



May 5, 2021

Senator Mark Lawrence, Chair
Representative Seth Berry, Chair
Committee on Energy, Utilities and Technology
100 State House Station
Augusta, ME 04333

Re: Testimony in opposition to LD 1634, “An Act To Create the Maine Generation Authority”

Senator Lawrence, Representative Berry, members of the Energy, Utilities and Technology Committee, my name is Jeremy Payne and I am the Executive Director of the Maine Renewable Energy Association (MREA). MREA is a not-for-profit association of renewable energy producers, suppliers of goods and services to those producers, and other supporters of the industry. MREA members sustainably manufacture electricity from hydro, biomass, wind, tidal, and solar.

MREA testifies in opposition to LD 1634 as it appears to be a solution in search of a problem. If we have learned anything in the last two years since the 129th Legislature’s passage of LDs 1494 (grid-scale procurement) and 1711 (distributed generation), it is that the clean energy marketplace has identified Maine as a great place to deploy its capital. Whether that reputation remains intact is highly dependent upon what this committee and the 130th Legislature decide to do in the coming weeks.

We have heard Public Utilities Commission (PUC) Chair Bartlett tell this committee on multiple occasions that the Commission has seen robust competition for the grid-scale procurement it oversaw. This procurement led to contracts for more than 500 megawatts of clean, Maine-made energy. And perhaps most importantly, the pricing for that first tranche of contracts was at near historic lows.

LD 1634 would replace the private marketplace with a government-run authority, and ultimately shift project development and construction risk onto the ratepayers. The existing procurement processes the PUC oversees ensures that the ratepayers benefit from the output from an operational project; however, this authority would also place the pre-operation and construction stranded asset risk on to the ratepayer-backed Authority. In short, if the Authority makes a bad bet on a project that fails for any number of reasons, ratepayers are on the hook for that cost.

Given the Biden Administration’s focus on clean energy development, and their commitment to building upon success stories (e.g. Production Tax Credit; Investment Tax Credit) it appears likely that federal energy policy will continue to allow for clean energy development to benefit from these proven tax policies. Notably, the Authority will not have federal income tax liability

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and would not be able to utilize the federal tax policies that help deliver lower project costs for all consumers while creating new jobs and reducing environmental pollution.

The bill also contemplates very prescriptive renewable and energy storage procurements, but there is very little, if any, information that indicates how those numbers were arrived at. We suspect some of that data may be found in Rich Silkman's report from a few years ago, but we encourage the committee to drill down to better understand how, why, and whether those targets achieve the state's goals.

Additionally, LD 1634 appears to create tax exempt status for all its projects, which means host communities would no longer receive new commercial taxable value. As this committee knows, one reason communities approve projects is their ability to help stabilize or lower property taxes.

To be clear, this bill would lead to a seismic shift in Maine's energy policy, and as such we encourage the committee to tread lightly and have a very robust discussion of whether this Authority is necessary to achieve the state's climate goals.

We respectfully urge the committee to vote ought not to pass on this piece of legislation.¹

Thank you for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Payne', with a large, stylized flourish at the end.

Jeremy N. Payne
Executive Director

¹ All of the views expressed in this document do not necessarily represent the positions of each of our members. Since MREA represents a broad spectrum of companies, we anticipate some members may submit comments of their own.