Testimony of Industrial Energy Consumer Group

in Opposition of

LD 1202, ***An Act To Establish a Wood-fired Combined Heat and Power Program***

April 15, 2020

Senator Lawrence, Representative Berry, distinguished members of the Joint Standing Committee on Energy, Utilities and Technology;

I am Tony Buxton of Preti Flaherty, testifying on behalf of Industrial Energy Consumer Group, in opposition to LD 1202, *An Act To Establish a Wood-fired Combined Heat and Power Program*.

IECG has consistently opposed the poorly designed net energy billing program created by LD 1711 in 2019. We predicted huge and unnecessary costs, and the facts now bear out the truth that LD 1711 is an enormous and unfortunate climate mistake. Indeed, the subcommittee heard information yesterday that if all 2,500 MW signed up thus far is built, the rate increase could reach 50%. The argument that a lot won't be built has little basis, as huge hedge funds like Carlyle Group and Blackstone have purchased scores of projects and have unlimited funds to get them built. The comparison to the 2020 approval of some 300 MW of 3.5 cents/ kWh solar by the LD 1494 RFP show the scope of the LD 1711 tragedy.

As a review of the magnitude of actual costs and impact the 2000 MW of power contracted for 14.5 cents per kWh will cost ratepayers $2 billion over 20 years. Had that power been obtained at 3.5 cents/kWh, such as the average contracted rate for the LD 1494 RFP, the cost to ratepayers would be "only" $500 million dollars for 20 years. The cost of 1711 by difference is $1.5 billion over 20 years. We urge the Legislature to spend rate payer money responsibly.

In this context it is difficult to tell forest products companies they can't share in some of the wasted ratepayer rate increases. This bill would allow 50 MW of biomass cogeneration projects at receive rates equal to those of NEB, 14-15 cents/kWh whether those rates were needed or not. This is your decision to make. IECG urges that you not to expand use of the 14-15 cent NEB rate. We note that because biomass cogeneration will operate at least 90% of the time, rather than 18% like solar in Maine, this bill would create the equivalent of more than 250 MW of solar NEB in total costs. Ironically that's about the total NEB for Maine originally contemplated by LD 1711. But it means that total ratepayer costs for this program will be more than $1 billion over the contract terms.

There is a possible alternative that we urge the committee to consider. Giving new instate biomass cogeneration a special carveout of the total renewables to be procured in Senator Vitelli's larger procurement bill, which the committee will hear later this session, would achieve the same result of encouraging new biomass cogeneration, but at the lowest competitive cost, instead of the procuring it at expensive and unnecessary NEB rates. If this is done, we predict you will see robust competition for contracts that will result in prices between 8-10 cents/kWh (or even lower) – 40-50% cheaper total costs than proposed by this bill as printed. This idea has the added benefit of requiring the PUC to operate one less procurement program.

I would be pleased to answer any questions now or at the work session.