

Re: Comments of IECG re 2026 Energy Storage Draft RFP

Industrial Energy Consumer Group (IECG) appreciates the opportunity to comment on the draft Request for Proposals for Energy Storage Projects issued by the Maine Department of Energy Resources (DOER) pursuant to 35-A M.R.S. §10313.

IECG supports the careful and disciplined development of energy storage where it is demonstrably cost-effective for Maine ratepayers. The timing, location, size, and charging and discharging attributes of a storage project, along with the grid circumstances in which the project is proposed, can greatly influence the nature and amount of any ratepayer benefits. Based on IECG's experience with prior long-term resource procurements and utility-administered contracts, IECG urges DOER to sharpen this RFP to ensure that storage awards are limited to projects that provide clear, verifiable, and durable net economic benefits to ratepayers, rather than speculative or policy-driven benefits that are difficult to quantify, validate, or enforce.

IECG makes this request in recognition that the failure to adopt and employ such cost discipline has had substantial harmful effects on Maine citizens. The lack of cost discipline has created a ratepayer affordability backlash and undermined Maine's best chance at meeting its climate goals: beneficial electrification. Even the best-designed beneficial electrification programs, and the thesis of beneficial electrification itself, cannot withstand Maine's high and increasing electricity costs. Maine can no longer afford inexact energy expenditures, or Maine's energy policies will defeat themselves.

Two examples are highly relevant. First, due to inadequate natural gas pipeline capacity, Maine and New England pay far higher electric rates than necessary and burn enormous quantities of oil to sustain the grid. During a single multi-day cold snap in January 2026, New England burned over 100 million gallons of oil for generation.¹ This proximate effect of deliberately choosing to not expand pipeline capacity obliterated years of carbon gains from clean energy investments that ratepayers are paying for. We were forced to pay twice to simply tread water, making future carbon gains more difficult and expensive.

Second, and perhaps more pertinent, the State of Maine, without any Legislative or statutory approval, is supporting through regulatory action the removal of some 60 MW of existing hydroelectric dams from the Kennebec River. Those dams are batteries. The Kennebec River is managed to increase the efficiency of water power by a hundred-fold, and the use of that power to cut electricity costs is vastly cheaper than the cost of electricity from battery storage. This inconsistency in policies will add greatly and unnecessarily to Maine

¹ https://www.iso-ne.com/static-assets/documents/100034/2026-04-07_oil_graphs.pdf.

ratepayer costs, as this battery RFP will show. The removal of these dams should not be supported or allowed.

I. General / Evaluation Framework

A. Magnitude of Potential Ratepayer Exposure

In considering this procurement, IECG strongly urges DOER to remain mindful of the magnitude of ratepayer exposure implicit in procuring up to 300 MW of long-term contracted storage capacity.

While the draft RFP does not estimate the total annual cost of a 300 MW procurement, even conservative assumptions suggest that aggregate contract costs could be substantial. At bid prices within the range observed in other U.S. storage procurements, 300 MW of storage under long-term contracts could reasonably result in annual ratepayer obligations on the order of hundreds of millions of dollars per year, depending on contract term, escalation, and assumptions regarding netted wholesale market revenues.

For example, in 2024, the City of Anaheim, California awarded a 20-year contract to NextEra Energy Resources' Roadhouse Battery Energy Storage Project, a 300 MW / 1,200 MWh facility, at a contract price of \$18.76 per kW-month.² This contract entails a top-line cost of about \$67,500,000 per year. If Maine selects dozens of smaller projects, the lack of economies of scale will likely drive costs even higher than this large-scale California example. Moreover, this California contract reflects 2024 pricing; inflation in labor, equipment, financing costs, and supply chains since that time will further increase the likely cost of comparable storage procurements in Maine, particularly where projects are smaller, less standardized, and developed on a staggered basis.

By comparison, Maine ratepayers are already committed to costs exceeding \$220 million per year associated with Maine's net energy billing (NEB) contracts – costs whose initial legislative justification was based in part on undisciplined forward-looking policy objectives and benefit projections that remain the subject of significant doubt.

This comparison is not offered to relitigate prior procurements, but rather to underscore the importance of disciplined decision-making in the present solicitation. A storage procurement of this scale has the potential to rival or exceed the annual ratepayer impacts of prior large-scale energy acquisitions. IECG therefore urges DOER to proceed cautiously, to rigorously test assumptions underlying claimed benefits, and to avoid committing ratepayers to long-term fixed obligations that may prove misaligned with future

² See https://www.anaheim.net/DocumentCenter/View/54386/ITEM-4---Battery-Energy-Storage-Agreement_FINAL.

market conditions. In fact, in the case of battery acquisition, IECG urges that any acquisition must fit specifically and precisely into a clearly articulated Maine system need, rather than being justified primarily by technology preference.

