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Chairman Lawrence, Chairman Berry and Members of the Energy, Utilities and Technology Committee,

The Office of the Public Advocate (“OPA”) testifies neither for nor against LD 912 “An Act To Establish the Wood Energy Investment Program” which establishes the wood energy investment fund and creates the Wood Energy Investment Program within the Efficiency Maine Trust (“EMT”). The bill specifies that, if the Public Utilities Commission (“PUC”) finds that an entity awarded a contract for biomass resources pursuant to Public Law 2015, chapter 483 is not meeting contract requirements and therefore is not qualified to receive the full contract payment or any contract payment, those funds that would have been paid had contract requirements been met must be transferred to the wood energy investment fund. It also specifies that any funds remaining in the cost recovery fund established in Public Law 2015, chapter 483, section 1, subsection 5 that are not needed to pay above-market costs for biomass resources must also be transferred by the PUC to the wood energy investment fund. It requires EMT to use funds from the fund, if there are any, to provide incentives and low-interest or no-interest loans for new wood-derived thermal energy or cogeneration projects. It requires that the trust consult with the Finance Authority of Maine (“FAME”), when appropriate, in the development of any Wood Energy Investment Program incentives and the distribution of money from the wood energy investment fund. It prohibits the use of

funds for incentives or loans for the refurbishment or maintenance of existing facilities.

LD 912 would create a wood energy investment fund to strengthen the Maine's forest products industry and lower energy costs by increasing the efficient use of wood for energy production and create the Wood Energy Investment Program within the EMT. This would be capitalized by money left over from the Stored Solar contract. It requires the trust to use funds from the fund to provide incentives and low-interest or no-interest loans for new wood-derived thermal energy or cogeneration projects. It prohibits the use of funds for incentives or loans for the refurbishment or maintenance of existing facilities.

Incentives cannot be provided unless the program is determined to be cost-effective. Limits shall be set to determine the prudent size of the incentives and must be approved in the EMT plan.

LD 912 attempts to establish more localized markets for wood energy but it is unclear how the Trust will determine the size of the incentives.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 912, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,



Barry J. Hobbins
Public Advocate