



Natural Resources Council of Maine

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May 14, 2019

Senator Mark Lawrence, Chair
Representative Seth Berry, Chair
Joint Standing Committee on Energy, Utilities & Technology

Testimony of Sue Ely, Clean Energy Attorney, Natural Resources Council of Maine

In Support of LD 1646, “An Act to Restore Local Ownership and Control of Maine’s Power Delivery System”

My name is Sue Ely and I am the Clean Energy Policy Advocate & Staff Attorney for the Natural Resources Council of Maine (NRCM). Thank you for the opportunity to testify in general support for this legislation. I acknowledge that the full range of key policy questions raised by this bill go well outside the scope of NRCM’s interests and expertise. At the same time, we know that the nature of ownership and control of the electricity grid has enormous impacts on issues that our 20,000 members and supporters do care deeply about, namely the transition toward a more sustainable, local, clean energy future. This bill requires policymakers to ask big questions about *what we want* from our utilities, and what structure is needed to get it. These questions, and this bill, deserve our deepest consideration this session and over the next few years.

Maine’s energy future will likely depend even more on electricity and the electricity grid than it does today. At the same time, our electricity systems were designed for past conditions that are increasingly irrelevant: centralized power plants converting relatively cheap fossil fuels into electricity – at 40% efficiency, with little heed to emissions – flowing in one direction along transmission and then distribution systems to consumers. Ensuring a reliable electric grid meant building a transmission system to a platinum standard, but a passive one: assuming peak demand is what it is and we must simply build wires to meet it.

Our energy future is full of opportunity for new options that empower consumers and new technologies that can be deployed to lower the costs of the system. The Committee is familiar with non-transmission (or non-wires) alternatives and their potential to lower delivery costs through distributed generation and energy efficiency. That is the tip of the iceberg. Combining information technology with distributed energy resources increasingly means utilities and consumers 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 utility must be centrally involved. But utilities are typically conservative and risk averse. That may have served us occasionally in the past, but this strategy is hard to reconcile with the need to adapt more

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quickly. We cannot afford to take 10 years and hundreds of millions of dollars to upgrade systems that are out of date by the time they are complete. Furthermore, 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 *plus* demand response. To persuade consumers to adapt and embrace these changes, we need to truly put consumers' interests first and consumers need to trust their utility to do so.

Our energy future is also a renewable energy future. Our supply mix will be more diverse, with large volumes of grid-scale resources and large volumes of distributed resources. To integrate all of these resources over the coming decades, we need a utility that embraces this change and plans for it. That doesn't mean looking for ways to earn returns where electrification might justify new wires or substations.

We must be honest: More often than not, Maine's large investor-owned utilities have impeded and obstructed the movement toward a cleaner, more efficient and local energy system. The interests of their shareholders, who maximize earnings based on the old system, was too often unaligned with the public interest. To be fair and accurate, of the two investor-owned utilities, Central Maine Power (CMP) has been especially reactionary on a range of policies.

For the last two decades, CMP fought investment in cost-effective energy efficiency programs, opposed renewable energy policies of almost every kind, and blocked smart grid policies and institutions. Three years ago, a lobbyist for CMP was forced to admit to this committee that, if the company couldn't own and profit from solar power, it wasn't interested.

On the one hand, this bill should be more than a referendum on CMP. But it would be naïve to deny that the idea of converting Maine's investor-owned utilities into a consumer-owned utility would not be in the place it is today if CMP had done more to meet the needs of its customers and the needs of the state to move toward a cleaner, more reliable, and more responsive energy system.

Finally, as the Committee considers this bill in greater detail, we encourage you to look specifically for how to integrate the structure and decision-making of any new utility with our existing public policy goals. It will not suffice to replace shareholder profit-based decision-making, with decisions by consumers who seek only the cheapest rates in the near term without planning for a low-cost future that is low-carbon and high-tech.

We urge you to give careful consideration to the specific pros and cons of this bill, and the steps and stages necessary to moving this proposal forward. Thank you.