

Testimony of Sappi North America
In Support of
LD 1792, *An Act to Provide Greater Equity in and Reduce Costs Related to the State's Net*
Energy Billing Program
Before the Joint Standing Committee on Energy, Utilities and Technology
May 15, 2025

Senator Lawrence, Representative Sachs, members of the Joint Standing Committee on Energy, Utilities and Technology; I am Bob Dorko, the Utilities and Chemical Recovery manager at the Sappi North America facility in Skowhegan, Maine testifying in support of LD 1792, the Resolve to implement the Public Advocate- led unopposed and unanimous stipulation developed in Commission Docket 2024-00137.

Sappi's combined Maine facilities employ 1180 people. Many other businesses statewide benefit from our purchases of equipment, labor, and materials. Our employees undoubtedly use part of their income supporting other Maine businesses.

Sappi invests globally in established pulp and paper markets and relies on cost projections and stability when making capex decisions.

At the Somerset Mill we are starting up a \$500 million reconfiguration of the No. 2 Paper machine; the project was chosen as a Sappi worldwide investment based on known and forecasted energy and raw material costs in November 2020. The project development occurred over a two-to-three-year period prior to approval.

You have heard about the consensus effort in development of the stipulation associated with net energy billing. Before the Commission's first decision, our stranded costs were \$100,000 per year. Our NEB stranded rate costs were increased in 2023 to approximately \$300K per year. The estimated costs based on the recent Commission order in 2024-00137 are \$3.2 million per year. This 10x cost increase was completely unpredictable. This sends a terrible message to Sappi's decision makers after making such a substantial investment in Maine. Those costs directly and negatively impact Sappi's profitability and were not envisioned as part of the No. 2 paper machine project. Energy cost uncertainty in Maine will certainly be highly scrutinized in future investment decision making.

Cost increases of this magnitude could also force Sappi to investigate equipment investment which would reduce the impact to Sappi but shift these stranded costs to other ratepayers.

Consensus is agreement on a plan or decision where there is give and take by all parties. All parties like some components and dislike others but on the whole are "okay" with the outcome and support the plan. The parties that developed the stipulation in 2024-00137 provided a consensus cost sharing mechanism. It was not a simple task to reach consensus, it was reached. It provided a reasonable plan for the MPUC to address statewide rate concerns. Sappi supports and encourages the stipulation as a way to address the NEB stranded costs.

Thank you.