



Mark W. Lawrence
Senator, District 35

THE MAINE SENATE
132nd Legislature

3 State House Station
Augusta, Maine 04333

*Testimony of Senator Mark W. Lawrence presenting
LD 838, An Act to Create the Maine Clean Energy Authority
Before the Joint Standing Committee on Energy, Utilities, and Technology*

Good afternoon, Chair Sachs and esteemed colleagues of the Energy, Utilities, and Technology Committee. My name is Mark Lawrence, and I represent southern York County, including the towns of Eliot, Kittery, Ogunquit, South Berwick and York. I'm here today to present LD 838, An Act to Create the Maine Clean Energy Authority.

To begin with, I want to address why this bill is necessary. The way we pay for the buildup of the electric grid that we need is broken. The current model is this: a need is identified, a utility gets the project approved, gets funding from wall street, big banks, or private investors, and then adds that cost to the next rate case. This raises electricity delivery rates to make ratepayers pay for the upgrades and the profit that arises from them. The clearest evidence that the system is broken came when the PUC recently denied a rate case from CMP. No compromise, no half measures, just a complete denial.

There are many policy changes that will be needed to fix this model, and cheaper financing, which this bill seeks to provide, is only one of them. I want to acknowledge that the legislation you have before you is a downpayment on the final product. I understand that what I am proposing is significant. There is work to be done to get this bill to where it needs to be, but it is work that deserves to be done.

The goal of this piece of legislation is to do three things: 1) Use low-cost capital to reduce the cost to build the infrastructure we need to become a net energy exporter, 2) Add competition to the bidding process to further reduce costs, and 3) Create well-paying, family-sustaining jobs to help the Maine economy. One thing that this bill does NOT do, is to allow for public ownership of transmission and distribution assets. That concept has been put to the people, and the people have spoken.

Much of this bill will be familiar to anyone who has worked with the Maine Turnpike Authority. The MTA was created by the legislature in 1941 and has performed admirably. It is a time-tested concept, and basing much of this new Authority on it provides a solid foundation. Another fact that can give us assurance about an Authority such as the one proposed in this bill is that 8 other states already have transmission Authorities or other public bodies with similar powers. To name just a few, Nebraska, Idaho, and North Dakota have Authorities or similar entities. Like Maine, these are big, sparsely populated states with harsh winter climates.

At the heart of this bill is the Authorities ability to create a revolving loan fund that would be seeded by bonds. The power of the state to bond will offer significantly lower cost capital compared to traditional market-based borrowing. This lower cost capital can significantly reduce the cost of a project. Lower cost capital has the added benefit that an IOUs return on equity would be lower per project, creating more savings for Maine ratepayers on vital infrastructure.



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If the amount needed for projects exceeds the amount available in the loan fund, the authority would be able to bond for the additional funds. This low-cost financing is one very important part of building what we need in a responsible way.

In addition to adding a previously unavailable method of inexpensive capital, the Authority can assist in the planning duties that are necessary to efficiently create the grid of the future. This committee helped create the Department of Energy Resources. I can envision the Department and the Authority working as partners to plan, fund, and even help develop the transmission, distribution, and storage that we will need. There will also be an obvious need to coordinate with the Public Utilities Commission. These are all items that will be worked on over the coming weeks.

It is my hope that the work that gets put into this bill will reflect these simple values; do the work we need to do less expensively, add competition to the bidding process, and respect the Maine workers who will build the energy future we need.

I welcome your questions regarding this bill. I may or may not have answers at this time, but knowing what you are considering with regards to this bill is of vital importance to getting it right.