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Comments Provided to the Commission to Study the Economic, Environmental and Energy Benefits of the Maine Biomass Industry

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Senator Saviello, Representative McCabe and members of the Commission, my name is Joel Harrington. I am here today to provide comments on behalf of Central Maine Power Company ("CMP") relative to whether generators should be able to sell power to customers who are adjacent to their facilities.

No one, including those of us at CMP, wants to see any business or industry in Maine fail.

With that said, I want to provide the Commission with some background. Since 1995, biomass plants have received \$2 Billion in above market rates, which means that Maine electric ratepayers were paying \$2 Billion more for energy than the wholesale market price from 1995-2015. \$300 million of which was for the ReEnergy plant you visited in Stratton according to stranded cost filings made to the Public Utilities Commission.

In the 90s, electric ratepayers were subsidizing approximately 18 biomass plants and continued to subsidize these plants long after they closed. Today we have less than half that number in Maine despite the subsidies that were in place.

My point is that, this model of providing subsidies for some of these aging plants without commitments on the part of their investors to make the necessary upgrades and investments to qualify in new REC markets has not been working. Any recommendation by this Commission to continue electric ratepayer subsidies for biomass plants should only be for those facilities who have installed the technology that allows them to qualify in the Connecticut and Massachusetts REC markets.

With regard to whether generators should be able to sell power to customers who are adjacent to their facilities, this idea would circumvent two existing statutes that the Commission should be aware of. One statute gives utilities exclusive franchise territories as long as they agree to serve all customers and submit to rate regulation. This is often referred to as the "regulatory bargain". The other statute says that in order to sell electricity at retail in Maine, you have to be a competitive energy provider, a CEP.

Again, it appears that the idea is to by-pass the T&D system and allow generators to own and operate their own T&D systems to serve adjacent customers without adhering to all the rules and regulations that T&D utilities have to abide by. Likewise, the generator would be able to act like a CEP, again without having to adhere to the law and commission rules.

We would not support a Commission recommendation along this line. The legislature has considered this issue in several bills over the years and has rejected to adopt such a policy proposal, in particular LD 796 in the 126th.

Finally, this issue has already been addressed by the commission in Docket 2000-253. In that case, the commission allowed a generator to sell to an adjacent sawmill directly, without using CMP's T&D facilities. The commission's decision was based on the following facts:

- The customer and generator were located on the same or physically adjacent property;
- The generator and the customer had a commercial or corporate relationship that went beyond the sale of electricity;
- The generator was selling to a single customer and was not selling to the "public";
- All the power sold was generated by the generator and no grid power was being passed through to the customer;

Likewise, the generator was not a competitive energy provider because it wasn't selling power over a T&D system.

There is no need for the Commission to recommend a new policy, current statutes and rules already provide for a process by which a generator can apply to the Commission to directly serve nearby customers.

Thank you.