

Committee on Energy, Utilities, and Technology
c/o Legislative Information Office
100 State House Station
Augusta, ME 04333

May 21, 2025

RE: Public Hearing L.D. 597, *An Act to Direct the Public Utilities Commission to Conduct Procurements for Energy or Renewable Energy Credits*

Dear Senator Lawrence, Representative Sachs, and Members of the Committee:

My name is Stacey Fitts, and I appear before you in support of L.D. 597 - *An Act to Direct the Public Utilities Commission to Conduct Procurements for Energy or Renewable Energy Credits*.

As most of you on the Committee know, I am a life-long resident of Pittsfield, Maine. I spent 8 years as a State Representative for then-House District 29 and during that time I served as a member of the EUT Committee. I spent two of those years as Chair of this Committee. I've worked in Maine's energy industry for my entire 40-year career. Over the years, I've gained all-of-the-above energy experience as an asset manager of thermal, hydroelectric, and wind generation assets.

I currently work as an asset manager for Onward Energy, which is an independent power producer that owns and operates nearly 7 GW in 22 states. Onward Energy is the largest land-based wind owner and operator in Maine, and we have three wind farms here - Hancock Wind, Oakfield Wind, and Bingham Wind, which have a total installed capacity of 383 MW.

Onward supports L.D. 597 and encourages the Committee to proceed with the bill before you today, because it allows for additional renewable energy development while also including safeguards to ensure that Mainers don't pay unnecessary stranded costs in future procurements as they do now.

While Maine needs more renewable energy generation – and corresponding transmission – Maine also needs to ensure it doesn't undermine its renewable energy investments by allowing new energy generation to cannibalize existing renewable energy generation. However, right now, state-sponsored energy contracts incentivize new renewables generators to produce energy during periods of negative pricing because ratepayers

absorb the negative pricing costs, and the renewable energy generator gets paid to produce energy that the market deems worthless.

Maine's current form energy contracts are an outlier in this regard in New England. Three southern states in ISO New England's (ISO-NE) energy market territory. Massachusetts, Rhode Island, and Connecticut, have adopted negative pricing provisions in their energy contracts that stipulate that energy generators pay to produce energy when the price of energy is negative. If Maine plans to do multi-state procurements with any of these states, Maine's form PPAs needs to be the same those in other ISO-NE states.

I have some examples I've used before this committee recently, but it bears repeating: a few weeks ago, all three of Onward Energy's wind sites were economically curtailed even though our wind farms could have been producing at near capacity. Still, a nearby wind farm under a Maine PPA continued to generate energy while prices were at -\$150 for several hours. Ratepayers will end up paying considerably more for this power that was produced when the market signaled that this power was so worthless that it was actually assigned a negative value.

In another example, Versant reported to the PUC that after Weaver Wind came online in late 2020, ratepayers endured \$234,830 in stranded costs from the first six days of Weaver Wind's operations. Mainers should not have to pay for generators to needlessly produce energy that the market finds less than worthless. You can help prevent this moving forward by proceeding with this bill in its current form to ensure that all state procurements protect ratepayers from being exposed to fruitless stranded costs.

Negative pricing events are expected to happen more frequently and will more commonly reach the floor of -\$150 if a prospective Northern Maine project goes online without a provision that protects ratepayers from paying for this type of congestion. The change provided for in this bill will save ratepayers money and provide better rate transparency for Mainers.

Importantly this bill includes the concept of cost-effectiveness, which was litigated in and resulted in the Massachusetts Supreme Judicial Court opinion in *Nextera Energy Res., LLC v. Dep't of Pub. Utilities*, 485 Mass.

595, 602, 152 N.E.3d 48, 55 (2020). In that case, an energy generator argued against inclusion of a negative pricing provision Massachusetts' form PPA; however, the Court firmly rebuked that generator's assertion and instead found that the Massachusetts PPAs were cost-effective under Section 83D because the PPAs included a negative pricing provision. *See id.* at 610-611; *see also* Section 83D(d)(5) (iii); *see also* 220 Code Mass. Regs. § 24.03(1). In developing its form PPA, the Massachusetts department of public utilities determined that that market participants should stop generating power when the LMP is negative because accepting delivery of electricity generated in such periods would be wasteful and not cost-effective, and cost-effectiveness is required under the Massachusetts procurement statute. *See id.* That Court upheld the Massachusetts department of Public Utilities' inclusion of the negative pricing provision effective by finding that:

The negative pricing provision] provide[s] a form of price protection for the companies and – by extension – ratepayers in [Massachusetts]. Beyond the fact that such delivery [of energy during negative LMP intervals] would be cost-ineffective, it would also not serve the Legislature's purpose in enacting Section 83D. It was not the purpose of the Legislature to require generation of [renewable] energy for its own sake; instead, the purpose was to generate clean electricity that meets the energy demands of [Massachusetts], thus reducing greenhouse gas emissions and achieving other environmental goals.

Id. at 609–10.

I encourage this committee to pass this legislation that includes unallocated language concerning negative pricing to ensure all future procurements, including the contaminated lands procurement, include a provision that shifts negative pricing costs to energy generators unless the bidder demonstrates good cause for an exception and the contract is cost-effective. This legislative change will lower costs for ratepayers and create a fairer system for existing energy providers.

Thank you,

Stacey Fitts
Onward Energy