

# MAINE STATE LEGISLATURE

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STATE OF MAINE  
OFFICE OF THE GOVERNOR  
22 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0001

PAUL R. LEPAGE  
GOVERNOR

PATRICK C. WOODCOCK  
DIRECTOR  
GOVERNOR'S ENERGY OFFICE

January 15, 2014

Senator John Cleveland, Chair  
Representative Barry Hobbins, Chair  
Joint Standing Committee on Energy, Utilities and Technology  
115 State House Station  
Augusta, ME 04333

Dear Senator Cleveland, Representative Hobbins and Members of the Committee:

**Pursuant to Title 2, §9, subsection 3, the Governor's Energy Office shall submit an annual report describing the activities of the Office during the previous calendar year. The report shall include a description of activities in support of the requirements in subsection 3, the state's progress in implementing the state energy plan, and an annual accounting of the office's resources devoted to its various duties. This letter and accompanying materials are submitted to the Committee in fulfillment of this reporting requirement.**

The Governor's Energy Office (GEO) is responsible for planning and coordinating state energy policy and serves as the primary energy policy advisor to the Governor. As the designated State Energy Office, the GEO is charged with providing leadership in the development of public and private partnerships that achieve clean, reliable, affordable, efficient, sustainable, indigenous and renewable energy resources. It is the responsibility of the GEO to work in conjunction with other departments of State government, the Legislature, and private and nonprofit sectors to advance and optimize Maine's energy security, economic development and environmental health. Maine's energy objectives are supported in part through GEO oversight and administration of the U.S. State Energy Program (SEP) funds and priorities.

During 2013, the Director of the GEO worked collaboratively with the Maine Public Utilities Commission (MPUC), the Public Advocate, the Department of Environmental Protection, the Department of Conservation, the Department of Transportation, the Land Use Regulation Commission, the Department of Economic and Community Development, the Efficiency Maine Trust, the National Association of State Energy Officials (NASEO), the New England States Committee on Energy (NESCOE), the Eastern Interconnect States Planning Council (EISPC), the Northeast International Committee on Energy (NICE), the New England Governors' Conference (NEGC), the Interagency Review Panel, ISO New England and other public entities on a range of energy issues, including transmission development, natural gas capacity, wind development, and strategic planning on improving competitiveness for the region and Maine.

## Activities of the Energy Office During 2013

### 1. Energy Office duties required in Title 2, §9, subsection 3.

The statutory duties of the Energy Office are to:

- Prepare state comprehensive energy plan, and update plan every two years
- Collaborate with other state agencies to coordinate state energy policy
- Collect and analyze energy data, including data on energy supply, demand, and costs
- Work cooperatively with Efficiency Maine Trust; GEO Director serves on EMT Board of Directors
- Coordinate the dissemination of energy information to the public and the media
- Provide technical assistance and information to the Governor and the Legislature regarding the state's short and long range energy needs, and the resources needed to meet those needs
- Develop partnerships with public and private entities to support and promote the goals of the office
- Work with transmission and distribution utilities, state permitting agencies, other entities, and developers seeking to increase renewable energy generation or use the state's energy transmission infrastructure;
- Monitor energy transmission capacity planning and policy affecting the state, and the regulatory approval process for energy infrastructure
- Advise state agencies regarding the use of state owned land or assets for the purpose of developing the state's energy infrastructure

The Director's responsibility, in accordance with the Governor's policy, is to secure tangible economic development, environmental quality and energy security benefits for Maine consumers and ratepayers. He exercised his duties with the primary goal of reducing the costs of energy to Maine industries, businesses and residences. Governor LePage and the GEO are working to decrease the total cost of energy (*electricity, transportation, heating*) to Maine people in a manner that:

- ❖ Is environmentally responsible in compliance with all applicable standards and regulations based on sound science;
- ❖ Optimizes the economic growth in state by promoting competitiveness –competitive indigenous energy sources, achieving direct and indirect private sector job growth and leveraging Maine's strategic advantages such as location, forest and renewable resource base;
- ❖ Increases energy efficiency by empowering people with knowledge and capability to employ proven cost effective efficiency technology; and
- ❖ Reduces the exposure to expensive energy sources.

