

LD 1682 - An Act To Require Consideration of Climate and Equity Impacts by the Public Utilities Commission

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Committee on Energy, Utilities, and Technology

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Honorable Committee Chairs Senator Lawrence & Representative Berry and Members of the Energy, Utilities and Technology Committee. Thank you for the opportunity to submit written testimony on [LD 1682 - An Act To Require Consideration of Climate and Equity Impacts by the Public Utilities Commission](#) and special thanks to Rep. Vicki Doudera for her leadership in bringing this bill forward.

[Acadia Center](#) is a non-profit, research and advocacy organization incorporated in Maine and committed to advancing the clean energy future by offering real-world solutions to the climate crisis. Acadia Center tackles complex problems, identifies clear recommendations for reforms, and advocates to create significant change that supports a low-carbon economy across the Northeast which can then be a model for application elsewhere. Acadia Center identifies regional, state, and local improvements that will dramatically reduce carbon pollution and improve quality of life throughout the Northeastern United States.

Acadia Center Supports LD 1682.

- This bill revises the [Maine Public Utilities Commission \(Commission\) enabling statute](#) to include achieving the State greenhouse gas reduction targets and prioritizing equity as two of its primary missions.
- By reforming its enabling statute to specifically add climate and equity to the Commissions' responsibilities, the Commission is empowered not only to make decisions that incorporate considerations of the costs and benefits of climate change, in alignment with Maine's statutory climate requirements, but also to claim greater authority in moving those requirements forward through its unique authority as the regulator of investor-owned utilities.
- The bill elevates "equity" in Commission decision-making to address equity and mitigate energy burdens on environmental justice and frontline communities and utility customers. To ensure that "equity" and "environmental justice" issues are appropriately considered and designed, Acadia Center suggests that the Commission consult with the Maine Climate Council Equity Subcommittee. Because of the importance of getting this right and properly ensuring these considerations in decision-making, the Maine Legislature might consider establishing and elevating the Equity Subcommittee of the Maine Climate Council in the Climate Change Greenhouse Gas Emission Reduction statute, similar in structure and stature to the Scientific and Technical Subcommittee.

The Maine Climate Action Plan and the Maine Public Utilities Commission's Role

The Maine Climate Council approved, and Governor Janet Mills launched, on December 1, 2020 ["Maine Won't Wait: A Four-Year Plan for Climate Action"](#) that confronts the extreme impacts of climate change on Maine's coastal communities, public health, fishing and marine industries, forests, and low-income and other vulnerable

populations. The *Climate Action Plan* endorses several positive strategies designed to reduce emissions in the transportation, buildings, energy, and industrial sectors while encouraging healthy and resilient communities, investing in infrastructure, preserving natural lands, growing jobs and the economy, and protecting vulnerable citizens. Some of the key provisions:

- Significantly expands beneficial electrification for heating and transportation;
- Increases weatherization, especially for low-income and rural households;
- Phases in modern, energy efficient building codes to reach net zero carbon emissions for new construction by 2035;
- Leverages additional procurements of clean energy supply with specific development targets for offshore wind, smaller distributed energy resources, and energy storage;
- Minimizes environmental and community impacts of renewable siting;
- Initiates a power transformation stakeholder process to pursue utility innovation and grid modernization;
- Marries Maine's natural resources and cleantech workforce and innovation to create and maintain good-paying, sustainable jobs;
- Increases investments in Maine forest conservation and carbon sequestration; and
- Identifies innovative financing mechanisms, with a heightened focus on overburdened/vulnerable communities, to fund policies, programs, and projects.

We now have a *Maine Climate Action Plan*. Action now turns to state agencies to implement and interpret the strategies. We need to help give them the tools to do so.

We thought we would start with the Maine Public Utilities Commission, considering their oversized impact on clean energy projects and progress and potential climate benefits. If we are going to electrify the economy – buildings and transportation with a clean electricity grid – the Commission MUST consider climate in its decision making.

