

May 20, 2021

Committee on Energy, Utilities and Technology
Cross Building, Room 211
100 State House Station
Augusta, ME 04333

RE: 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

Dear Senator Lawrence, Representative Berry and members of the Committee,

On behalf of Consumer Energy Alliance (CEA), I want to thank you for the opportunity to offer these comments in opposition to 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.

CEA is a nationwide association made up of both energy consumers and producers working to advance all-of-the-above energy and environmental policies that will lower energy costs for every American. CEA supports actions that thoughtfully advance our nation towards a cleaner, more environmentally responsible energy future. We believe that responsible policies always consider the needs of consumers while leveraging and supporting the development of state-of-the-art technologies to improve our environmental stewardship, aiding in the continued reductions of all emissions.

CEA believes that the risk of increased costs to consumers for what is essentially a government takeover of the investor-owned utilities in Maine far outweigh any potential—and highly speculative—rewards. Economic analyses on the acquisition costs and potential impacts to Maine’s consumers vary. Some have suggested that a government-led takeover of Maine’s IOUs *might* be beneficial to electricity consumers, but those arguments rely on highly uncertain variables that include low multiples of net book value (of utility assets); discount rates higher than the United States Office of Management and Budget (OMB) recommends; the inconsideration of potential increases in the asset base from projects like the New England Clean Energy Connect; and unreasonable timeline estimates which, based on history, ignore what is likely-to-be an expensive and protracted legal battle.

Concentric Energy Advisors has placed the increased costs to Maine’s consumers from government condemnation of Maine’s IOU’s at nearly \$5 billion dollars over thirty years—and in excess of \$150 million per year--and that estimate doesn’t include some of the concerns mentioned above.¹

There are a number of questions that should be asked about the impacts of passing LD 1708. Is putting Maine’s ratepayers at risk of billions of dollars of increased costs from government condemnation of a utility that has historically provided some of the lowest electricity rates in New England in the best

¹ <https://ceadvisors.com/publication/whitepaper-analysis-of-government-controlled-power-in-maine/>

interest of Mainers? How will the fixed- and low- income communities be impacted by these cost increases? Will the potential loss of income and property tax revenue from the taking of utility property via eminent domain result in increased taxes? How will that impact some of Maine's rural and economically disadvantaged communities who are generally property tax poor? Wouldn't concerns expressed by customers of Versant and Central Maine Power be better addressed at the Maine Public Utilities Commission—with obvious input from the legislature?

While CEA appreciates the sponsors' intent to improve the performance of electricity service in Maine, the risks of increased costs to consumers dwarf any hypothetical benefits--and will be deleterious to Maine's consumers.

For these reasons, we respectfully ask you to oppose LD 1708.

Sincerely,



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