



HOUSE OF REPRESENTATIVES

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Senator Lawrence, Representative Sachs, fellow members of the Committee on Energy, Utilities, and Technology, I'm Steve Foster, Representative for House District 32, serving the residents of Charleston, Dexter, Exeter, Garland, Stetson, and a part of Bradford, here to present LD1251, "Resolve, to Reduce the Cost of Energy in Maine and Further Reduce Greenhouse Gas Emissions Through Energy Contracts".

As you're aware, Maine electric rates are among the highest in the country. Maine's high electricity costs not only take a larger portion of our citizens' monthly budgets, but also put our commercial large electricity users at a competitive disadvantage with those located in most other states. We also know a large contributor to this is the limited supply and high cost of natural gas in New England.

At 7:30 on a cloudy, wind free morning, 2 years ago, ISO New England's ap showed natural gas fueled 51% of energy production supplying our grid, with renewables at 10%. On this cloudy, snow covered morning at 7:30, natural gas fueled 47% of New England's supply, with renewables supplying 8 %. Natural gas generation typically averages from 40 to above 50% on any given day. As we continue to add more intermittent energy generation to the grid, we will continue to rely on natural gas and other forms of reliable base load generation to supply New England. With that in mind, I ask for your consideration of this legislation which I hope we can all agree is necessary to find a way to reduce the cost of natural gas and Maine's electricity supply.

Twelve years ago, Republican and Democrat legislative leadership and EUT committee members came together to pass a broad and complex piece of legislation, the Maine Omnibus Energy Act of 2013. That bill (1) amended the PUC's organic statute to explicitly include minimizing energy costs for Maine consumers; (2) extended some of the first programs for heat pumps; (3) provided important reforms to the Efficiency Maine Trust statute, including the concept of MACE (maximum achievable cost effective), while capping efficiency spending; (4) established the first version of Maine's non-wires alternative, (5) allowed municipalities to have a say in the management of street lighting systems; (6) required the PUC to consider the University of Maine's deep-water offshore floating wind pilot project; and (7) enacted the Maine Energy Cost Reduction Act (MECRA) law. This ambitious bill was passed by a supermajority of legislators of both parties with near unanimity. LD 1251 is intended to allow Maine to leverage the investment and the authority we made in the PUC through MECRA and subsequent state and regional developments.

For the next several years, natural gas will play an important role in Maine's energy picture and serve as a bridge fuel on the road to a fully decarbonized future. MECRA was enacted to address the high cost and scarcity of natural gas in the region, which leads to both shortages of natural gas and costs that can be ten times the price of the underlying commodity price. Higher natural gas sets the clearing price of electricity, so shortages also increase both the price of electricity and greenhouse gas emissions.

A PUC study from Sussex Economic Advisors concluded that Maine ratepayers would benefit from an ECRC (energy cost reduction contract), while an OPA study by The Brattle Group concluded that state intervention might be necessary, as pipeline constraints had "increased Maine electricity costs by more than \$180 million" in 2013. The PUC agreed, saying that "the potential cost of inaction should also be considered. Shortage of pipeline capacity has already cost Maine electricity customers hundreds of millions of dollars over the last few winters." The PUC voted to proceed with an ECRC, but in November 2016, it suspended further activities pending future developments, "in recognition of events in courts and public utilities commissions in other New England states".

I recognize that some in Maine may oppose further expansion of natural gas infrastructure fearing it may lock Maine into use of a fossil fuel that will hurt our move towards beneficial electrification. However, natural gas will set the price of electricity in New England for at least the rest of this decade and likely through the next. If we do nothing to reduce the cost in Maine and New England, we will face that cost predicted by the PUC. As an example, it has been estimated that New England ratepayers paid enough in higher electricity prices in January and February 2022 to pay for the entire capital cost of a new interstate natural gas pipeline in the region.

During New England winters, when the limited natural gas supply is prioritized for heating over electric generation, oil and coal fired base load power plants are brought on line to make up the difference, greatly adding to CO2 emissions. The U.S. Energy Information Administration shows the following data for pounds of CO2 per million BTU's for the following fuels: Coal 212, #6 oil 173, #2 oil 163, and natural gas 117. The CO2 reduction of 28% over #2 heating oil and 32% over bunker C explains why a large percentage of Maine's CO2 emissions reduction the last several years, resulted from industrial, business, and residential conversions to natural gas.

One can only imagine how much politics and ideology have cost ISO New England ratepayers and added to CO2 emissions since that November 2016 PUC decision. By passing LD1251, the 132nd Legislature can redirect our path towards a less expensive and more reliable conversion to 100% renewable energy. Failure to insure adequate supplies of natural gas and to plan a thoughtful transition from heavy fuels to natural gas to even lower carbon-containing liquid fuels, will further damage the Maine economy and increase greenhouse gas emissions.

Thank you for your time and consideration of this bill and the Maine citizens we represent.

Respectfully submitted,
Steve Foster
State Representative