The Commission currently regulates electric utilities' rates and services and provide oversight to utilities like CMP and Versant Power to whom they have granted monopoly markets. Generally, the Commission is charged to keep rates low, ensure reliable supply, and allow utilities the opportunity to earn a profit on their business.

That's it!

LD 1682 is the “Action” in the Maine Climate Action Plan

The latest climate science calls for decarbonization at a speed and scale well beyond what Maine has already achieved and will require deep cuts from all sectors. Delay in taking significant steps to plan for such emissions reductions in all sectors will only require more expensive and drastic cuts in later years. The decisions that state agencies make today will create the building stock, transportation systems, and energy infrastructure of 2030, 2050 and beyond.

- State agencies must prioritize climate now and create efficient buildings, powered by clean, renewable heating, and electrified transportation. They must stop approving investments in fossil fuel infrastructure, especially since Maine customers will still be paying much of it off long after we have abandoned it to mitigate climate risks. Finally, state agencies must also coordinate and work together towards climate goals to avoid waste and working at cross-purposes.

- By instilling this authority and consideration in state agency decision making, it will promote projects that need new or updated infrastructure to electrify; enable optimized use of distributed energy resources (DERs), least-cost grid operations, and non-wire alternatives (NWA)s; electrify homes and businesses; and enable appropriately valued health, jobs, and other non-energy benefits. It will do all of this while eliminating wasteful spending and stranded costs for fossil-fuel related infrastructure that is inconsistent with climate goals. Equity and justice concerns will also be elevated in decision-making, as well as resilience and adaptation strategies when making investment and planning decision.
- Not all strategies are created equal, and State of Maine Agencies will want to focus on those that deliver the biggest bang for their buck. Implementation of a significant portion of the plan falls to State agencies without the statutory charge to incorporate climate targets into their regulatory and programmatic decision-making. As a result, the additional consumer, health, economic and equity benefits that can be achieved through climate action are often overlooked in cost comparisons and agency decision-making. Implementation is needed immediately, and State Agencies' statutory requirements should not be a roadblock to climate solutions.
- To make swift progress on greenhouse gas emission reductions, we must change the way the Commission responds to and considers clean energy and climate mandates.
- Currently, most public utilities regulatory entities operate in ways that fail to treat effective, clean energy technologies and resources on a level playing field, often furthering dependence on fossil fuels. The Commission has the potential to advance a low-carbon future, but outdated mandates may keep it from doing so.
- The Commission is required to focus on rate impacts, rather than addressing a more complete assessment of ratepayer benefits, including meeting state climate targets, and utilizing clean technologies to improve indoor air quality or provide other consumer benefits that overall lower bills. As a result, the additional consumer, health, economic and equity benefits that can be achieved through climate action are often overlooked in cost comparisons.
- The Commission's enabling statute does not appropriately account for these continued impacts and are misaligned with Maine's push for dramatic emission reductions. The Commission's enabling statute is overdue for reform. If the Maine Legislature were to update the enabling statutes to clarify the Commission responsibility to regulate in alignment with state policy goals, the Commission could require consideration of the full costs of energy investments in all decisions and mandate minimizing climate impacts.
- This would allow Commissioners to make decisions that support greenhouse gas reduction and consider climate change impacts, and that appropriately value climate justice issues, societal health impacts, job creation, improved reliability, and other quantifiable costs and benefits.
- This screen could minimize long-term costs to ratepayers from climate and other impacts that now fall outside the scope of the PUCs' prime responsibility in just keeping the cost of energy low.

Such reforms to enabling statutes can also include prioritization of climate justice and equity and reduction of emissions in environmental justice areas or other key policies. Reforms to enabling statutes can also include prioritization of equity, changes to siting processes, and reduction of emissions in environmental justice areas or other key policies.

Elevating Climate & Equity in Commission Decision-Making Enjoys Broad Support!