B. Maine Ratepayer Net Benefits Test Must Remain Paramount

Section 10313 appropriately requires that no project be selected unless it is “reasonably likely to provide benefits to ratepayers in Maine that exceed all costs to ratepayers.” IECG strongly supports this statutory requirement and urges DOER to reaffirm, through both the evaluation framework and final project selection, that Maine ratepayer net benefits are decisive and are not diluted, displaced, or overridden by qualitative, policy, or regional considerations.

While the draft RFP states that auxiliary benefits will not be used to determine whether a proposal provides positive net benefits, the structure of the document suggests that DOER retains substantial discretion to allow non-financial considerations to influence outcomes once a project clears the threshold test. IECG is particularly concerned given its experience in prior procurements, in which DOER consultants employed methodologies that credited non-monetized or non-Maine benefits (such as emissions reductions or market effects accruing primarily to Massachusetts or other regional ratepayers) as offsetting hard-dollar costs borne exclusively by Maine utility customers. In those instances, benefits that did not flow to Maine ratepayers, and in some cases could not be meaningfully monetized at all, were nevertheless used to justify the creation and repeated maintenance of substantial long-term ratepayer obligations in Maine. This practice must stop.

This approach is inconsistent with the plain language and intent of Section 10313. Maine ratepayers should not be asked to subsidize regional policy goals or out of state benefits through abovemarket contract costs simply because those benefits can be asserted in qualitative terms or embedded in consultant modeling assumptions. Experience demonstrates that once such nondollar benefits are allowed to outweigh direct ratepayer costs, cost discipline erodes and the statutory net benefits test becomes largely illusory and highly susceptible to changing political pressures. This lack of discipline threatens the State of Maine policy of beneficial electrification and therefore Maine’s climate goals.

To protect Maine ratepayers from unreasonable risk, IECG therefore recommends that DOER specify with greater clarity how close a proposal must be to “break even” on a Maine ratepayerspecific holistic cost basis (direct plus indirect costs and benefits) in order to satisfy the threshold test; require a reasonable “economic moat” such that uncertain, speculative, or nonMaine benefits cannot outweigh the risk of concrete and enforceable ratepayer costs; and commit unequivocally to rejecting proposals that rely on optimistic

assumptions regarding future market prices, capacity values, emissions benefits, or other ancillary benefits—particularly where such benefits do not accrue directly to Maine ratepayers—to justify marginal or otherwise uneconomic projects.

C. RFP Timeline and ISO-NE Cluster Window

IECG recognizes the interest in aligning awards with the ISO-NE 2026 Cluster Request Entry Window. However, acceleration should not come at the cost of rigorous bid development or realistic interconnection cost estimates. The importance of the State of Maine to ISO-NE generation objectives should be kept in mind. Maine’s priorities matter.

A longer bid development window could improve bid quality and reduce speculative participation; reduce the likelihood that cost overruns are later borne by ratepayers; and lead to more credible pricing reflective of actual project readiness. DOER should weigh these benefits against the perceived advantage of accelerated awards.

D. Minimum Project Size

The proposed 3 MW minimum appears reasonable as a screen to avoid administrative inefficiency. While IECG does not oppose this threshold, IECG cautions that aggregation of many small projects should not obscure cumulative cost or system impacts.

Additionally, IECG notes that the RFP does not appear to distinguish project configuration relative to the customer meter. The State’s policy of beneficial electrification recognizes the positive grid impacts that can be caused by customer behind-the-meter decisions, including through adoption of heat pumps. Customer implementation of large-scale storage behind-the-meter could similarly create concrete grid benefits in certain circumstances. For example, in a constrained area of the grid, where significant upgrades are necessary to ensure reliability or serve imminent load growth, a strategically located behind-the-meter storage project may have the ability to avoid significant upgrade costs and create ratepayer benefits if the costs of a battery contract are demonstrably less than the costs of the avoided upgrades.

II. Interconnection and Deliverability

IECG supports DOER’s intent to allow participation by diverse project configurations, including those located in NMISA territory, those interconnected to distribution systems, and those co-located with generation.

However, the RFP should be explicit that all interconnection, deliverability, and upgrade costs – including those known and those reasonably foreseeable – must be fully internalized in bid pricing, with no implicit reliance on future cost socialization or downstream cost recovery mechanisms.

