



**CENTRAL MAINE  
POWER**

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Testimony in Opposition

**L.D. 1676, An Act To Establish a Process for Procurement of Renewable Resources**

Joint Standing Committee on Energy, Utilities, and Technology  
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Senator Woodsome, Representative Dion, members of the Committee on Energy, Utilities and Technology, my name is Joel Harrington. I am here today to testify on behalf of Central Maine Power Company ("CMP") in opposition to L.D. 1676, An Act To Establish a Process for Procurement of Renewable Resources.

No one, including those of us at CMP, wants to see any business in Maine fail. However, lessons learned over the years tell us that the success or failure of any business in Maine shouldn't rest on the backs of electric ratepayers.

Since 1995, biomass plants have received more than \$2.6 billion from Maine electric ratepayers, selling power for as much as 12.3 cents/kwh when wholesale markets were under 5 cents.

Of the \$2.6 billion, \$2 Billion was at above market rates, which means that Maine electric ratepayers were paying \$2 Billion more for energy than the wholesale market price from 1995-2015.

The proposed bill mandates that ratepayers purchase biomass energy regardless of price. Anytime you don't mention price in legislation, you get high prices. The legislation could **add approximately \$48,000,000 in electric ratepayer subsidy** with ratepayers potentially footing the bill for decades long after these plants close. This is assuming that our customers are forced to pay biomass plants at .06 / kwh, however given that the legislation does not cap the price, it's very possible ratepayers could be paying more as biomass plants seek more in subsidies when they no longer qualify in the MA in CT markets.

In the 90s, electric ratepayers were subsidizing approximately 18 biomass plants and continued to subsidize these plants long after they closed. Today we have less than half that number in Maine.

In 1997, the legislature restructured the electric industry. The new law required CMP and other utilities to sell all of their power plants, and prohibited us from signing new contracts for power. The reason for that prohibition was clear. CMP and other utilities had been required to sign contracts for renewable power that turned out to be dramatically overpriced.

CMP alone signed contracts valued at over \$6 billion. After 20 years, our customers are starting to see these contracts come off the books and will realize cost savings.

Passage of this bill could continue that trend and add even more stranded costs to CMP's delivery rates. We have begun to repeat past mistakes that have cost the state dearly.

These stranded costs are in addition to higher prices our customers are paying in order to comply with the state's renewable portfolio standard. It should be noted that most of these generators are already receiving above market prices because they qualify as renewable.

Even so, the industry is suggesting that they need this legislation because they can't compete with lower wholesale electric prices and come 2017 they will not be able to comply with the requirements of the Massachusetts and Connecticut REC markets. **This is contrary to why the state passed the electric restructuring law to begin with, so ratepayers benefit when wholesale prices are low and generators assume the risks when they can't compete.**

This bill passes the risk back on the ratepayers while leaving all the profits with the companies who run these plants who told the committee a few weeks ago that they did not intend to make investments in their plants. This will in turn lead them to close and take the profits out of state, leaving electric ratepayers to continue to foot the bill long after they are gone. This has happened before.

Their solution - require electricity consumers to pay higher prices for electricity in order to make them competitive. I bet every business in Maine would like a deal like that - pass a law to force people to buy your product at above market prices. That's what these companies are asking you to do.

This is exactly what happened in 80s, ratepayers were required to purchase "X" MW at whatever price the renewable wants to sell at, there is no way in this bill for the PUC to turn down the contract.

**This legislation will increase the cost of energy for businesses in our state** including paper mills. It is ironic, that those who are suggesting that high energy prices are hurting their business interests are the very folks coming before the committee asking to raise energy prices on themselves.

Current law requires the MPUC to ensure that contracts benefit ratepayers. This should be no different. Unlike the PUC's current long-term contracting authority in 35-A, §3210-C, this legislation does not allow the PUC to weigh the costs impacts on ratepayers.

Before I get to a review of the exact language of the bill, it might help you to know that most, if not all, of these plants have already benefited from long-term contracts, selling power to Maine utilities for as much as 12.3 cents/kwh when the wholesale markets were under 5 cents.

**Some key questions are:**

After 20 years and billions of dollars of electric ratepayers subsidizing biomass plants in Maine, where are we now?

Why doesn't this legislation have a fiscal note? This will increase energy costs for the state.

There is nothing in this bill to prevent out-of-state biomass plants from bidding into this

proposal, is that what is really intended here?

What assurances are the plants giving that they will operate beyond the life of the contracts? If not, why not?

If this is a requirement - any biomass plant submitting a bid should be required to open its books to the MPUC, Public Advocate and contract signers to ensure that they aren't reaping windfall profits at the expense of ratepayers.

How do we know that biomass plants need this to stay afloat?

What if they don't get enough bids to fill the contracts? What if they don't get enough bids at reasonable prices and someone bids \$1000/MwH?

What if all or most of the bids come in from out of state? There are biomass plants in Mass, NH and Vermont. It also appears that wind, solar and hydro are all eligible. What if those plants, especially those from out of state, decide they would rather have contracts than play in the RPS markets? Can wind farms bid?

What if a wind farm bids lower than a biomass plant - how does the commission weigh jobs, etc. vs price?

The amended language suggests that a generator can't qualify for RECs unless they sell them - either they qualify or they don't. This language makes no sense. How do you sell something that doesn't qualify?

The bill and amended language suggests that you can't exclude any out of state facilities if they can deliver energy into the ISO market, how does this help Maine if other state facilities can apply and get a contract from our customers? There might be some who are in same boat as our facilities. Maine now only state in NE (or only 1 of 2) that accepts biomass as renewable, it would seem that it would make us a target both for new RECs and the energy for a contract.

The Committee should wait until the Governor's Energy office completes a study working with the biomass industry prior to passing this bill. There are simply too many questions.

Again, CMP doesn't want to see any business fail, including businesses that fail because of high energy costs. This bill raises energy costs to protect the profits of businesses that have already profited from above market prices paid by Maine consumers.

Enough is enough.

Our customers can't be responsible for bailing out generators that can't compete in the marketplace.

I urge you to give the bill an ought-not-to-pass report.

Thank you.