- **Maine’s [Environmental Priorities Coalition \(EPC\)](#)** is a partnership of 32 environmental, conservation, and public health organizations representing over 100,000 members who want to protect the good health, good jobs, and quality of life that our environment provides. LD 1682 is one of EPC’s top environmental and climate bills for 2021. According to the [EPC Fact Sheet](#), “this bill would specifically add climate and equity to the PUC’s responsibilities, empowering it to value emissions reductions and environmental justice in policy, programmatic, and regulatory decisions. Instead of choosing the cheapest solution in the moment, the PUC can be empowered to choose the best solution for both today and tomorrow’s ratepayers.”
- The **[Maine Utility/Regulatory Reform & Decarbonization Initiative \(MURRDI\)](#)** Stakeholder Group includes experts and senior officials from State agencies (including Governor’s Energy Office, Efficiency Maine Trust, the Public Advocate, and the Commission), Maine’s two investor-owned utilities (CMP & Versant), representatives of two of the State’s largest cities, and several renewable and environmental companies and organizations. In April 2021, after more than six months of high-level discussions and deliberations, MURRDI released a report that includes [PUC Climate & Equity as one of their nine \(9\) primary recommendations](#) to help “plan, build, and operate an electricity grid that meets the State’s aggressive climate and energy requirements while maintain a safe, reliable, secure, and affordable le grid.” Acadia Center is especially excited about two of the nine recommendations:
 - To investigate, adopt, and implement an all-encompassing, long-term, strategic grid planning process, with an eye toward phasing out fossil fuels and separating utility planning from ownership.
 - To expand the PUC’s decision-making framework to consider Maine’s climate requirements, equity implications, and impacts on environmental justice communities to enable consideration of the full costs and benefits of energy investments in all decisions.
- The **[Maine Climate Council, Buildings, Infrastructure and Housing Working Group](#)** recommended this policy strategy as part of its [“Modernize and Optimize Grid” section of its July 2020 Report](#) to the full Council. The BIH included builders and architects, energy companies, legislators, municipalities, state agency officials, youth representatives, and other private, public, and nonprofit experts. Action 3 to Modernize and Optimize the Grid states the following:
 - Review and reform government agency enabling statutes to include climate requirements in decision making.
 - Review enabling laws of state agencies, including the Maine PUC, and suggest amendments where necessary to align with state carbon reduction requirements and the State’s Climate Action Plan.

- One Work Group Member (i.e., Acadia Center) recommended placing societal costs and benefits, including emission reductions, on an equal footing with other life-cycle costs at the center of agency decision-making so that regulatory processes would screen for investments that account for carbon emissions.

LD 1682 Ought to Pass!

According to the BIH Working Group report to the Maine Climate Council, “Maine has made substantive strides in addressing climate mitigation through legislative and executive action. However, the agencies charged with advancing climate goals are often hampered by enabling laws that do not align well with the goal of reducing carbon. Regulatory frameworks may limit the scope of state agency decision-making in carbon-intensive sectors such as electric and gas utilities, transportation, and buildings and land use, and may serve as a barrier to strong climate progress.”

The MURRDI stakeholders’ report goes on to state that “one of the group’s desired outcomes is that the grid is being planned, built, and operated to address both utility and consumer needs related to greenhouse gas emissions requirements, equity and environmental justice, safety, reliability, resiliency, and other quantifiable benefits. While the PUC currently considers safety, reliability, and resiliency, it is not required to consider climate, equity, and environmental justice in its decision-making. Formal PUC consideration of these issues will help ensure that the grid is planned, built, and operated to address them...statutory changes would be needed to accomplish this.”

Acadia Center urges the Committee to support LD 1682 and looks forward to working on Maine’s continuing climate, equity, and state agency strategies.

Thank you again for the opportunity to provide testimony. Please do not hesitate to contact me if you have any questions.

For more information:

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