

**Testimony of the Industrial Energy Consumer Group
In Support of L.D. 1251,
*A Resolve, to Reduce the Cost of Energy in Maine and
Further Reduce Greenhouse Gas Emissions Through Energy Contracts*
Before the Joint Standing Committee on Energy, Utilities and Technology
April 9, 2025**

Good afternoon, Senator Lawrence, Representative Sachs and Members of the Joint Standing Committee on Energy Utilities and Technology. I am Steven Hudson, an attorney with the firm of Preti Flaherty, here today on behalf of the Industrial Energy Consumer Group (IECG). IECG represents medium and large sized consumers of energy in Maine and advocates for policies that reduce energy costs for our members and cost-effectively help Maine achieve its climate goals. That is the reason we emphasize cost-effective measures, in order to ensure that our collective resources are able to meet the challenge. IECG invites all parties to visit our website, <https://www.getmaineclimateright.com/>, to learn more about the IECG and its advocacy for cost-effective climate mitigation.

IECG testifies in Support of L.D. 1251, *Resolve, to Reduce the Cost of Energy in Maine and Further Reduce Greenhouse Gas Emissions Through Energy Contracts*. We support LD 1251 for the same reasons we supported the Omnibus Energy Act of 2013 and L.D. 698 from two years ago – Maine and New England suffer higher electricity and energy prices as a result of a shortage in gas transmission capacity. While it is very true that the twin hits of a global pandemic and the Ukraine war briefly increased natural gas prices and therefore the price of electricity in New England, the price spike of 8.9 cents/kWh subsided to an average of 5.34 cents/kWh for 2024.¹ We note in passing that what is also true is that while electricity price spikes follow gas price spikes, electricity overall is trending upwards for reasons not apparently connected to natural gas. Please see the attached chart and ISO-NE link.

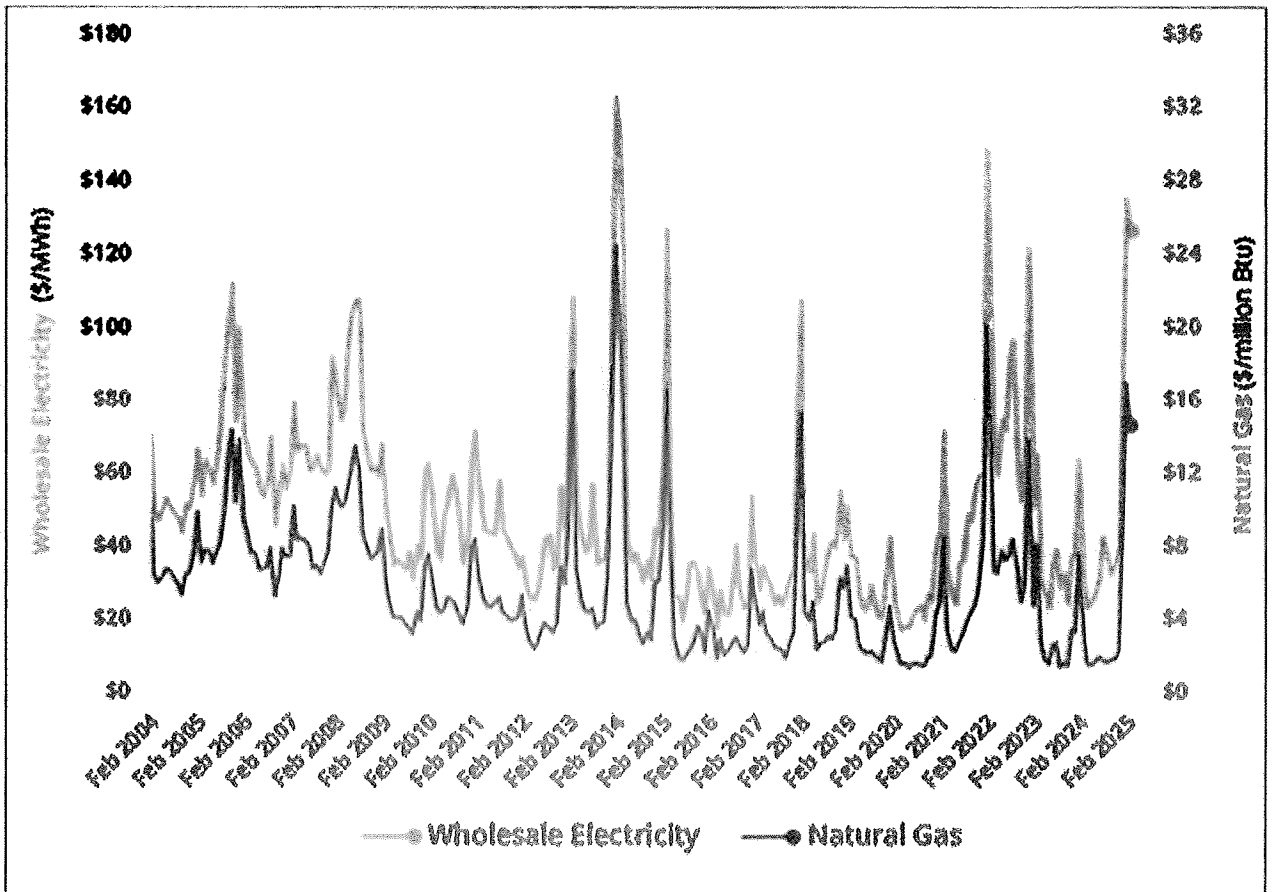
IECG is also providing the 2023 testimony of Maine industrials on LD 698. What they said then is still valid now; what has changed is the opportunity is greater for actual action than any time since 2013. Maine should not miss that opportunity.

