



**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***

**by David Costello, Climate & Clean Energy Program Director**

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**Addressing Climate Change**

Senator Lawrence, Representative Berry, and distinguished members of the Energy, Utilities and Technology Committee. My name is David Costello. I am the Climate and Clean Energy Program Director at the Natural Resources Council of Maine (NRCM), and I am testifying today 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*.

As we all know, Maine must decrease greenhouse gas emissions by 45% by 2030 and 80% by 2050 and achieve carbon neutrality by 2045. Achieving this level of greenhouse gas emissions reduction is achievable but will require Maine to act swiftly, decisively, and boldly. It will require decision-makers to think creatively and objectively about how to maximize limited fiscal resources to achieve the greatest emissions reductions possible.

LD 1708 requires policymakers to ask the fundamental question of whether Maine can achieve its required emissions reductions cost-effectively, and on the urgent timeline necessary, with our current investor-owned utility system. NRCM has reached the conclusion that our climate goals and our investor-owned transmission and distribution (T&D) utilities may no longer be compatible.

**Maine's Clean Energy Future**

One thing is absolutely clear: As we decarbonize our transportation and heating systems, Maine will depend even more on electricity and our grid than it does today. We also know that we need a grid that is designed for the clean energy world that we are entering.

That is not what we have today. Our electricity systems were designed for conditions that are increasingly irrelevant: centralized power plants converting relatively cheap fossil fuels into electricity – at 40% efficiency, with little concern about carbon emissions – flowing in one direction along transmission and then distribution systems to consumers. In the past, ensuring a reliable electric grid meant building a transmission system to meet anticipated peak demand and simply building substations and wires to meet it.

What we need moving forward is much different. Our energy future is full of opportunity for new options that empower consumers, and new technologies that can be deployed to lower costs. The Committee is familiar with non-transmission (or non-wires) alternatives and their

potential to lower delivery costs through distributed generation and energy efficiency. Combining information technology with distributed energy resources increasingly means utilities and consumers will have the ability to actively manage load, generation, and storage in much more dynamic ways.

Tapping these benefits means we must evolve and innovate, and our utilities must be nimble and assiduously engaged. Investor-owned utilities, however, tend to be conservative and risk averse. A strategy that may have served us well in the past but is hard to reconcile going forward. We cannot afford to take ten years and hundreds of millions of dollars to upgrade systems that are out of date by the time they are completed.

Additionally, consumers will play a much more active role in investing in distributed energy and managing their load. We need consumers to shift to time-of-use rates and charge their electric vehicles off peak and invest in solar plus storage. To persuade consumers to adapt and embrace these changes, we need to truly put consumers' interests first.

### **We Need Electric Utilities That Embrace Change and Plan for It**

Our energy future is also cleaner. Our power supply mix will be more diverse, with large volumes of grid-scale and distributed clean energy resources. To integrate all of these resources over the coming decades ***we need electric utilities that embrace change and plan for it.***

But that is not what we have today. More often than not, Maine's large investor-owned utilities have impeded and obstructed the movement toward a cleaner, more localized and efficient energy system. Their interest in maximizing earnings for their shareholders are too often unaligned with the public interest. This is particularly the case with Central Maine Power (CMP).

The best option for Maine going forward, as proposed in LD 1708, would be to establish a statewide consumer-owned utility (COU). A not-for-profit, ***not government***, run electric utility, governed by an elected board, regulated by the Public Utilities Commission, and focused intently and transparently on meeting the affordability, reliability, and security needs of its customers and on helping the state achieve its crucial climate, clean energy, and economic development goals.

LD 1708 would create the Pine Tree Power Company that, among other purposes (Sec. 4002) would utilize low-cost capital and its ability to manage an electric T&D system that is not driven by the profit requirements of shareholders but to provide safe, affordable, and reliable electricity; ensure timely and accurate billing and customer service; provide a supportive platform for renewable energy, efficiency, and storage; and assist the state in rapidly meeting or exceeding the state's climate action goals. This is what Maine people want and need, and we believe that a consumer-owned utility is the way to get there.

It's worth noting that some of the most important, best run institutions in our society are not-for-profit hospitals, universities, research foundations, and water and electric utilities. And, like

these critical institutions, the Pine Tree Power Company COU proposed in LD 1708 would be managed to maximize customer and public benefits, not shareholder profits.

For these reasons, NRCM strongly supports LD 1708 and encourages you to approve this bill. I thank you for your consideration and would be happy to answer any questions you may have.