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TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act to Advance a Clean Energy Economy by Updating Renewable and Clean Resource Procurement Laws L.D. 1868

GOVERNOR'S ENERGY OFFICE
May 6, 2025

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 1868.

Earlier this year, as required by statute, the GEO published the Maine Energy Plan, outlining strategies for an affordable, reliable, and clean energy future. The Plan incorporates the latest data, market trends, and public input, and concludes that a predictable path to 100% clean energy offers Maine the best opportunity to lower costs, grow its energy economy, and reduce dependence on volatile global fuel markets.

Maine has already made significant progress in the transition to clean energy through its Renewable Portfolio Standard (RPS), which requires 80% renewable electricity by 2030. In 2025, the requirement is 59%. The RPS has delivered meaningful annual cost savings to customers, spurred investment in local communities, and driven emission reductions.

L.D. 1868 builds on this foundation with four key components to help Maine reach 100% Clean energy by 2040:

Clean Energy Standard (CES): Strengthens the RPS to 90% by 2040 and introduces a "Class III" or "Clean Resource" category that can accommodate a wider range of energy sources than a traditional RPS, including not just renewable technologies like wind, solar, and biomass, but also clean energy solutions such as existing nuclear power plants in the region, large-scale hydropower, or clean fuels and other innovative technologies that meet an emissions standard established by the Maine DEP. This approach allows for greater flexibility in how Maine meets its energy needs and makes it possible to leverage various technologies that may become more cost-competitive over time.



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Regional Coordination: Clarifies existing PUC authority under Title 35-A, Sec. 3210-C to pursue joint energy procurements with other states in line with proposed changes included in L.D. 1270. The Maine Energy Plan highlights the importance of regional coordination in achieving the state's goals. Regional coordination will facilitate more effective and lower-cost transmission solutions that allow states to diversify the clean energy resources needed. In addition, multi-state solicitations for larger renewable generation resources, especially for a smaller state like Maine, will enable greater economies of scale, reducing costs to customers.

Support for Existing Renewables: Establishes a targeted procurement for existing renewable resources modeled after the Title 35-A, Sec. 3210-G RPS procurements, for the purpose of improving the long-term viability of existing local renewable facilities. This aligns with the Maine Energy Plan's strategy to "identify and leverage opportunities to improve the long-term viability of existing renewables through repowering, reinvestment, and pairing with energy storage, as appropriate."

Energy Storage: Clarifies the PUC's authority to procure utility-scale energy storage systems, reducing costs and improving grid reliability in line with existing legislative directives under P.L. 2023, Chapter 374.

In conclusion, this bill advances an affordable, reliable, clean energy transition for Maine by:

- Building on Maine's successful RPS framework;
- Lowering both overall energy supply costs across the economy and average electricity costs for customers;
- Ensuring Maine's energy transition remains aligned with and advances the state's greenhouse gas emission reductions;
- Continuing to advance homegrown renewable energy and reduce fossil fuel imports;
- Providing a stable, certain framework to drive investment;
- Helping sustain existing regional clean and dispatchable resources critical for reliability; and
- Encouraging a broad, level playing field for a wide range of clean technologies to contribute to Maine's energy transition, including innovative technologies as they become commercially viable.

Thank you for your consideration. Additional information about Clean Energy Standards has been included in an appendix to this testimony.

Caroline Colan, Legislative Liaison
Governor's Energy Office



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Appendix:

What is the difference between an RPS and a CES?

Since the 1990s, Maine has had in place a Renewable Portfolio Standard (RPS) which establishes the portion of electricity sold in the state that must be supplied by renewable energy resources. This is a policy designed to maintain and increase the use of renewable energy sources for electricity generation over time and is a state-wide obligation applicable to load serving entities. Maine's RPS requires load-serving entities (LSEs) – including competitive electricity providers and the providers of Standard Offer Service – to serve their retail customers with a stated minimum percentage of electricity from eligible renewable resources each year. Maine's RPS includes multiple requirements, differentiating the obligation by resource type, vintage, size, or other characteristics. Generally, Class I/IA support the construction of new facilities (with some exceptions for repowering and refurbishing), while Class II supports maintenance of the pre-existing renewable fleet.

Renewable Energy Certificates (RECs) are used to demonstrate compliance with Maine's RPS requirements by class. RECs represent the environmental and non-energy attributes of electricity generated from renewable sources. Each REC corresponds to one megawatt-hour (MWh) of renewable electricity added to the power grid and is issued to the generator at the time of generation. In New England, RECs are tracked and traded through the New England Power Pool Generation Information System (NEPOOL GIS).

According to Lawrence Berkley National Lab, 29 states plus the District of Columbia have an RPS policy.¹ Between 2000 and 2023, these state RPS policies have enabled almost half of renewable energy capacity additions.² Maine's RPS has delivered net annual average benefits to electric ratepayers of approximately \$21.5 million between 2011 and 2022, supported renewable development and operation resulting in over \$100 million in direct investment, approximately \$900 million in operations and maintenance spending, and over 1,000 full-time equivalent jobs yielding over \$1 billion in worker income between 2008 and 2022.³

Many states are now adopting technology-inclusive standards that compliment their existing RPS policies to allow for a broader set of clean energy resources to contribute to decarbonization goals while ensuring adequate, clean, firm resources. A Clean Energy Standard (CES) establishes the portion of electricity sold in the state that must be supplied by clean resources. The broader eligibility requirement would ensure Maine's energy transition remains aligned with its greenhouse gas reduction goals while fostering market competition among a more diverse set of resources which can reduce emissions,

¹ <https://emp.lbl.gov/publications/us-state-renewables-portfolio-clean-0>

² <https://www.catf.us/resource/state-clean-electricity-standards/#:~:text=A%20CES%20builds%20on%20existing,both%20economic%20and%20environmental%20benefits>

³ <https://www.maine.gov/energy/sites/maine.gov.energy/files/inline-files/Maine-RPS-Impacts-and-Procurement-Policy-Options-Report-Master-FINAL.pdf>



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support reliability, and lower costs. Compliance and credit tracking would work similarly to Maine's existing RPS policy.