Thank you for the opportunity to submit these comments. IECG is happy to answer questions now or provide additional resources for the Committee at the work session.

¹ https://www.iso-ne.com/static-assets/documents/100019/2024_12_wlc.pdf

Attachment 1 – ISO NewsWire

Source: Monthly wholesale electricity prices and demand in New England, February 2025 - ISO Newswire



This link provides recently released ISO-NE data on February 2025 generation, including 3x year-over-year price increases for gas and electricity; heavy reliance on natural gas and nuclear; and increased use of coal and oil compared to February 2024.

According to ISO-NE, real-time wholesale prices last month were 3x higher than in February 2024. "Wholesale power prices averaged \$126.40 per megawatt-hour (MWh) in the Real-Time Energy Market in February 2025, up 301% compared to the previous year. Day-Ahead Energy Market averages were \$130.39/MWh, up 256% from February 2024."

Meanwhile, "The average natural gas price during February was \$14.62 per million British thermal units (MMBtu). The price was up 319% from the February 2024 average Massachusetts natural gas index price of \$3.49/MMBtu."

Spikes in wholesale electricity prices continue to track spikes in gas prices, as they have for the past decades. Notice how nearly every electricity price spike coincides with a gas price spike – and that even though gas prices are trending downward over the past 20 years, electricity prices are not.

Attachment 2
2023 Testimony on LD 698 by
Huhtamaki Food Services, Messer LLC, ND Paper, Sappi North America, and
Woodland Pulp

Testimony of Huhtamaki Food Services
Before
The Joint Standing Committee on Energy, Utilities and Technology
Regarding Support of LD 698
March 8, 2023

Good afternoon Senator Lawrence, Representative Zeigler and members of the Energy, Utilities and Technology Committee. My name is Paul Serbent, and I work at Huhtamaki. Our Waterville plant employs 550 people and produces formed fiber packaging that is in demand as an alternative to foam and plastic based products. Huhtamaki is a larger energy consumer and is already burdened by high energy costs compared to our other plants in other regions of the country. In the past, we've had to idle machines and lay off employees during times of high electricity prices.

That's why I'm here today to voice support for LD 698.

Similar to the Maine Energy cost Reduction Act enacted over 10 years ago, this legislation seeks to resolve a root cause of high energy costs. The Maine Public Utilities Commission, ISO-New England, and the Department of Energy all agree that high energy costs are a result of high natural gas prices. Those prices are even higher in Maine and New England because of constrained pipeline capacity. Expanding major natural gas supply infrastructure into New England benefits everyone by lowering energy costs—especially Maine's large manufacturers.

Huhtamaki is also committed to doing its part for the climate—that's why the company has invested in energy efficiency and renewables. Expanding natural gas pipeline capacity in New England will allow Huhtamaki to secure savings through lower energy prices that it can continue investing in green energy solutions and in its Maine facilities and workforce.

I urge you to vote in support of LD 698, and thank you for considering this testimony.



**TESTIMONY OF MICHAEL PETERS
MESSER LLC**

IN SUPPORT OF

**LD 698, AN ACT TO REDUCE THE COST OF ENERGY IN MAINE THROUGH EFFECTIVE USE
OF BRIDGE FUELS AND REDUCTION OF GREENHOUSE GAS EMISSIONS**

**Joint Standing Committee on Energy, Utilities and Technology
March 8, 2023**

Senator Lawrence, Representative Zeigler, and members of the Joint Standing Committee on Energy, Utilities and Technology:

My name is Mike Peters, and I am a manager of energy for Messer LLC. Messer is a global producer of industrial gases; here in Maine, we have an air separation plant in Kittery which separates air cryogenically to produce liquid oxygen, nitrogen and argon. Customers throughout New England use our products, including hospitals, electronics and semiconductor manufacturers, and customers in the food and beverage, pulp and paper and pharmaceutical industries.

