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PUBLIC UTILITIES COMMISSION

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**Testimony Neither For Nor Against**

**LD 336 – An Act To Encourage Research To Support the Maine Offshore Wind Industry**

May 11, 2021

Senator Lawrence, Representative Berry, honorable members of the Committee on Energy, Utilities, and Technology, the Public Utilities Commission (Commission) testifies neither for nor against LD [336](#), *An Act To Encourage Research To Support the Maine Offshore Wind Industry*. The Act would require Commission to negotiate long-term contracts necessary to facilitate research on the development of floating offshore wind energy projects on the outer continental shelf in the Gulf of Maine. It appears from the language of the Act, that such long-term contracts would not be the traditional contracts for produced energy; but rather, to fund “research.”

The Commission recognizes the important public policy regarding offshore wind energy development and the need for comprehensive research. The Commission would also note that research is not typically funded by ratepayers, but rather through grants, taxes and/or bonds.

Sponsor’s Amendment

The Commission understands that there will be a Sponsor’s Amendment that would replace LD 336 in its entirety. The draft shared with us would require the Commission to order into effect a 20-year long-term power purchase agreement (PPA) for energy, capacity and renewable energy credits for a floating offshore wind project of a least 100 MW and up to 144 MW located in the Gulf of Maine. The contract would be with New England Aqua Ventus, LLC (NEAV)<sup>1</sup> or an affiliate and a Maine transmission and distribution (T&D) utility.

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<sup>1</sup> NEAV is a joint venture between Diamond Offshore Wind, a subsidiary of the Mitsubishi Corporation, and RWE Renewables, the second largest company in offshore wind globally, to develop the University of Maine’s floating offshore wind technology demonstration project off the coast of Maine.

The Commission emphasizes that the amendment we reviewed does not restrict contract prices to market-rates and does not limit, in any way, the contract rates. Thus, the cost of the 20-year PPA to ratepayers is unknown.

#### Current Off-Shore Wind Contract

During its 2019 session, the Legislature enacted Resolve, To Require the Approval by the Public Utilities Commission of a Proposal for a Long-term Contract for Deep-water Offshore Wind Energy. Resolve, ch 87. The Resolve required the Commission to direct Central Maine Power Company (CMP) to enter into a long-term (20 years) PPA with Maine Aqua Ventus I GP LLC (MAV) to purchase the output of an offshore wind project to be sited in waters off of Monhegan Island. On November 6, 2019, the Commission issued its Order Approving Contact.<sup>2</sup>

The original MAV project was for two 6 MW turbines; however, the Project currently plans for one floating turbine of 9.5 MW to 12 MW. The contract price is 23 cents/kWh for the first year of the contract increased by 2.25% annually. On September 11, 2020, the PPA was assigned by MAV to NEAV. The Project is not in operation and the Commission is unaware of the current projection of a commercial operations date.

The PPA has a provision (Article 6.1.8) that provides that MAV (now NEAV) shall submit a business case for the development and construction of an offshore wind farm of no less than 100 MW in the Gulf of Maine. This provision does not require or contemplate that this project include an above-market long-term PPA with a T&D utility that would be paid for by ratepayers.

To conclude, the Commission suggests that the Committee consider LD 336 in the context of its general review of the State's renewable energy policies and the overall costs to the State's electricity ratepayers in implementing those policies.

The Commission is available to answer questions and plans to attend the work session as well.

Sincerely,



Garrett Corbin  
Legislative Liaison

cc: Energy, Utilities, and Technology Committee Members  
Deirdre Schneider and Daniel Tartakoff, Legislative Analysts

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<sup>2</sup> *Ocean Energy Long Term Contract* (Docket No. 2010-00235).