



Testimony of Jerry E. Livengood
on behalf of Bangor Natural Gas Company

L.D. 698, “An Act Directing the Public Utilities Commission to Study the State
Natural Gas Supply Pursuant to the Maine Energy Cost Reduction Act”

March 8, 2023

Senator Lawrence, Representative Zeigler, and Members of the Energy, Utilities and Technology Committee.

My name is Jerry E. Livengood. I am General Manager and President of Bangor Natural Gas Company (“Bangor Gas” or the “Company”), a small local distribution gas utility serving approximately 8,200 customers in the greater Bangor area. I submit this testimony in support of LD 698.

The recent spike in energy prices, beginning in the winter of 2021-22 have primarily been driven by increased U.S. exports in response to increased demand from European countries which previously had received natural gas from Russia. Natural gas remains an efficient and reliable source of energy for New England’s wholesale generation fleet. Natural gas also provides a necessary fuel to residential customers for heating and other domestic uses and commercial and industrial customers who use it for heating and manufacturing needs.

Although the U.S. is the largest producer of natural gas, Maine sits at the northernmost end of a pipeline network. Natural gas prices are the highest in New England due to a lack of pipeline infrastructure needed to meet peak demand during the winter. Building more pipeline capacity into New England, as would be made possible by LD 698, would help stabilize energy prices for Maine’s consumers and would help the State achieve the goals of legislation that was passed almost one decade ago.¹

Bangor Gas was a party to the Commission’s investigation by the Commission to determine whether and how to exercise its authority to reduce energy costs for Maine and New England electric and natural gas utility customers under the provisions of the Maine Energy Cost Reduction Act (codified in 35-A M.R.S. §1901 et seq) (the “Act”).² In this proceeding, the Commission found that, in order to resolve pipeline constraints, Maine and other regional stakeholders needed to explore precedent agreements with interstate pipelines, and in conjunction with local distribution companies (“LDCs”) or through energy cost reduction contracts (“ECRCs”).

¹ During its 2013 session, the Legislature enacted The Maine Energy Cost Reduction Act, P.L. 2013, ch.369, codified at 35-A M.R.S. § 1901 et seq (Act).

² Maine Public Utilities Commission, Investigation of Parameters for Exercising Authority Pursuant to the Maine Energy Cost Reduction Act, 35-A M.R.S. §1901, Docket No. 2014-00071, Order – Phase II (Sep. 14, 2016).

The Commission ultimately found that an ECRC proposal presented in that proceeding satisfied the requirements of the Act and decided to move forward with negotiation of a precedent agreement with one of the projects for Maine's 9% load share "conditioned upon comparable precedent agreements with [the Access Northeast Pipeline project] and other New England states." Docket No. 2014-00071, Phase II Order at 41. An ECRC ultimately never materialized, however, because of the lack of coordination by other New England states.

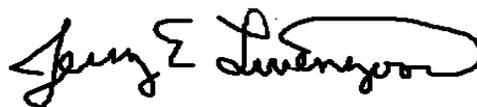
Natural gas remains the predominant fuel for base load generation in New England, providing 52% of total generation in the region. Nuclear currently provides 26% of total generation. Renewables, including, hydro, wind, waste/refuse, wood, solar, landfill gas, methane, and steam, comprise approximately 19% of total generation in the region. Wind and solar are currently responsible for approximately 4% and 3%, respectively. Oil fired generation and coal currently comprise 2% and 0.31%, respectively of the region's total generation.³

Due to their intermittent nature, transitioning to greater amounts of solar and wind renewables will increase our reliance on natural gas in the short term. With the recent retirement of nuclear plants and less efficient fossil fuel units, coupled with the increased demand for renewables, natural gas fired generation has increased in recent years and it is expected to continue until the region can transition towards more renewables. Natural gas is the necessary bridge fuel that will allow Maine and New England to ultimately achieve renewable energy goals.

Bangor Gas continues to support the concept of an ECRC that would allow Maine and New England to reduce natural gas pipeline constraints. Lowering the basis differential between Maine and the Henry Hub through construction of a new pipeline is the only way to stabilize wholesale energy costs, especially during times of peak demand when natural gas fired units remain the predominant form of generation. Increased pipeline capacity will also help residential, commercial, and industrial customers who utilize natural gas for heating and other needs.

In closing, Bangor Gas supports the goal of reducing energy costs, stabilizing wholesale electricity prices, lowering energy costs, and helping Maine (and New England) make further advances in renewable generation. LD 698 will help Maine best coordinate with other New England states in achieving these objectives.

Respectfully submitted,



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³ Available online: <https://www.iso-ne.com/about/key-stats/resource-mix>