Governor’s Economic Recovery
Subcommittee Infrastructure
(Transportation, Construction, Broadband, and Banking)

AGENDA Thursday, 6/25/20

• Introductions
• Presentation:
  o Peter DelGreco, CEO, Maine & Company (privately-funded nonprofit that works to attract new companies to the State of Maine)

Key Takeaways;

Lots of companies – national, international, within-Maine – looking to move to Maine.

Administrative Infrastructure:

• Backlog of administrative reviews existed before COVID
• Regulatory agencies consistently miss statutory mandated timelines
• Delays will be exponential post-COVID
  - How can we create a system that can recognize these challenges, allow public input, protect environment, and still move projects along?
• Projects utilizing new technology are more complicated to permit
• Regulatory delays will slow the deployment of capital at a time when the state is most in need

Electricity Infrastructure:

• Projects are requiring more significant electrical infrastructure
• Growth in renewables requires more sophisticated grid
  - Extending the existing grid isn’t enough, we need improvements to the grid so that it can meet the needs of new projects
  - In order to move renewable energy sources onto the grid, the infrastructure of the grid will need to be able to support such investments
• Current projects are exposing limits of existing infrastructure
• Companies, utilities, renewable energy generators, PUC showing willingness to cooperate

Action Items;

Emphasis: There are projects ready to go that can assist with economic recovery. What policies can we recommend that will allow these projects to be implemented.

It’s time to coordinate economic development with regulatory and legal systems so that the economy can get back up and running. If we don’t do anything, the increase in project timeline by COVID will send these projects to other places. We need to make sure that companies want to invest here in Maine.

o Matt Marks, CEO of AGC Maine

Key Takeaways;
AGC – Associated General Contractors

Has been working throughout COVID – finishing projects, beginning new projects, working on projects that would not be possible in a “normal” summertime Maine.

Loss of revenue has left many different industries in the sector without the necessary work to continue generating the revenue necessary to pay workers and sustain projects.

Currently competing for a limited number of candidates in Maine graduating school compared to the 1970s, where an average of 250,000 students was enrolled in K-12 and this decade dropping below 185,000.

In our view, the passage of a comprehensive bond package provides the Administration tools to use the funds whenever needed in each market.

**Action Items;**

**Ideas:**
Sales tax rebate to help spur construction projects (has been done in the South).

Added pressure to waiting list for affordable housing – address this issue as well as the issue of nursing and assisted-living facilities.

New England Clean Energy Connect – could be the saving grace for many in the industry who need jobs. Energy projects have been life-saving for the industry in the past.

**David Flanagan, CEO, CMP**

**Key Takeaways;**

Electric Infrastructure;
- We need more sustainable electrical grid infrastructure to bring in more projects (renewable energy, etc.)

CMP 2020 Capital Investment;
- $224M, approximately 400 jobs

NECEC System Improvements;
- $200M
- 1,200 MW of around the clock renewable hydro power delivered to the New England grid in Lewiston – first beneficiary of the energy will be South of us, but our economy will benefit
- DEP, LUPC, and PUC permits already issued for this project – Army Corps of Engineers and Presidential permits due this summer
- Contracts awarded for timber mats, clearing, and line construction to be done here in Maine
- Construction can begin in Fall of 2020
  - Immediate benefits;
    - 1,600 new construction jobs, 319 ongoing jobs
- $18 million in new local tax revenues yearly

**Benefits of Electrification;**
- Increased system stability
- More “headroom” for Maine renewable projects
- RECs available for Maine Renewable projects elsewhere in NE and NY not reduced by NECEC
- Reduce electrical energy cost throughout NE, estimated at $14-$44M annually

**Environmental benefits;**
- Reduce greenhouse gases by more than 3M tons annually
- Conserve 42,800 acres of land and $5M for future land conservation
- Replace culverts to allow for improved fish passage at 25 locations
- Ban use of pesticides
- Open line up to hunting, fishing, and ATV use

**Other benefits;**
- Expand broadband access to rural areas

**Action Items;**

Proposed action:
Initiate work on NECEC in Fall, 2020 without any appropriation of Maine customer money – will infuse $ into the Maine economy.

**Q and A:**

Q: How will other areas (not just Lewiston) benefit from this?

A: The whole state will benefit from general tax revenue, fewer greenhouse gases in the air, and more availability for renewable energy projects. Clean air, lower prices, better grid.

Q: How will this lower electricity rates for Mainers?

A: The way the NE market works – it’s a bidding pool that power plants bid into. Say on any given day we need 200M megawatt hours; Hydro Quebec will bid in at a price that guarantees they will always be taken out. Putting this new power into the system will remove the most polluting and most expensive sources of power from the bidding pool. Strengthen the infrastructure in Maine to promote renewable energy and new projects in Maine.

Comment: The signals outside of the state are important – many projects are lined up watching what happens in these areas. There are many companies that are waiting to see how other projects move forward to see if they can begin a similar project in another part of Maine. All eyes are on Maine internationally to see if we can handle these types of projects. Permitting is something that drives revenue instead of requiring payment.

Comment: CMP has the worst rate of return of any utility in the United States – running between 4-6% in the past few years. Transmission projects have a different rate of return, but this project will have a rate of return between 9-11% if everything goes correctly. In neither case is CMP making outlandish profits from anything.
Comment: All three of today’s presenters have been excellent in terms of presenting substantive ideas that can help us to formulate our recommendations for the Governor.

Q: Matt, can you elaborate on the southern plan that you were taking about earlier? Additionally – how can we assist rural communities?

A: There are around three southern states whose economic anchor was driven by tourism. They recognized that part of the solution will be encouraging development. Indiana built a giant sports complex using a grant program – they now have a robust hotel market and are beginning to make back some of that money. Using sales tax revenue to help support construction could help. As for rural areas, one of the programs that we found to be beneficial; the culvert program has helped both fisheries and small contractors. These contractors may not otherwise be doing government work – this gives them a chance to learn proper culvert installation while also engaging with government work and connections. When you look at electrification – that’s a shining light for Maine’s economy. There are a lot of contractors riding on NECEC, and this is a low-risk project for Maine. If we can expand the grid system, there’s a lot of potential for rural Maine. During a recession, it’s a very good time to build.

Comment: There are a lot of businesses that if they are capable of new projects – they’re looking at this as a time of opportunity – how will they adjust their business model or move construction projects forward that may have been “back-burnered” otherwise. We should come out with concrete recommendations about how to reduce permitting delays sooner rather than later.