As it is for other industrial energy consumers, electric power is critical to Messer. We are in a highly competitive industry, and our ability to compete is affected by the cost of the electricity we need to operate our facility. We need electricity to be affordable and competitive: electric power costs represent over two-thirds of our variable operating cost, so we do all we can to minimize our power costs, and we highly value the ability to control our load during the monthly peak to minimize our costs for regional transmission service. Because the cost of electricity is crucial to our business, we need our state to act intentionally to cut the cost of electricity to consumers.

Over a decade ago, the Legislature and the PUC determined that expanding natural gas pipeline capacity into New England would support Maine's economic development needs and achieve measurable and sustainable reductions in the emissions of greenhouse gas emissions, but since then state efforts to expand gas pipeline capacity have stalled. Meanwhile, the region continues to rely on carbon-intense oil and even coal to keep the lights on – not for lack of gas, but because pipeline constraints make gas too expensive to burn for power when we really need it. Messer is fully committed to reducing and eventually eliminating and/or offsetting our carbon footprint – in fact we have specific interim targets for 2030 – however we believe Maine, and the rest of the U.S., needs to make a cost-effective transition, rather than a transition at any cost. Frankly, energy intensive users, as well as all electric consumers, need relief from the sharp energy price increases during stretches of cold weather. Fortunately this winter those cold snaps have been relatively short lived. However, besides the strong price volatility caused by natural gas

constraints, we face a much more sustained future impact from the implementation of LD1711 and thus need any means possible to counter that substantial impact.

We already know how to solve this problem. LD 698 would make it official state policy, with the force of law, that the PUC pursue all appropriate avenues to tackle gas pipeline constraints, including working with other states, interstate pipeline operators, pipeline capacity holders and other natural gas stakeholders in New England. This would bring electricity consumers the cost relief we need, it would result in less volatility in natural gas and electric pricing, it would provide for a higher level of energy security for New England, and it would reduce the need to burn significant amounts of higher carbon emitting oil during times of natural gas constraints. Thank you for your consideration of this testimony.



Testimony of ND Paper before the Joint Standing Committee on Energy, Utilities and Technology Regarding Support for LD 698

March 8, 2023

Senator Lawrence, Representative Zelgler, and members of the Committee, my name is Joel Pike and I am a resident of Jay. I am the Director of Energy Strategy for ND Paper's U.S. operations and I work out of the ND paper mill in Rumford.

My testimony today is in support of LD 698 and of the need to secure an affordable natural gas supply for Maine. ND Paper's total investments have exceeded a quarter of a billion dollars in Maine. Our economic impact here includes the employment of nearly 700 workers and annual expenditures of approximately 270 million dollars directly in Maine for materials procurement, payroll, and taxes.

Affordable energy is crucial to ND Paper's continued success in Maine. As this committee knows all too well, Maine's paper industry has struggled in recent times, and the disruptions caused by the Covid-19 pandemic have only added to those difficulties. The pulp and paper industry has not recovered from the historic crash in most grades of paper that began at the start of the pandemic. In addition, changes required in order to respond to pandemic-induced market and supply chain impacts continue to pose challenges for our mills. These challenges aside, the products that ND produces at both of our facilities are commodities with highly competitive world markets. Paying an average of two to three times what other producers pay puts us at a significant disadvantage.

The Legislature recognized ten years ago that Maine pays more for electricity because of high natural gas prices and more for natural gas itself compared to other parts of the country because of the limited pipeline capacity. Expanding pipeline capacity into New England would reduce the "basis differential" between the region and other pricing points outside of the New England. Natural gas is also the marginal fuel for generation in New England a majority of the time so it sets the price of electricity—just look at the significant rise in the Standard Offer for Electricity, which was primarily due to the forecasted natural gas prices for this winter.

The PUC knows that new pipeline capacity is one way to reduce Maine electricity consumers' electricity prices. But new pipeline capacity doesn't build itself. This bill gives the PUC the authority it needs to continue building on its past efforts by allowing it to investigate how Maine and New England, and especially large industrial energy consumers, might benefit from expanded pipeline capacity.

