England states, and the independent system operators of the New England bulk power system, in the evaluation and selection of proposals under this subsection. In evaluating proposals, the office shall determine if proposals:

(1) Provide cost-effective clean energy generation to electric ratepayers in Maine and the region over the term of the contract;

(2) Provide the benefits of renewable or clean energy generation, demand management, or transmission towards meeting the state's emission reduction goals pursuant to 38 MRSA §576-A;

(3) Where possible, avoid or minimize unnecessary transmission and distribution costs or investments;

(4) Contribute to the state's economic and workforce development goals;

(5) Avoid, minimize, mitigate, or compensate for, environmental impacts in line with current state law, and impacts to low-income populations; and

(6) Adequately demonstrate project viability within a commercially reasonable time frame.

**5. Negotiations and contracts.** Utilities shall enter into negotiations with bidders whose proposals are selected by the department for a term sheet. Negotiated contracts shall be submitted to the commission for review and approval.

**6. Contract approval.** If the commission determines that the proposed contract is consistent with the term sheet approved by the department, is commercially reasonable, and adequately protects ratepayers, the commission shall approve the contracts and order investor-owned transmission and distribution utilities to enter into contracts.

**7. Bidding fees.** The department may require bidders to pay a reasonable and non-refundable bidding fee to defray the department's administrative costs associated with the solicitation. Any bidding fee shall be set forth in the announcement for the applicable solicitation round. The department may require contracts for winning bidders post no less than \$40 per kilowatt in financial security, with the first security posted within

30 days of contract execution; the financial security is at risk if projects fail to meet project milestones.

**We also recommend that the bill include “Resolve” language that will guide the Department in rulemaking to implement the solicitations. The following suggestion is not formatted precisely as a Resolve would be formatted:**

**Sec. \_\_ Department of Energy Resources to adopt rules.** By \_\_\_\_, the Department of Energy Resources shall initiate rulemaking that governs the competitive solicitation process, public comment, and \_\_\_\_:

- The Department shall use all reasonable methods to improve the viability of contracted projects, including but not limited to:
  - Requiring that bids demonstrate project maturity;
  - Immediate notification to MPUC of inability to complete an awarded contract;
  - Allowance for revisions in a milestone schedule based on criteria (developed in rule); and
  - Allowance for contract negotiations if key project economics such as supply chains are altered.
- Volume from projects that do not meet project milestones (and thus are not viable) shall be rolled into the next procurement.
- Project viability may be assessed based on, but not be limited to:
  - Likelihood that projects will receive an interconnection agreement; and
  - Likelihood that projects will receive required permits.
- Draft proposals available for public comment shall include, but not be limited to:
  - Contract length;
  - Qualifying resource type; and
  - Project evaluation methods and standards.
- Project sponsors shall submit a “public” proposal with sensitive information redacted and one private version that is permanently sealed.
- Contract prices will not be shared publicly until contracts are approved.
- Procurement schedules shall strive to align with ISO-NE interconnection schedules.
- Additional detail on negotiations with utilities.