



SIERRA CLUB

MAINE CHAPTER

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To: Committee on Energy, Utilities, and Technology

From: Matt Cannon, Sierra Club Maine

Date: May 19, 2021

Re: Testimony in Support of LD 1708: **An Act To Create the Pine Tree Power Company, a Nonprofit Utility, To Deliver Lower Rates, Reliability and Local Control for Maine Energy Independence**

Senator Lawrence, Representative Berry, and Members of the Committee on Energy, Utilities, and Technology. My name is Matt Cannon, and I write on behalf of Sierra Club and the over 20,000 members and supporters in Maine. Founded in 1892, Sierra Club is one of our nation's oldest and largest environmental organizations. We work diligently to amplify the power of our 3.8 million members nation-wide as we move to demand bold solutions to the climate crisis and for a just and sustainable future. LD 1708 will equitably and rapidly meet our decarbonization goals and democratize our energy system.

To meet our worldwide climate goals¹ and Maine's 100% renewable energy mandate, we need immediate drastic action. Our current investor owned utilities (IOUs) have inherent structural barriers that inhibit them from meeting our climate goals. In some cases, they have significantly delayed our transition to 100% renewable energy. They have [nullified interconnection agreements](#) with solar companies (which CMP is under investigation for), provided [inadequate staffing in order to achieve higher profits](#), and [fought the initial campaign for net energy billing](#). Relatedly, they seek excessive rate hikes of up to 25% without clearly demonstrating better performance or pursuit of climate goals, all with little public transparency.² Even though IOUs are regulated by the Public Utilities Commission, they are profit maximizing shareholder owned companies. In essence, all their actions have to lead to more profit. They are acting like we should expect them to, as a monopoly with zero competition. What they and many have forgotten is that we the people bestowed this monopoly power, and consequently we can remove the privilege.

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<https://www.iea.org/news/pathway-to-critical-and-formidable-goal-of-net-zero-emissions-by-2050-is-narrow-but-brings-huge-benefits-according-to-iea-special-report>

² <https://mpuc-cms.maine.gov/CQM.Public.WebUI/Common/CaseMaster.aspx?CaseNumber=2020-00316>

A consumer owned utility (COU) is a far better model. Governed only by its customers and bold climate mission, Pine Tree Power will access capital at half the cost of the IOUs and double the pace of smart investment to support renewables and beneficial electrification.³ Due to more democratic input and governance, the Pine Tree Power Company will improve rates and reliability through its new performance standards that we create and cut the cost of pole access for rural broadband.

Maine's for-profit, investor-owned utilities like CMP and Versant charge residential customers 58% more than consumer-owned utilities do.⁴ In fact, if CMP and Versant charged the same rates as Maine COUs, customers would save \$155 million per year (as of 1/1/2021).⁵ These funds could be used to improve our power delivery system and make energy more affordable. As a COU, Pine Tree Power will borrow at 3% or less. An independent analysis shows that Maine people and communities will save \$9 billion over the first 30 years, beginning from year one, by purchasing CMP and Versant with revenue bonds and keeping money here in the state that would otherwise go to distant shareholders.⁶ The choice is ours. We can be captive customers of CMP and Versant or save money while investing in better, more reliable service, and a more rapid, equitable shift to clean energy.

Our investor owned utilities will never take the necessary bold, innovative action. Their current structure provides no incentive to change. Their only priority is to maximize profits above all else. That is their fiduciary obligation to shareholders.

Sierra Club believes in democratizing our energy sector. Energy democracy redistributes power, both literally and figuratively, while focusing on social justice and human dignity and creating broad investments in people and communities.⁷ The Pine Tree Power Company will allow Mainers to invest in our own community and achieve our own goals.

An example of this is the Sacramento Municipal Utility District (SMUD), which demonstrates how influential a consumer owned, not-for-profit utility can be. For over 70 years it has been serving over 1.5 million customers in both a rural and urban setting. It has the most ambitious climate goals of any large utility in the country, to be [zero carbon by 2030](#), while continuing to provide safe and reliable power.⁸ It already has over 50% non-carbon emitting power resources. Furthermore, carbon reduction is an economic opportunity. Its zero carbon plan prioritizes job creation, climate friendly

³ <https://ourpowermaine.org/wp-content/uploads/2021/03/Consumer-Owned-Utility-Whitepaper.pdf>

⁴ <https://ourpowermaine.org/wp-content/uploads/2021/02/OurPower-Overview.pdf>

⁵ <https://ourpowermaine.org/wp-content/uploads/2021/02/OurPower-Overview.pdf>

⁶ <https://ourpowermaine.org/wp-content/uploads/2021/03/review-and-assessment-of-lei-model-2020.pdf>

⁷ Professor Jennie Stephens, Fix the Grid Event on 18 May 2021.

⁸ <https://www.smud.org/zerocarbon#Stay-informed>

business growth, and improved community health. Lastly, SMUD will repurpose natural gas generation, invest in rooftop solar and battery storage, prioritize innovative pilot projects, and expand partnerships to offset costs. These are the types of goals that the Pine Tree Power Company could achieve.

Passing LD 1708 reestablishes the public service component of a public utility by requiring the election of its leaders who are accountable to us. By eliminating the profit motive of a shareholder-owned corporation, the Pine Tree Power company will be like any other public interest non-profit—serving the public good. Pine Tree Power will be run by an independent, not-for-profit board, with seven elected and voting members and four expert advisory members. They will answer to Maine customers—not to distant investors. If they do not do their job, they will not be reelected. Notably, SMUD has a seven [person elected board](#) who are accountable to its customers and who have shown more responsible, bold leadership.⁹ They are community leaders and experts, who have diverse experiences that enhance the board makeup. They are more innovative and responsive to the needs of the community and do not only focus on profits and maintaining the status quo.

With more accountability comes more transparency, which is the foundation of a democratic society. All Pine Tree Power Company board meetings will be public, providing unprecedented transparency and access for all Mainers into the decision-making that will guide our energy future.

Maine's state motto Dirigo means "I lead." With your help, we will. The Pine Tree Power Company will blaze a new and exciting trail to 100% clean energy, leaving no one behind.

In the spirit of democracy and participatory government, please support this bill and send the question to the voters. We urge you to pass LD 1708.

Respectfully submitted,

Matt Cannon
Campaign and Policy Associate Director
Sierra Club Maine

⁹ <https://www.smud.org/en/Corporate/About-us/Company-Information/Board-of-Directors>