



SIERRA CLUB

MAINE CHAPTER

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Senator Mark Lawrence, Chair
Representative Seth Berry, Chair
Members of the Environment and Natural Resources Committee

RE: LD 1646
Date: May 15, 2019

Thank you for the opportunity to speak at this hearing, my name is Alice Elliott and I am here representing Sierra Club Maine and its 18,000 members and supporters, one of 63 Chapters of Sierra Club nationwide and its more than 3 million members.

Sierra Club Maine supports LD 1646, a bill that creates the Maine Power Delivery Authority as a *consumer-owned utility to acquire and operate all transmission and distribution systems in the State currently operated by the monopoly investor-owned transmission and distribution utilities known as Central Maine Power Company and Emera Maine.*

Sierra Club Maine believes that the electrical grid is the foundation of climate action in the energy sector. The grid is the backbone; adding distributed generation and micro-grids will lower costs of expansion and increase security and reliability, which in turn will add jobs in a growing industry for Mainers.

We must produce more sustainable, carbon-free energy to replace fossil fuels and we need to electrify transportation as well as heating and cooling buildings and homes in order to reduce greenhouse gas emissions. If we fail to do this rapidly, successfully, and affordably, then we fail to address the climate crisis.

We need a utility we can afford, a utility we can depend on, a utility willing to work with renewable generators rather than compete with them, and a utility that supports rather than opposes meaningful climate friendly policies.

We need a consumer owned utility which will serve as our foundation for a green energy future.

Curbing global warming is the most critical challenge of our time. Today's children will have to contend with more volatile weather patterns, higher temperatures and rising sea levels no matter what steps we take. Maine's lobster, timber, hunting and skiing industries are especially vulnerable to warming oceans and the invasive species that accompany rising temperatures.

The model of privately-held firms in electricity generation and distribution operating on a for-profit basis that motivates them to produce and sell more, rather than less, electricity must change. Local electricity generation via solar panels and wind power must be embraced, not discouraged. In the case of Central Maine Power (CMP) and Emera Maine, the incentive to increase profits has led to inefficient cost-cutting measures and apparently unjustified price increases. Poor quality of service is a widespread, common complaint. Ballooning customer bills and indifferent customer service have led to lawsuits against CMP recently. Workers complain as well, citing increased workloads following major cutbacks in the number of employees.



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CMP stands to gain a guaranteed return for 20 years amounting to billions of dollars on the transmission line it proposes to run through the state, but has failed to provide either an objective assessment of the environmental impact of the line or a any alternatives analysis before committing itself to the project, which is fiercely opposed by Mainers and has recently been criticized by the EPA.

A locally-controlled consumer-owned power utility will be able to take bold steps to reduce greenhouse gas (GHG) emissions while at the same time providing lower-cost, higher quality service to Maine customers – along with transparent billing practices. Establishing a consumer-owned utility is not an untested experiment. Maine has a long history of successful consumer- and municipal-owned electric utilities.* Nationally, one in seven electricity customers in the US get their power from publicly-owned utilities. Most of these public power companies serve small areas, but the city of Los Angeles and Long Island, New York are also served by publicly-owned companies, as is the entire state of Nebraska.

In establishing the Maine Power Delivery Authority, however, the state must exercise caution in assessing the value of these companies. CMP's billing system has problems that may take millions of dollars to remedy; it may also be the case that maintenance of lines and equipment has been unsatisfactory; and refinancing of outstanding bonds will have to be addressed. On the positive side, the purchase can be paid for by public bonds with an interest rate of only about 3 percent, which is a strong plus, given that CMP and Emera currently must pay investors 10 to 12%, given their credit ratings.

Customers (both residential and business) and the future of Maine's environment can and should be placed ahead of profits for foreign-controlled companies that seem more concerned with returns to investors, than service to its Maine captive customers; enough is enough.

The Sierra Club supports the establishment of the customer-owned Maine Power Delivery Authority as described in LD1646 and HP1181, and urges the EUT Committee to vote ought to pass on these two bills.

*List: https://www.maine.gov/mpuc/electricity/delivery_rates.shtml.
