



**Maine State Legislature  
Joint Committee on Energy, Utilities and Technology**

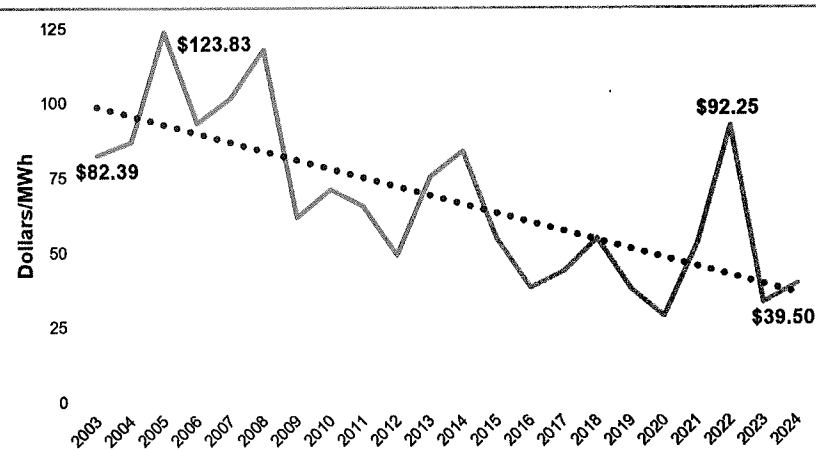
Testimony on LD 1592 and LD 1358

The New England Power Generators Association (NEPGA)<sup>1</sup> appreciates the opportunity to share its concerns regarding LD 1592 and LD 1358.

Electricity affordability is a critical area that deserves close legislative attention. NEPGA commends those drawing attention to this issue as Maine strives for a cleaner energy mix, while maintaining vigilance on reliability. Measures that support competitively-driven new electricity supplies, continued operation of needed existing facilities, and market transparency will help drive economic competitiveness and prosperity, while supporting a more highly electrified economy in the years ahead.

Although policymakers in Maine are rightly focused on reliability and affordability, LD 1592 and LD 1358 are not the answer. They would set up a market structure in which consumers would subsidize some power generators, undermine other generators that are providing necessary reliability services for Maine, and expose consumers to new stranded costs.

**New England Wholesale Energy Prices Since 2003**



Source: <https://www.iso-ne.com/about/key-stats/markets>; Adjusted to 2024 dollars

In particular, LD 1358 would permit an affiliate of an investor-owned transmission and distribution utility to own generation or generation-related assets, even when the generation or generation-related assets are directly interconnected to the facilities owned or operated by that investor-owned transmission and distribution utility. The bill also removes the prohibition on affiliate generation or generation-related assets participating in long-term contracts.

The process that would be allowed in LD 1358 is the energy infrastructure equivalent of letting Robert Kraft referee the Super Bowl with the Patriots playing and giving him the authority to pick the winner, regardless of the score.<sup>2</sup>

<sup>1</sup>The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular NEPGA member.

<sup>2</sup> The Massachusetts law providing contracts for Canadian Hydro and Offshore Wind requires that an independent evaluator be hired to ensure an open, fair, and transparent solicitation and bid selection process that is not unduly influenced by an affiliated company. On multiple occasions, that independent evaluator has submitted evidence of concerns regarding utilities using the process to advance their own position. Sources: <https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/15038926> and <https://nepga.org/long-term-energy-contracts-keep-on-being-a-bad-idea/>

LD 1592 would have similar anti-competitive results. It would permit an investor-owned transmission and distribution utility to own, have a financial interest in, or otherwise control generation or generation-related assets. This would allow ratepayers to subsidize the development and operations of a power plant, even if it is not the most economic one needed to meet a given need. It would also undermine the power generators that do not have the luxury of that guaranteed rate-base to subsidize their costs and instead need to compete in the wholesale electricity markets to earn revenues to cover their costs.

LD 1592 and LD 1358 move away from a critical tenet of Maine's energy policy: Consumers should be shielded from as much risk as possible in the wholesale competitive electricity markets.

The policies contemplated in LD 1592 and LD 1358 harm power plants that do not receive a contract or ratepayer subsidies in several ways. First, such contracts close off potential customers to generators, even if they could sell electricity at a lower price. By walling off potential customers, generators have fewer opportunities to compete to cover their costs and invest in their workers or make capital improvements. These policies also artificially lower the prices in wholesale markets, which, ironically, drive up overall costs for consumers. This is because the resources that we rely on for reliability are the ones that depend on the wholesale markets to recover their costs. When the markets cannot support the plants needed for reliability, those plants may also require out-of-market payments, which are costly and inefficient. Subsidies will beget subsidies.

Perhaps most concerning for Maine's economy: If the legislature continues to pursue LD 1592 and LD 1358, there are very real risks that the state will pick the wrong power plant to contract with. And, when policymakers, utilities, and regulators get it wrong – as they sometimes do – it is the consumers, not shareholders, who pay through stranded costs.

We recognize that consumers in Maine and throughout New England are struggling with costs right now, but LD 1592 and LD 1358 will likely make the issues worse, not better.

Thank you,

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#### **About NEPGA**

*NEPGA is the trade association that represents competitive electric generating companies in New England. In New England, NEPGA members employ more than 4,000 people and own and operate more than 27,000 MW of generation capacity – which represents approximately 95% of the installed capacity in the region. In Maine, NEPGA members employ more than 100 people and provide approximately 3,600 MW of capacity, of which approximately 1,100 MW are carbon free.*