



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony Neither For Nor Against

LD 597 – An Act To Establish the Wood Energy Investment Program

March 16, 2021

Senator Lawrence, Representative Berry, honorable members of the Committee on Energy, Utilities, and Technology, the Public Utilities Commission (Commission) testifies neither for nor against [LD 597](#), *An Act To Establish the Wood Energy Investment Program*. This legislation establishes a new Wood Energy Investment Fund (“Fund”) and creates the Wood Energy Investment Program within the Efficiency Maine Trust (“Trust”). The Fund would be supported by competitive electricity providers’ alternative compliance payments (ACP) related to newly enacted thermal renewable energy credits (TREC) renewable portfolio standard (RPS). The Trust would be required to provide incentives and low- or no-interest loans for new wood-derived thermal energy or cogeneration projects in consultation with the Finance Authority of Maine, when appropriate.

An ACP is an option for competitive electricity providers (CEPs) to satisfy the State’s RPS that allows for the submission of a payment in lieu of the purchase of RECs. Generally, a CEP will opt to pay the ACP if the amounts is lower than the market cost of RECs.

The Commission offers the following two points for the Committee’s consideration in the context of this legislation.

1. The Commission currently accepts ACPs from CEPs for Class I and Class IA RPS. The Commission would use an identical process for ACPs related to the TREC RPS. As required by current law, the Commission accepts these ACPs and transfer the funds to the Trust to be deposited into the Energy Efficiency and Renewable Resource Fund. The CEP’s would detail their compliance with the renewable portfolio standard using these alternative compliance payments in their annual report to the Commission.

Due to market dynamics, ACPs received by the Commission for the Class I RPS that have been transferred to Trust are shown in the table below.

Year	Dollars Transferred to the Trust
2018	\$ 939
2019	\$2,167
2020	\$ 0

2. Because the thermal renewable energy credit RPS did not begin until 2021, any alternative compliance payments would not be received by the Commission and transferred to the Trust until mid-year 2022. Given that the thermal renewable energy credit market is new, the Commission has no basis to estimate the amount of funds to be transferred into the Wood Energy Investment Fund pursuant to this Act.

The Commission will provide any additional information that would be of assistance to the Committee.

Sincerely,



Garrett Corbin
Legislative Liaison

cc: Energy, Utilities, and Technology Committee Members
Deirdre Schneider and Daniel Tartakoff, Legislative Analysts