



Testimony before the

Joint Standing Committee on Energy, Utilities and Technology

By Rob Wood, Director of Government Relations and Climate Policy

April 20, 2021

Re: LD 1350 – An Act To Expand Maine's Clean Energy Economy

Senator Lawrence, Representative Berry, and members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Rob Wood and I am the Director of Government Relations and Climate Policy for The Nature Conservancy in Maine. I appreciate this opportunity to testify **in support of LD 1350**, An Act To Expand Maine's Clean Energy Economy, **with an important proposed amendment**.

The Nature Conservancy is a nonprofit conservation organization dedicated to conserving the lands and waters on which all life depends. We have been working in Maine for more than 60 years with a focus on protecting land, restoring rivers and streams, rebuilding groundfish populations in the Gulf of Maine and developing innovative solutions to address climate change.

LD 1350 builds on the successful renewable energy procurement authorized by the 2019 Renewable Portfolio Standard (RPS) legislation (LD 1494). The first tranche of the RPS procurement, executed in the fall of 2020, resulted in term sheets for more than 450 MW of new solar energy, as well as some new wind and existing hydropower and biomass. The new wind and solar projects offered prices in the same range as historic natural gas prices. This outcome is great news for the climate and Maine's economy, demonstrating that Maine can make a rapid transition to clean energy while keeping electricity prices low, which will also enable beneficial electrification of the heating and transportation sectors.

LD 1350 would direct the Public Utilities Commission (PUC) to initiate a new round of procurements starting later this year, for an amount of clean electricity equal to 15 percent of Maine's electric load. Importantly, 100 percent of this procured energy would come from new resources that begin commercial operation after June 30, 2021. While there is still a role in Maine's energy mix for existing renewable energy resources, this provision recognizes that Maine and the New England region need to focus on building *new* clean energy resources to meet our greenhouse gas emissions reduction targets.

The procurements required by LD 1350 would ensure that Maine is on track to meet its statutory requirement that 80 percent of electricity sold in Maine is renewable by 2030. The Renewable Energy Goals Market Assessment recently published by the Governor's Energy Office shows that Maine needs

approximately 800-900 MW of new clean energy, beyond what is already expected to be built, to meet our 2030 target. LD 1350 would result in procurement of solar and/or wind resources of approximately this amount (or slightly less). It is prudent for the state to get this process underway now, for two reasons. First, there is a substantial lag time—usually several years—between the date when new renewable energy resources are procured and when they are constructed and operational. Second, based on the results of the fall 2020 procurement, the State can be confident that it will continue to lock in electricity prices beneficial to ratepayers by pursuing additional procurements now.

LD 1350 also incorporates important lessons learned from the fall 2020 procurement. Namely, LD 1350 proposes additional criteria for the selection of projects, in addition to ratepayer and economic benefits. It would require the PUC to give consideration to evidence of project viability, such as submission of preapplication materials to the relevant siting authority, and to give special consideration to projects located in economically depressed areas of the State.

Proposed amendment

While solar and wind energy is a boon to Maine's climate and economy, another lesson we are continuing to learn is that new energy infrastructure can leave a significant footprint on Maine's landscape. As the State continues to encourage clean energy development, it should also seek to use the tools at its disposal to encourage renewable energy that is sited to minimize impacts on our natural and working lands.

For that reason, TNC urges the Committee to amend LD 1350 to direct the PUC to incorporate site location into its bid evaluation criteria and give additional weight to projects that have less impact on Maine's natural resources. Appendix A contains our proposed amendment language. This language was developed by TNC, Maine Audubon and Maine Farmland Trust.

Consider that LD 1350 could result in some 700 MW of new solar energy development. Each MW of solar occupies approximately 5-7 acres of land, meaning that the procurement could result in more than 4,000 acres of new development. Depending on where this development occurs, its cumulative impacts on wildlife habitat could be relatively minor or quite substantial.

We believe it is appropriate to use the procurement process to preference projects that are relatively well sited on the landscape—for example, those that are located closer to existing development and that avoid impacts to large, undeveloped habitat blocks. Our recommended amendment would not change the role that price plays in selecting projects—price would continue to be the overriding criterion for evaluating bids. Our amendment would simply require that if the PUC is comparing projects with similar prices and economic benefits, it should choose projects that have less impact on Maine's natural and working lands.

This approach is consistent with Maine's Climate Action Plan, which recommends the State should, "Develop policies by 2022 to ensure renewable energy project siting is streamlined and transparent while seeking to minimize impacts on natural and working lands and engaging key stakeholders."

