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Office of the Public Advocate Testimony in OPPOSITION to LD 295 "An Act to Promote Tidal Energy Projects"

Senator Woodsome, Representative Dion, Members of the Energy, Utilities and Technology Committee,

The Office of the Public Advocate testifies in opposition to LD 295, An Act to Promote Tidal Energy Projects. The bill revises the Ocean Energy Act¹ to fit the specifications and proposed contract terms of a single tidal power project, and expands the aggregate capacity caps to allow approval of an additional long term contract for this project. If approved, the bill will increase ratepayer costs with minimal, if any, benefits to ratepayers.

The fundamental purpose of long-term contracts under the Ocean Energy Act is to provide economic incentives to help develop demonstration projects in wind and tidal power. As described by the Commission:

The Ocean Energy Act envisions these projects as technology demonstration projects that would: (i) provide direct economic benefits of research, testing, and development occurring in Maine; (ii) lay a foundation for Maine to be global leader in offshore wind and tidal technology development; and (iii) develop Maine's own indigenous natural resources.²

To achieve these benefits the Act requires Maine electric utilities to enter into long-term contracts at above market prices. These higher prices are ultimately paid for by electricity ratepayers. This differs from other Commission long term contracting authority,

¹ P.L. 2009, ch. 615, "An Act to Implement the Recommendations of the Governor's Ocean Energy Task Force."

² Maine Public Utilities Commission, Ocean Energy Long-Term Contracting, No. 2010-00235, Order Approving Term Sheet at 8 (Feb. 19, 2013).

which is intended to provide ratepayer benefits by procuring contracts for capacity, energy or RECs at prices that reduce costs.³ While the Ocean Energy Act requires a project to demonstrate many potential benefits, none of these accrue directly to the ratepayers who will be paying the costs. Contracts under the Act, by definition and intent, raise consumers' electricity prices.

This bill seeks to amend the Ocean Energy Act to allow for a long-term contract of up to 45 years with an approximately 25 MW tidal generation project that generates power based on “the difference between water levels on either side of a marine enclosure.” There is exactly one such project that would fit these specifications in Maine, the Pennamaquan Tidal Project proposed by Halcyon Tidal Power. The bill amends the Ocean Energy Act to fit this single developer's preferred project size and contact structure.

The Office of the Public Advocate believes that initiatives intended to promote economic development should be evaluated based on their likely benefits, as part of existing state and local processes and funding mechanisms for economic development. There should not be a separate standard, evaluation process and pool of funds (*i.e.* ratepayer money) for projects that happen to involve electricity. If ratepayer funds are to be used, the Ocean Energy Act as originally drafted represents the ideal scenario: a robust and transparent stakeholder process that leads to the development of an integrated statewide policy. This bill rests at the other extreme, and should be rejected. We recommend Ought Not to Pass.

The Office of the Public Advocate will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully Submitted,



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Public Advocate

³ 35-A M.R.S. § 3210(C)(3)(B)(2) and (4); Maine Public Utilities Commission, Long-Term Contracting, No. 2012-00504, Order Directing Utility to Enter Into Long Term-Contract at 4 (Dec. 18, 2013) (“The underlying purpose of this authority, in the Commission's view, is to take advantage of opportunities to use long-term contracts for capacity and energy with utilities as a means to lower capacity and energy costs or otherwise benefit Maine ratepayers”).