



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

JANET MILLS
GOVERNOR

DAN BURGESS
DIRECTOR OF GOVERNOR'S
ENERGY OFFICE

TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

**An Act To Create the Pine Tree Power Company, a Nonprofit Utility, To Deliver Lower Rates,
Reliability and Local Control for Maine Energy Independence
L.D. 1708**

**GOVERNOR'S ENERGY OFFICE
May 20, 2021**

Senator Lawrence, Representative Berry, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Dan Burgess and I am the Director of the Governor's Energy Office (GEO).

The GEO testifies neither for nor against L.D. 1708.

This proposed legislation would create the Pine Tree Power Company, a privately operated, nonprofit, consumer-owned utility controlled by an elected board. The proposed Pine Tree Power Company would be directed to purchase or acquire all utility facilities in the State by the exercise of the right of eminent domain, in broad terms replacing Maine's current investor-owned transmission and distribution (T&D) utilities. The bill lays out a number of requirements and limitations of the Pine Tree Power Company. Additionally, it requires that the proposed bill be submitted to the voters of the State, if the legislation passes, on the creation of the Pine Tree Power Company.

Since taking office, Governor Mills has prioritized the advancement of clean energy in Maine to mitigate the impacts of climate change, reduce Maine's dependence on imported fossil fuels, and grow Maine's economy to create jobs for Maine people. The GEO is committed to achieving the State's bold clean energy and greenhouse gas emissions reduction requirements. This includes accomplishing Maine's Renewable Portfolio Standards (RPS) of 80% by 2030 and the goal of 100% by 2050, as well as the State's greenhouse gas emissions reduction requirement of 45% below 1990 levels by 2030 and 80% below 1990 levels by 2050.

As we work to meet these requirements, the GEO has sought to ensure Maine's residents and businesses have safe, reliable, clean, and affordable electricity. It is vital that customers have confidence that Maine's electricity providers are meeting high levels of service quality, appropriately investing in its workforce, and moving toward a more modern electric grid. This is of increasing importance as more Maine residents and businesses pursue beneficial electrification in the building and transportation sectors to increase energy efficiency and reduce greenhouse gas emissions from fossil fuels.

To these ends, the GEO continues to pursue efforts to ensure utilities provide better service to customers and make forward-looking investments that moves Maine toward a cleaner and smarter electric grid. Earlier this year, Governor Mills requested that the Public Utilities Commission (PUC) open a review to ensure Maine's electric utilities have the systems and planning in place to accommodate the

growth of renewable and distributed energy resources¹. In response to this request, the PUC has opened an investigation into Central Maine Power's interconnection practices (Docket 2021-00035) as well as a docket to investigate future design and operation of the electric system and how best to accommodate increasing amounts of renewable energy and substantial load growth (Docket 2021-00039)². The PUC has also opened a proceeding to consider performance metrics for Maine's electric utilities³.

The proposal to create a new public entity to take control of Maine's transmission and distribution utilities is a significant endeavor and any consideration of such a proposal should be done so cautiously and with clarity of impacts.

As directed by the legislature, the PUC retained London Economics International LLC (LEI) to evaluate the costs and benefits associated with the proposal of the creation of the Maine Power Delivery Authority. Following the release of that report, LEI presented their analysis to the EUT Committee in February 2020. The LEI report recommends several additional studies of important topics that were not within the scope of their analysis. These include studies of various tax issues, of future capital expenditure needs of Maine's transmission and distribution network, of the design of the capital structure, and of the competitive procurement process and optimal contractual agreement for the third party that would operate and maintain the system. Further questions were raised during this process around costs and timelines that were also unable to be addressed.

With the potential effects on Maine's climate, energy market and economy, it is critical that Maine's residents and businesses have the fullest understanding possible of the potential risks, costs, and opportunities that would come from this proposal. This bill, printed a few days ago, raises substantial and serious questions that deserve a great deal more examination and research by the Legislature than is likely allowed during the current session. Examples of additional areas for further consideration include income and property tax impacts, the broad exercise of eminent domain and the proposed governance structure of elected Board members. The GEO remains committed to ensuring Maine's residents and businesses should have safe, reliable, and affordable electricity while achieving our clean energy and greenhouse gas reduction targets.

Thank you for your consideration.



Dan Burgess, Director
Governor's Energy Office

¹ <https://www.maine.gov/energy/sites/maine.gov.energy/files/inline-files/Mills%20PUC%20Letter.pdf>

² <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=4164283&v=article08>

³ <https://www.maine.gov/tools/whatsnew/index.php?topic=puc-pressreleases&id=3773530&v=article08>