Maine's 2019 solar law (LD 1711) also offers recent precedent for incorporating siting criteria into renewable energy procurements. LD 1711 required the PUC to preference projects located on

“previously developed or impacted land” in conducting procurements for distributed generation resources. The PUC worked with the Department of Environmental Protection (DEP) to implement this requirement, and even went further than required by law, using its discretion to create additional “adders” for well-sited projects in the procurement bid evaluation framework.

Incorporating siting criteria into renewable energy procurements can also reduce the likelihood that projects selected for term sheets will later run into permitting delays. Since there is no requirement for projects bidding into the 2020-21 RPS procurements or the proposed LD 1350 procurements to have environmental permits in hand (only one of 15 projects bidding into the first tranche of the RPS procurement had applied for DEP permits at the time they were selected for term sheets), consideration of project site location during the procurement phase will minimize the chances that selected projects will not be built due to future permitting challenges.

Conclusion

TNC believes that Maine can rapidly deploy affordable clean energy while being intentional about directing new development toward places that are most compatible with Maine’s natural and working lands. We support LD 1350, but we believe it is important to amend the bill to include consideration of environmental impacts in determining which projects to select for long-term contracts.

We look forward to working with the Committee as the bill moves forward. Thanks for the opportunity to testify today, and I’m happy to answer any questions you may have.

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*Appendix A: Proposed amendment to encourage selection of well-sited renewable energy projects
(proposed changes highlighted in yellow)*

An Act To Expand Maine's Clean Energy Economy

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 35-A MRSA §3210-G, sub-§1, as enacted by PL 2019, c. 477, §2, is amended to read:

1. Competitive procurement. The commission shall conduct 2 competitive solicitations pursuant to paragraph A and 2 competitive solicitations pursuant to paragraph B-1 in order to select Class IA resources for contracts under this section.

A. Through the competitive solicitations under this section described in subparagraphs (1) and (2), the commission shall procure an amount of energy or renewable energy credits from Class IA resources that is equal to 14% of retail electricity sales in this State for the period from January 1, 2018 to December 31, 2018, as determined by the commission.

(1) The commission shall initiate a first competitive solicitation under this paragraph and ensure that solicitation results in the approval of contracts by December 31, 2020 for energy or renewable energy credits equal to at least 7% of retail electricity sales for the period from January 1, 2018 to December 31, 2018, as determined by the commission. If the commission determines that contracts for an amount greater than 7% of retail electricity sales will provide financial benefits to ratepayers, it may approve contracts by December 31, 2020 for up to 10% of retail electricity sales.

(2) No later than January 15, 2021, the commission shall initiate a 2nd competitive solicitation under this paragraph for an amount of energy or renewable energy credits equal to the difference between 14% of retail electricity sales and the amount approved in contracts by December 31, 2020.

B. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph A, subparagraphs (1) and (2), 75% of the energy or renewable energy credits contracted under this section pursuant to those competitive solicitations must come from Class IA resources that begin commercial operations after June 30, 2019 and 25% must come from Class IA resources that began commercial operations on or prior to June 30, 2019.

B-1. Through the competitive solicitations described in subparagraphs (1) and (2), the commission shall procure an amount of energy or renewable energy credits from Class IA resources that is equal to 15% of retail electricity sales in this State for the period from January 1, 2019 to December 31, 2019, as determined by the commission.

(1) The commission shall initiate a first competitive solicitation under this paragraph and ensure that solicitation results in the approval of contracts by December 31, 2021 for energy or renewable energy credits equal to at least 10% of retail electricity sales for the period from January 1, 2019 to December 31, 2019, as determined by the commission. If the commission determines that contracts for an amount greater than 10% of retail electricity

sales will provide financial benefits to ratepayers, it may approve contracts by December 31, 2021 for up to 15% of retail electricity sales.

(2) No later than January 15, 2022, the commission may initiate a 2nd competitive solicitation under this paragraph for an amount of energy or renewable energy credits equal to the difference between 15% of retail electricity sales and the amount approved in contracts by December 31, 2021.

B-2. To the extent sufficient resources are available, with respect to the competitive solicitations described in paragraph B-1, subparagraphs (1) and (2), 100% of the energy or renewable energy credits contracted under this section pursuant to those competitive solicitations must come from Class IA resources that begin commercial operations after June 30, 2021.

B-3. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give special consideration to selection of projects in economically depressed areas of the State as determined by the commission.