What resources are eligible under the proposed CES?

The sponsor's amendment for L.D. 1868 proposes an explicit list of technologies that are commonly categorized as clean, and additionally provides a technology-neutral process for qualifying any other facility that generates electricity in a manner that produces zero or very-low emissions as determined by the Maine Department of Environmental Protection (DEP). Specifically, eligible resources under Class III include:

- A Class I resource;
- A Class IA resource;
- A hydroelectric generator of any size;
- A nuclear power plant;
- Or any other source of electric generation that generates power that can physically be delivered to the ISO-NE territory or the Maritimes Control Area; generates electric energy in a manner that produces no more than a *de minimis* level of net greenhouse gas emissions and co-pollutant emissions as determined by DEP; and has been certified by the GEO in accordance with rules adopted by DEP.
 - Examples of technologies that may qualify under this standard could be a thermal generator utilizing a clean fuel that produces *de minimis* emissions.

In the near term, GEO does not anticipate that this expanded eligibility criteria will drive the development of new nuclear power plants or large hydroelectric generators in the state, but would rather allow for the environmental attributes of existing regional facilities to contribute to Maine's goals. Regarding nuclear, we recognize there are existing statutory hurdles to the development of a new facility within the state of Maine.

What is the justification for the 90% RPS and 10% CES?

The Pathway to 2040 technical analysis demonstrates that cost-effective power sector decarbonization involves a diverse set of resources including a high share of renewables, energy storage, and load flexibility – plus thermal generation fueled with clean, carbon-neutral fuels, used sparingly. An important consideration for Maine is the percentage of electricity that should ultimately be subject to a CES vs RPS to enable achievement of Maine's goal of 100% clean electricity in a cost-effective manner. The Core pathway demonstrates that it could be economic to have a renewable share up to about 90% and that dispatchable clean thermal resources would likely provide just the last 5-10% of energy, but they are important for providing substantial capacity and reliability value, to cover infrequent but crucial periods of extended renewable shortfall. While the model did not find an economic case for new nuclear or new large hydro to contribute to Maine's clean energy portfolio in the near term, existing nuclear in the region as well as existing hydroelectric resources not currently eligible for Maine's RPS could contribute to Maine's energy needs while bolstering system reliability.



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How much will this cost?

The Pathway to 2040 technical analysis demonstrates that a portfolio of clean generation resources consistent with a CES would lower both overall energy supply costs across the economy and average electricity costs for customers. Implementing the CES is expected to impact bills in a similar manner to the existing RPS, with the direct benefits to electricity customers as a result of the policy outweighing compliance costs.

In addition, the proposed CES utilizes proven cost containment mechanisms already demonstrated in Maine's RPS and in CES policies in other jurisdictions – namely, an Alternative Compliance Payment (ACP) mechanism, which limits the exposure to CES attribute costs in any given year, as well as a provision allowing the Public Utilities Commission to suspend the requirements of the policy if it finds the market is not responding effectively.

How does the CES pair with procurements?

While CES and RPS policies create demand for clean and renewable energy, Maine may still need to take additional steps to ensure there is timely supply to fulfill that demand. Renewable Energy Credits and Clean Energy Credits are one way to support supply, creating a promise of future credit revenues that can incent the development of a project. However, the promise of revenues from short-term credits may not always provide sufficient revenue certainty to support the long-term investments required to develop a resource, because of the volatility of credit prices that are driven by short-term supply and demand dynamics. Long-term procurements can establish additional price certainty, provide supply directly, and can reduce risk for the developer, enabling financing and project completion, as well as protecting consumers from unexpectedly high credit prices.

What is the purpose of the DEP rulemaking?

Allowing technology-neutral, performance-based qualification criteria leaves room for the market to develop the most cost-effective technologies to achieve meaningful emission reductions in line with Maine's greenhouse gas emission reduction requirements. Some states set an absolute limit on emission rates for resources to qualify for the CES while others set a relative limit compared to another resource.

L.D. 1868 proposes that Maine DEP conduct a rulemaking to establish the standards and procedures necessary to implement the definition under paragraph A-4 which directs DEP to determine if a source of electrical generation generates electric energy in a manner that produces no more than a *de minimis* level of net greenhouse gas emissions and co-pollutant emissions.

The 10% CES phases in 1% per year beginning in 2031 which gives adequate time for DEP to conduct the rulemaking and inform industry on expectations.

Based on DEP's rule, GEO can certify facilities eligible to participate in the CES.



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What other states have a CES?

A growing set of states have adopted or are considering adoption of expanded clean electricity standards.

In the northeast, Massachusetts, Connecticut, New Jersey, and New York each have statutory mechanisms in place to achieve 100% clean energy.

Additional information regarding CES policies in other states can be explored through this interactive map developed by the Clean Air Task Force: <https://www.catf.us/us/state-policy/clean-electricity-standards/>.