



SIERRA CLUB

MAINE CHAPTER

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To: Committee on Energy Utilities and Technology

From: Jonathan Fulford, Sierra Club Maine

Date: May 5, 2021

Re: Testimony in Support of LD 1634 - An Act To Create the Maine Generation Authority

Chairman Lawrence, Chairman Berry and Members of the Joint Committee on Energy, Utilities and Technology. My name is Jonathan Fulford and I write on behalf of Sierra Club and the over 20,000 members and supporters in Maine. Founded in 1892, Sierra Club is one of our nation's oldest and largest environmental organizations. We work diligently to amplify the power of our 3.8 million members nationwide as we defend everyone's right to a healthy world. We urge you to vote "ought-to-pass" on LD 1634, An Act To Create the Maine Generation Authority.

A crucial piece of decarbonizing Maine's economy is decarbonizing our electricity system. Maine has committed to doing so with a renewable portfolio standard dictating 80% of electricity must come from renewables by 2030 and 100% by 2050. Reaching this goal will require significant investment in renewable generation capacity, on the order of \$56 billion dollars.¹ Not only do we need to replace existing fossil fuel power plants with renewable generation, but we will also need to increase capacity as electricity demand increases due to beneficial electrification. We will also need to add storage to the system to smooth out the peaks and valleys of renewable generation.

One of the distinctive energy features of renewable technologies is that they have a high upfront cost (capital expense) and low operating cost. The wind and the sun, after all, are free. While renewable energy can reduce the cost of electricity over time, you need the capital upfront. The cost to the ratepayers and the overall economics depend upon the cost of that capital.

Currently, generation infrastructure is being built by electric utilities, which charge their ratepayers more than 7% interest, and private developers who charge even higher interest rates.² In contrast, the Maine Transit Authority can borrow at interest rates of approximately 3%. The creation of the Maine Generation Authority would allow the

¹ <https://www.competitive-energy.com/zero-carbon-maine>

² <https://www.competitive-energy.com/zero-carbon-maine>

financing of generation infrastructure at similar interest rates, lowering the cost to ratepayers of transitioning to a decarbonized electricity system by as much as half.³

Like roads and bridges, the electricity system is infrastructure that we all rely on. It is in the best interest of all Mainers to update our electricity system at the lowest possible cost so that electric rates remain low, especially as more and more people rely on electricity as their primary or sole fuel, including for heating. Many Maine families already suffer from energy poverty. Maintaining low energy costs should be a priority. The creation of the Maine Generation Authority will help us to meet our climate goals without imposing additional costs on Maine families.

I urge the committee to vote “ought-to-pass” on LD 1634 to create the Maine Generation Authority.

Respectfully,

Jonathan Fulford
Legislative Team Chair

³ Comparison based on total loan cost over a 30 year term. Comparing 3% interest vs. 10% interest.