

Energy Utilities, and Technology Committee
LD 1350 - An Act To Expand Maine's Clean Energy Economy
Testimony from Amy Kurt, EDP Renewables North America
April 20, 2021

Good morning Chairman Lawrence, Chairman Berry and members of the Joint Standing Committee on Energy Utilities and Technology. My name is Amy Kurt and I am a Senior Manager of Government Affairs for EDP Renewables NA (EDPR). I am pleased to testify today in support of LD 1350 An Act To Expand Maine's Clean Energy Economy. While EDPR is generally supportive of additional procurements of renewable energy resources in Maine, we have several concerns with the way the bill is currently drafted and recommendations to improve this legislation.

EDPR is the 4th largest owner and operator of wind farms in North America and around the world. We have a growing solar portfolio as well, with 8 solar parks operating, 2 under construction and many more under development. We have a staff of around 800 employees and more than 100 open/new positions with our company across the country. As you can see, this is a growing industry, and we hope to bring more of this economic development opportunity to Maine.

Unfortunately, LD 1350 as written, will not help EDPR bring more renewable energy projects to Maine. We currently have a top-notch wind farm under development in Aroostook County. At its smallest, it would be about 300 Megawatts (MW), and at its largest, it could bring almost 1,000 MW (or 1 Gigawatt) of clean energy to market. But, a project of this scale, and in this location, will not be supported by LD 1350. The Bill would require the PUC to issue a procurement for between 10-15% of retail load. Assuming a 38 percent capacity factor for wind, the bill would support about 360 MW - 550 MW of wind energy. Our single project in Aroostook County could meet the entire demand created by this legislation! Given the lower capacity factor of solar energy in Maine (around 23 percent), the bill could support approximately 600-900 MW of solar energy.

We recommend the committee amend LD 1350 to create a path for Maine to meet its longer-term climate and clean energy goals by supporting transmission infrastructure improvements, and “bundled contracts” that secure both the energy AND the renewable energy credits that result from the clean energy built in the state.

Concerns & Recommendations:

1. Getting to 2030 and 2050 – Transmission is needed!

LD 1350 will likely result in more of the same – grid scale solar projects scattered around Maine. This is a step in the right direction, but not enough to meet Maine’s longer-term climate and clean energy goals. The Governor’s Energy Office’s “State of Maine Renewable Energy Goals Market Assessment” (“Report”) highlighted six different scenarios to reach Maine’s clean energy and climate goals. Each of these scenarios relied upon onshore wind in Aroostook County. But, in order to access Aroostook County wind, Maine needs to support the build out of its transmission infrastructure to reach this area. Without further support for transmission, these

clean energy electrons have no place to go, and ISO-NE will not allow these projects to interconnect to their system. LD 1350 awards projects mostly based on price. If the developer of the wind farm in Aroostook County has to include the full cost of a new transmission line in their bid, there is no way these projects will be competitive. LD 1350 needs to do more to support the transmission infrastructure build out needed to meet Maine’s 2030 and 2050 clean energy and climate goals.

2. Is Wind Energy Maine’s next Lobster, Blueberry or Sustainably Harvested Timber?

If Maine only harvested enough lobsters, blueberries and timber to meet the needs of the state, the economy would look much different. Maine has been blessed with another natural resource which can drive its economy, create jobs and bring new opportunities to areas of the state that are in need: wind energy. Maine has the best wind energy resource in New England. Northern Maine has the available land, supportive landowners, and has been identified as an area for “expedited permitting” because it is ideally situated for wind farms. There is a growing demand in New England (and around country) for more clean energy and Maine is perfectly positioned to deliver this commodity to broader markets. LD 1350 helps Maine meet its near-term clean energy goals but is missing out on a much bigger opportunity. In order for Maine to capture the broad benefits of the clean energy economy (training programs, workforce development, infrastructure) it needs more than another moderately sized energy procurement. State support for transmission infrastructure is needed to give the clean energy industry a highway to deliver its product to market – both in Maine and beyond.

3. Serving up the full Lobster Roll (or “Bundled Contract”).

LD 1350 calls for the Maine Public Utilities Commission (ME PUC) to procure “energy OR renewable energy credits”. This is the same language that was used in the previous legislation (L.D. 1494, An Act to Reform Maine’s Renewable Portfolio Standard) which resulted in 17 contracts being issued, 15 of which were for ENERGY ONLY. These contracts did not include the purchase of the associated Renewable Energy Credit (REC) and therefore, this energy CANNOT be called “renewable”. The ultimate owner of the REC is the only entity that can claim that they have purchased renewable energy.

This is important: procuring energy only, from a renewable energy facility, is NOT renewable energy. In order to call the energy “renewable” you must also purchase the Renewable Energy Credits (RECs). Without the RECs, the electrons from the solar park or wind farm are the same as an electron from a coal plant.

Here’s another example. If I order a lobster roll for dinner, and the waiter brings me out a roll – void of any lobster, then unfortunately, its not a lobster roll. In order to be a lobster roll, you need both:

- Lobster + Roll = Lobster Roll

Similarly, in order to deliver renewable energy, you need both products:

- Renewable Energy Credit (REC) + Energy = Renewable Energy

LD 1494, and now LD 1350 is procuring vast amounts of rolls. But, it's leaving the lobster out in the ocean. By purchasing the energy only, and not the associated RECs, these resources are not meeting Maine's clean energy goals. These RECs could be sold to more lucrative markets (Massachusetts, Connecticut, etc).

We encourage LD 1350 to fix this problem by requiring the procurement issued to be for “*energy AND Renewable energy credits*”. This will:

- **Deliver Actual Renewable Energy to Maine:**
By securing both the underlying brown power and the REC, the renewable energy project will be able to meet the goals of the legislation. Without the REC, the power cannot be considered renewable and cannot be counted towards meeting Maine's renewable energy goals.
- **Deliver Better Projects that are More Likely to Secure Financing and be Built:**
By procuring both the energy and the REC, the Maine PUC gives developers certainty, which is necessary in securing cost-effective financing for constructing viable renewable energy projects.
- **Be a More Cost-Effective Way to Meet Maine's Clean Energy Goals:**
By securing long-term contracts for both energy and RECs, the state is providing Maine ratepayers with a hedge against rising energy costs in the future. Across the country, renewable energy is one of the most affordable sources of electricity. Since Maine utilities will need to buy power to serve load anyway, this procurement creates an opportunity to lock in the cost of electricity for a 20-year term (or greater) at prices that are expected to be well below the future cost.

Given all of these reasons, we encourage this Committee to amend LD 1350 to support the build out of Maine's transmission grid as well as procurements of bundled contracts for both RECs and Energy.

These are complicated topics. Maine has taken several big steps in the right directions. Sen. Vitelli deserves strong praise for her leadership on these issues. And, we appreciate the several improvements that are included in this bill, versus the previous procurement – removing existing resources and allowing the PUC to contract up to the full 15% in the first tranche of proposals.

I hope that my testimony today encourages you to think bigger about the opportunity Maine is faced with today, and to make the needed changes in this legislation, this year, to set Maine up for decades of clean energy opportunities.