



Kathleen Newman – Director, Government Affairs, Central Maine Power Company

LD 1350 An Act to Expand Maine’s Clean Energy Economy

April 20, 2021

Testifying: In support

Senator Lawrence, Representative Berry, Members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Kathleen Newman, Director of Government Affairs for Central Maine Power Company, submitting testimony in support of LD 1350 An Act to Expand Maine’s Clean Energy Economy.

This bill aligns with Maine’s Climate Action Plan to build out more renewables to serve beneficial electrification. Class IA procurement has been demonstrated to be among the most cost-effective policies for incentivizing renewables and is a state policy direction we encourage.

Long-term contracting is inherently a risk transfer – from renewable generation developers to investor-owned electric utility customers. There is an inherent value to this risk avoidance to generators. This bill would call for about 1/3 of Maine’s electric load to be provided under long-term contracts. In order to reduce risk and provide direction and greater clarity to both utilities and the Maine Public Utilities Commission with regard to how the burdens and benefits of these additional long-term contracts should be allocated, we suggest the language below, copied from section §3210-C, be added to §3210-G.

Thank you for your consideration.

**§3210-G. Renewable portfolio standard procurement** is amended to add:

2. Contract terms. A contract entered into pursuant to this section must be for a term of 20 years, unless the commission finds a contract for a longer term to be prudent. If a Class IA resource offers to sell capacity, the commission may allow a contract with that resource to include the purchase of such capacity, but the commission may not require any Class IA resource to offer or sell capacity in order to participate in any solicitation or contract under this section.

3. Disposition of resources. An investor-owned transmission and distribution utility shall sell capacity resources, energy or renewable energy credits purchased pursuant to subsection 3 or take other action relative to such capacity resources, energy or renewable energy credits as directed by the commission.

4. Cost recovery. The commission shall ensure that all costs and direct financial benefits associated with contracts entered into under this section are allocated to ratepayers in accordance with section 3210-F. A price differential existing at any time during the term of the contract between the contract

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price and the prevailing market price at which the capacity resource is sold or any gains or losses derived from contracts for differences must be reflected in the amounts charged to ratepayers and may not be considered imprudent.

4-5. Report. No later than March 31, 2023 and biennially thereafter, the commission shall submit a report regarding the status of contracts for Class IA resources under this section to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters. The report must include, but is not limited to, a description of Class IA resources participating in competitive solicitations, information about the resources selected for contracts and the selection process, the benefits and costs of the contracts and recommendations about how to further stimulate investment in Class IA resources or achieve ratepayer benefits from Class IA resources. The report may include information about benefits and costs of the contracts to the State's economy, environmental quality or electricity consumers over both the short and long terms. Any analysis of the benefits or costs of the contracts must be based on a forecast of all avoided costs resulting from the contracts that is transparent and balanced over the long term.