



Nicole Grohoski
PO Box 1732
Ellsworth, ME 04605
Cell Phone: (207) 358-8333
Nicole.Grohoski@legislature.maine.gov

HOUSE OF REPRESENTATIVES
2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002
(207) 287-1400
TTY: (207) 287-4469

**Testimony of Representative Nicole Grohoski
In Support of LD 1634, *An Act To Create the Maine Generation Authority***

**Before the Committee on Energy, Utilities and Technology
5 May 2021**

Good morning fellow colleagues of the Committee on Energy, Utilities, and Technology. I am Nicole Grohoski, and I represent the communities of Ellsworth and Trenton in the Maine House. I appreciate the opportunity to speak today in support of LD 1634, *An Act To Create the Maine Generation Authority*.

As you well know, the state of Maine has set ambitious goals to respond and adapt to the global climate change crisis. Our greenhouse gas emissions must be 80% below 1990 levels by 2050 according to statute. Our Governor has signed an executive order to make Maine carbon neutral by 2045. This committee has established a pathway to achieve 80% renewable electricity by 2030, through our renewable portfolio standards. Whereby electric power generation is only responsible for 7% of our emissions, we must also electrify transportation, heating, and cooling to make meaningful progress toward our goals. As demand for electricity increases, we must match it with renewable generation in order to succeed.

These are the simple facts. We know where we're headed -- away from pay-as-you-go fossil fuels and toward the fixed, upfront costs of local renewables. In this transition, cost matters -- not just because no one wants to pay more for energy and high costs stifle our economy, but because if we can't transition affordably, we just won't transition. Most people simply will not switch to electric vehicles and heating if it costs them more than using fossil fuels. We can use all sorts of tricky policy maneuvers to bring fossil fuel costs up and renewable electricity costs down to achieve our long term goals, or we can get back to basics... namely, paying less for new renewable infrastructure and storage by using low cost capital.

Enter the Maine Generation Authority. The MGA is designed to issue low cost revenue bonds to finance new renewable generation and storage projects connected to the ISO-NE grid in Maine, in order to meet our growing demand for electricity. The private sector will compete for MGA contracts to build, operate, and maintain this infrastructure. Our Maine-based installers will keep employing and training Maine people to build renewables, but can look to the MGA for financing, rather than private capital. All Maine ratepayers will benefit when we build billions

of dollars of infrastructure with money borrowed at 3% rather than 8-10%! Like I said, back to basics.

The MGA governance, administration, powers, obligations, property rights, and bond issuance authority are directly modeled after our very successful Maine Turnpike Authority. The Efficiency Maine Trust provides a loan of \$1,000,000 to fund start-up costs until new generation facilities start to produce electricity, and it also manages the sales of the electricity generated and associated RECs into the ISO-NE markets. There are riskier activities that the MGA is NOT allowed to do, in order to protect Maine ratepayers.

Maine ratepayers are currently on the hook for the long-term contracts with renewable generators via the PUC competitive bid process, and so too will they be for projects competitively bid to and financed by the MGA. Except... those projects will cost less. Even with the current, generous federal tax credit for wind and solar, lower cost, non-taxable revenue bonds still outperform private financing. If at some point that changes, the MGA will accept the financing package proposed by the bidders as more competitive than it can offer. Why? Because its purpose is to ensure we have enough renewable energy generation and storage to meet Maine's electrification goals as affordably as possible. That's it. It has no profit motive.

The Maine Generation Authority is the sole proposal in front of this committee that will ensure that we transition to renewable energy generation and complementary storage without costing Maine people and businesses more than they are currently paying for energy. We have seen many informative studies and reports, but to my knowledge, there is only one actual policy pathway for how we can electrify our economy to achieve our zero carbon goals -- Dr. Richard Silkman's "[New Energy Policy Direction for Maine](#)," completed in 2019.

Dr. Silkman set out to answer the pressing question -- is there an affordable pathway for Maine to reach a zero-carbon economy by 2050? You or I could hazard a "yes" and hope we are right. But Dr. Silkman actually put pencil to paper, made logical and evidence-based assumptions that all are encouraged to test and improve upon, and showed us that yes indeed, it can be done.

Honestly, when I read his report, I felt some relief. Finally, an actual framework outlining the renewable energy types and amount of storage we need to build and when. Certainly, this committee can debate whether or not we agree with the details of the proposed policy direction and we can add the finer points, like site location requirements, but at least we have somewhere to start. It's abundantly clear that we should utilize the lowest-cost capital possible going forward. I prefer acting on that key lesson of Dr. Silkman's work rather than hurtling blindly toward 2030 and ultimately 2050, reacting to disparate proposals in front of us with no plan.

When I bought my house, I chose the lender with the lowest interest rate because I want to be able to afford my house and have some extra spending money. For those same reasons, I ask you to consider the Maine Generation Authority with an open mind. It is our ticket to an affordable, clean energy economy that leaves money in the pockets of Maine people.

Thank you all for listening attentively to my testimony in support of LD 1634. I look forward to working with you to ensure that our clean energy transition is one that we can all afford and at a

pace that creates good, local jobs for at least the next 30 years. This committee is at a critical juncture with much to decide about our energy future. When it comes to the Maine Generation Authority, let us take the road less traveled by, for it will make all the difference.