In addition to lowering costs, this bill promises climate benefits. Environmental sustainability is a cornerstone of ND Paper's 100-year vision. We believe that expanded pipeline capacity will decrease the need to burn emissions-intensive oil during winter cold snaps, like the ones we experienced just last month (February 2023) and at the end of 2022.

On behalf of ND Paper, I urge this committee to vote in favor of LD 698, and I appreciate your consideration of this testimony.



Testimony of Sappi North America in support of
LD 698, *"An Act Directing the Public Utilities Commission to Study the State Natural Gas Supply Pursuant to the Maine Energy Cost Reduction Act"*
Before the Joint Standing Committee on Energy, Utilities, & Technology
March 8, 2023

Good afternoon, Senator Lawrence, Representative Ziegler, and Members of the Joint Standing Committee of Energy, Utilities and Technology. Thank you for the opportunity to testify in support of LD 698, "An Act Directing the Public Utilities Commission to Study the State Natural Gas Supply Pursuant to the Maine Energy Cost Reduction Act."

I am Bob Dorko, a resident of Skowhegan, and the utilities and recovery manager at the Sappi North America Somerset Mill.

Sappi employs over 1000 people in Maine with two large industrial sites, one of which is the largest pulp and paper mill in the state, a research and development center in Westbrook and a shared services center in South Portland.

Sappi is in favor of LD 698, especially as proposed to be amended by the sponsor. Energy is a fundamental resource for the manufacturing at our facilities and at many others in the state. We strive to use as much renewable energy as possible. We rely on the ISO-NE grid for purchased electricity and the New England natural gas piping infrastructure to supplement our energy needs. The lack of natural gas pipeline capacity in New England is being felt powerfully by gas users; at SAPPi we see it in our electrical purchase pricing and in direct gas purchases for onsite use in our paper mill, pulp mill lime kiln, and boiler areas. Natural Gas is critical to SAPPi.

The Committee is well aware of the ISO-NE system reliability challenges on 24 December 2022. Considerable amounts of fuel oil had to be burned to stabilize the New England power grid. Adequate natural gas capacity would have resulted in lower CO2 emissions and lower costs for all users. SAPPi was able to export power onto the Central Maine Power system during this regional ISO-NE crisis, helping the overall grid and climate situation. We are all in this together.

LD 698 requires more effort to improve on natural gas capacity in Maine. Additional pipeline capacity should lower the cost of natural gas for New England users, hopefully making us comparable in cost and emissions with other regions of the United States. Disproportionate fuel costs puts Maine manufacturing in general at an economic disadvantage relative to the balance of the U.S. and at a disadvantage within their own companies in competing internally on capital investment decisions. We have announced a major investment at Somerset. Energy costs were a major consideration for the decision on our project. Fortunately for my counterparts at the mill, and the Mainers benefited by our operations such as in our supplier-related jobs, other factors made up for the energy disadvantage and we are doing the project at Somerset. We are very excited about this project but lowering energy costs will only increase chances of future investments.

Hopefully LD 698 catalyzes efforts that help with the natural gas situation for us and all Mainers.

Thank you for the opportunity to testify in support of LD 698.



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Testimony of Scott Beal, Environmental & Security Manager for Woodland Pulp in Support of the proposed amendment of LD-698 -An Act to Reduce the Cost of Energy in Maine and Reduce Greenhouse Gas Emissions Through the Effective Use of Bridge Fuels.

March 9, 2023

Good afternoon Senator Lawrence, Representative Zeigler and members of the Energy, Utilities and Technology Committee.

I'm Scott Beal, Environmental & Security Manager for Woodland Pulp, St. Croix Tissue, Inc. and St. Croix Chipping located in Baileyville.

On behalf of the 469 women and men that work at our three companies, I appear before you today in support of the proposed amendment to LD-698, A/A to Reduce the Cost of Energy in Maine and Reduce Greenhouse Gas Emissions Through the Effective Use of Bridge Fuels.

Perhaps of little surprise to any of you on the committee, the cost of energy to power our mills is second only to the cost of our fiber supply. We stand in strong support of this measure as it seeks to work regionally and in-state to expand our natural gas infrastructure.

Over the past several years, we have experienced considerable volatility in the pricing of Natural Gas. Coupled with these price swings we experienced is the seemingly persistent regional disparity in pricing when compared to other regions in the U.S.

I've been advised this disparity is caused, at least in part, because of pipeline constraints of bringing the fuel into the state of Maine. That said, it's particularly encouraging to read in Representative Foster's proposed amendment for the Commission to work with other New England States, interstate pipeline operators and other stakeholders to approach this effort collectively.

I'll close at this point and thank you for your time considering my testimony and am happy to try to answer any questions from the committee.

Scott Beal