Given the evolving ISO-NE interconnection regime and uncertainties associated with the Transitional Cluster Study, IECG urges DOER to apply heightened scrutiny to interconnection assumptions, and to discount or reject bids that rely on speculative timelines or untested interconnection pathways.

III. Safety and Security Plans

IECG supports DOER's emphasis on fire safety, emergency response, and cybersecurity. The RFP appropriately references NFPA, UL, IEEE, and NERC standards.

In addition, DOER should consider explicitly requiring clear allocation of liability for safety incidents, demonstrated coordination with local fire and emergency officials, and periodic compliance verification over the contract term.

IV. Contract Structure, Pricing, and Risk Allocation

A. Energy Market Adjustment (EMA)

IECG appreciates DOER's effort to mitigate ratepayer exposure by netting expected energy market revenues through the EMA mechanism. However, IECG shares concerns that the methodology may be difficult for bidders to model consistently, and that errors or optimistic assumptions embedded in the EMA mechanism could, in practice, shift downside risk back to ratepayers. DOER should clarify how expected revenues will be validated and how out-of-market performance risk is borne over time.

B. Contract Term

Requiring bids for a 20-year term raises substantial cost concerns. Battery storage technology, revenue structures, and market rules are evolving rapidly, and multi-decade fixed payment obligations risk locking ratepayers into outdated assumptions. IECG urges DOER to give greater weight to shorter-term proposals, and to explicitly account for asset degradation, repowering risk, and forecast uncertainty about out-year market prices in long-term bids.

C. Lessons from Prior Procurements

IECG has repeatedly raised concerns in prior proceedings that long-term contracts whose initial regulatory justification rests on innovation or the "policy of the moment" have exposed ratepayers to material above-market costs as conditions changed. This RFP should not repeat those mistakes. Storage procurement should proceed incrementally, transparently, and with strict cost accountability, rather than pursuing volume or capacity targets for their own sake.

V. Additional Considerations

The DOER should also be mindful of unintended consequences. As DOER is aware, if large-scale storage projects are not subject to appropriate rate design and cost allocation, there is the potential to undermine principles of cost-causation and reduce the strength of price signals needed for customers to make efficient energy decisions. IECG has recently encountered a situation where the charging load associated with a new battery storage project was unintentionally distorting peaks in unpredictable ways, creating an inability for ratepayers who attempt to manage their peak contribution, to avoid the system peak and aid in grid efficiency. A proposed solution to this problem is currently being worked through ISO New England processes, and IECG is hopeful that a tariff solution will materialize this year and be promptly approved by FERC.

However, if a solution is not achieved, then any increased charging load caused by this RFP has the potential to exacerbate the problem, which would undermine grid-beneficial peak management and create the untenable position of ratepayers having to pay for higher and unpredictable peaks that they did not cause and cannot avoid. IECG notes ISO-NE, not the local utility, dispatches batteries located in front of the meter. This dynamic could undermine state policies and programs that are designed to reduce system peak and therefore costs for Maine ratepayers. In this regard, IECG urges the DOER to continue to monitor and support a proposed tariff solution so that the right batteries in the right place can provide valuable grid benefits.

Another concern of IECG relates to the overall purpose of the RFP. Storage is largely a proven technology. This is not R&D. Any projects procured should serve a Maine purpose that fits holistically into Maine's energy plan. For example, is there a known relationship between this procurement and reduction in transmission investment or Maine's efforts to develop Northern Maine renewables, or offshore wind, or some economic development initiative to create a new manufacturing center? Should there be? The statutory ratepayer benefit test, if properly applied, provides a check on arbitrariness. But having strategic purpose is better than simply not being arbitrary.

A strategic purpose could include maximizing Maine's value from any storage project meeting the needs of other states or regions. IECG is strongly supportive of efforts by Maine to capture benefits for its ratepayers and citizens. Maine has enviable attributes in terms of its location, available land, natural resources, and renewable energy potential. Taxes, jobs, and community benefit agreements are undoubtedly valuable benefits, but they do not necessarily maximize the value that Maine is providing to others. In that regard, the DOER should consider requiring projects to demonstrate maximization of value for Maine. Maine should not become the "battery" for other states that need Maine in order to

meet their climate goals and therefore may place extraordinary value on any storage Maine can provide.

VI. Conclusion

Energy storage can serve an important role in Maine's power system, but only where it delivers demonstrable, enforceable net benefits to ratepayers. IECG urges DOER to tighten this RFP to ensure that ratepayer economics remain decisive and that downside risks are assigned to developers (and not to customers), and to apply lessons learned from prior procurements.

IECG appreciates the opportunity to provide these comments and looks forward to continued engagement.

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