Testimony of the Efficiency Maine Trust
Michael D. Stoddard, Executive Director

NEITHER FOR NOR AGAINST
LD 1554 - An Act To Provide Climate Change Transition Assistance for Maine's Energy-intensive Businesses

Presented to the Joint Committee on Energy, Utilities and Technology (EUT)

April 27, 2021

Senator Lawrence, Representative Berry, and Members of the Committee on Energy, Utilities and Technology, the Efficiency Maine Trust appreciates the opportunity to testify today neither for nor against LD 1554 - *An Act To Provide Climate Change Transition Assistance for Maine's Energy-intensive Businesses*.

The Trust recognizes the value of considering a wide range of strategies to help Maine's industrial sector make investments to transition away from high-carbon emissions. Such investments are integral to the state's long-term economic competitiveness and to meeting our greenhouse gas (GHG) emissions reduction goals. Moreover, providing incentives for these businesses to invest in their physical plant in Maine, and keeping them competitive in a global marketplace, helps to keep the jobs at those businesses in Maine.

For context, it may be helpful to report that Maine's large, energy-intensive businesses are currently eligible to receive RGGI-funded incentives through two existing Trust programs. Most commonly, industrials participate in the Trust's Commercial and Industrial (C&I) Custom Program or the C&I Prescriptive Program.

The Custom Program, for example, provides very large grants as matching funds (1:1) for private investment in qualifying, cost-effective energy projects to save energy and lower greenhouse gases. In its FY2020 Annual Report, the Trust noted the economic benefits achieved for projects funded through the Custom Program. The Trust's Custom Program delivered:

- $3.1 in savings for every $1 it invested in electricity-saving measures; and,
- $23.77 in savings for every $1 it invested in measures to save unregulated fuels (such as oil or propane).

The program requirements are clear and targeted, and the financial transaction between the Trust and the customer is straightforward. The Trust has some concern that adding complex program requirements may stifle program participation, as was the Trust's experience with previous "affected customer" legislation.[1] In

[1] See Public Law, Chapter 498. 127th Maine Legislature, Second Regular Session. LD 1398 – An Act To Reduce Electric Rates for Maine Businesses. April 29, 2016.

the absence of any legislative changes to the Trust's RGGI Fund, the Trust will continue to market its Custom Program to Maine's industrials and to invest RGGI funds through this channel and also through the Prescriptive Program.

Two high-level points should be given some consideration. First, is $3 million a reasonable amount of the RGGI funds to allocate to the top 10-15 customers in the state. Second, is it clear that these customers would welcome and take advantage of these loans? In the past, the Trust received strong feedback that many of the state's largest manufacturers have complex debt structures that may preclude them from taking on any additional liabilities (e.g., loans).

In the event the Committee decides that the Industrial Climate Transition Fund (ICTF) envisioned in the bill should be pursued, the Trust stands ready to adminsiter such a program. The Trust would appreciate further discussion and clarification of the following questions related to the policy's implementation:

1. The bill suggests that, if a participant is no longer in operation after 5 years, they must repay the balance of the loan within two years. How would the Trust collect on a loan from a company that is no longer in operation?

2. The bill proposes a loan term of five years, at the end of which the Trust will "forgive the entire balance of the loan" if all conditions are met. If the loan is fully paid back over the five years, then there would be no balance for the Trust to forgive. Is the intention that the Trust would then pay the full loan amount back to the customer? Alternatively, does the bill assume that the loan payments are deferred for the five years of the term and if all conditions are met, then the full amount of the loan is forgiven?

3. Is it the intent of the bill that the loans would offset a portion of a project's overall cost, requiring some form of customer co-pay, or that the Trust must offer to loan 100% of the project cost?

4. Would ICTF-funded projects be subject to any cost-effectiveness requirements? Section 1 of the bill seems to exempt these projects from the overarching requirements set forth in the Regional Greenhouse Gas Initiative (RGGI) statute.

5. Would large, energy-intensive businesses be eligible for funding under the ICTC *and* the Trust's other RGGI-funded programs, or would participation in this loan program render them ineligible for the Trust's other programs?

Respectfully,

/s/MDS
Michael D. Stoddard
Executive Director