B-4. In conducting a solicitation and selecting Class IA resources for contracts under this section, the commission shall give consideration to evidence of project viability, including, but not limited to, the submission of a preapplication with the relevant siting authority or the submission of an interconnection request with the New England independent system operator.

C. In conducting a solicitation and selecting Class IA resources with respect to the competitive solicitations described in paragraph A, subparagraphs (1) and (2), for contracts under this section, the commission shall weigh the benefits to ratepayers and the benefits to the State's economy as follows:

- (1) A weight of 70% must be given to the benefits to ratepayers; and
- (2) A weight of 30% must be given to benefits to the economy, which may include, but are not limited to:
 - (a) Capital investments by the Class IA resource to improve long-term viability of an existing facility;
 - (b) Payments by the Class IA resource for the harvest of wood fuel;
 - (c) Employment resulting from the Class IA resource;
 - (d) Payments by the Class IA resource to a host community, whether or not required by law or rule;
 - (e) Excise, income, property and sales taxes paid by the Class IA resource;
 - (f) Purchases of goods and services by the Class IA resource; and
 - (g) Avoided emissions resulting from the operation of the Class IA resource.

C.-1 In conducting a solicitation and selecting Class IA resources with respect to the competitive solicitations described in paragraph B-1, subparagraphs (1) and (2), the commission shall weigh the benefits of each bid as follows:

- (1) A weight of 70% must be given to the benefits to ratepayers:

(2) A weight of 15% must be given to benefits to the economy, which may include, but are not limited to:

(a) Capital investments by the Class IA resource to improve long-term viability of an existing facility;

(b) Payments by the Class IA resource for the harvest of wood fuel;

(c) Employment resulting from the Class IA resource;

(d) Payments by the Class IA resource to a host community, whether or not required by law or rule;

(e) Excise, income, property and sales taxes paid by the Class IA resource;

(f) Purchases of goods and services by the Class IA resource; and

(g) Avoided emissions resulting from the operation of the Class IA resource.

(3) A weight of 15% must be given to benefits to natural resource conservation. The commission must determine these benefits in consultation with the Department of Environmental Protection and the Department of Agriculture, Conservation and Forestry. These benefits shall include, but are not limited to:

(a) Avoiding or minimizing impacts to areas of ecological significance such as undeveloped habitat blocks;

(b) Avoiding or minimizing impacts to areas of agricultural significance such as prime agricultural soils and soils of statewide significance;

(c) Locating fully or partially on, or in close proximity to, disturbed, developed, or contaminated lands.

D. The commission shall, in accordance with this paragraph, allow energy storage systems to participate in solicitations or be awarded contracts under this section.

(1) The commission shall permit an energy storage system to bid on solicitations or to be contracted under this section only if the energy storage system is connected to the State's electricity grid, paired as a complementary resource with a Class IA resource and either:

(a) Colocated with the Class IA resource, whether metered jointly with or separately from the Class IA resource; or

(b) Located at a different location from the Class IA resource and the commission finds that inclusion of the energy storage system would result in a reduction in greenhouse gas emissions.

(2) A bid under this section that includes an energy storage system must include 2 separate bid proposals, one with the energy storage system and one without. The commission shall assess the bid proposals based on the benefits to ratepayers, which may include, but are not limited to:

(a) Reduction in costs;

- (b) Decrease in peak electricity demand;
 - (c) Deferral of investments in the transmission and distribution system;
 - (d) Deferral of capital investments in new generating capacity;
 - (e) Increase in the electricity grid's overall flexibility, reliability and resiliency; and
 - (f) Reduction in greenhouse gas emissions.
- (3) An energy storage system that is not colocated with a Class IA resource may receive renewable energy credits only for stored energy generated from a Class IA resource.
- (4) If chosen for a contract under this section, an energy storage system must remain stationary and under the same ownership throughout the contract term.
- (5) The commission may permit an energy storage system to be paired with and added to a Class IA resource after that resource has been awarded a contract.

For the purposes of this paragraph, "energy storage system" means a commercially available technology that uses mechanical, chemical or thermal processes for absorbing energy and storing it for a period of time for use at a later time.

Sec. 2. 35-A MRSA §3210-G, sub-§4 is enacted to read:

4. Rules. The commission may adopt rules necessary for the implementation of this section. Rules adopted by the commission may include, but are not limited to, provisions stipulating the financial security mechanisms that will be required as a condition of the selection of Class IA resources for contracts under this section. Rules adopted pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.