### Highlights of activities in 2013 relating to these statutory duties:

#### *Implemented the energy omnibus bill (LD 1559)*

- Led effort to move a regional coalition to expand natural gas distribution infrastructure in Maine and New England;

- Actively participated in the stakeholder process initiated by EMT to assure revenues were directed to alleviate unaffordable residential energy costs; ongoing monitoring of program via participation on EMT Board of Directors.

### ***Led Regional Energy Initiatives***

New England is not competitive in terms of our energy costs. Governor LePage has led, with the rest of New England, in moving forward with strategic energy infrastructure investments that would move New England's energy costs lower by taking advantage of the regional world-class hydropower resources as well as the natural gas supplies from Pennsylvania and Ohio. In December 2013, the Governors announced a preliminary statement outlining the initiative and the Governor's Energy Office in coordination with Maine's NESCOE representative, the Chairman of the PUC, have continued to identify the specific strategic energy investments that would move Maine and New England's energy costs lower and increase economic development in Maine.

- The Energy Office has and continues to work with the New England Governors Association (NEG) on a regional energy infrastructure initiative to increase transmission for electricity generated from renewable sources, primarily from Canada;
- Participated in a trade mission to Alberta to explore expansion of economic opportunities for Maine and Alberta;
- Participated in the New England Governors' Conference (NEG) /Northeast Canadian Premiers (NCP) 37<sup>th</sup> annual meeting on energy issues in Quebec; resolution adopted at the conference (attached);
- Participated in region wide communication efforts to address the state's heating fuel supply and transportation infrastructure vulnerabilities.

### ***Coordinated Key Maine Energy Infrastructure Development***

- Provided financial and staff support to the efficient electric heating systems pilot program authorized by the Legislature in 2011 (PL 637), and promoted the results regionally and nationally;
- Moderated stakeholder advisory groups on expanding natural gas infrastructure in Maine, as well as expansion/better utilization of the state's hydropower assets.

The GEO continued its support of the initiative proposed by the Governor in 2011 to adopt efficient electric heating system technology across the state, with the goal of reducing the state's dependence on imported fuels for residential heating. In 2013, the GEO provided additional financial support to the project, so that the technology could be adopted by more Mainers in the Bangor Hydro/MPS service territory. The GEO actively participated on the Advisory Group for the project, providing input and recommendations for improving implementation. In addition, the GEO promoted this very successful pilot to both regional and national audiences. Preliminary results for this pilot are extremely encouraging, and demonstrate the success of the technology, pilot design, and its implementation.

The Governor's Energy Office Director convened a working group and is playing a leadership role in bringing the stakeholders together and assisting with the regulatory process, as well as economic challenges for expansion of natural gas infrastructure and transmission in Maine. In addition to exploring potential funding/financial resources for natural gas pipeline infrastructure, the GEO is working with the Governor, Maine Legislature, Maine Public Utilities Commission,

Finance Authority of Maine, Treasury, Department of Administrative and Financial Services, and private sector to explore the cost-effective use of natural gas for heating applications by seeking opportunities to expand natural gas infrastructure to all sectors in Maine.

Discussions are ongoing regarding expanding natural gas in communities with service and expanding natural gas service to additional geographic regions including the mid-coast, Farmington, Lincoln, Ellsworth, and Aroostook County.

After conferring with the MPUC, and other relevant state agencies and stakeholders regarding material developments in energy transmission capacity planning and policy affecting the state or the regulatory process for the development of energy infrastructure, the GEO is preparing legislation that will be offered through Governor's Office in the 2<sup>nd</sup> session of the 126<sup>th</sup> Legislature.

### ***Continued Progress of Obtaining Energy and Economic Benefits from State Corridors***

- Directed Interagency Review Panel's activities toward authorizing the use of the state's statutory corridor for energy infrastructure, including completion of an RFP to obtain a range of values for the corridor.

### ***Additional Energy Office Accomplishments***

- Conducted search for Public Advocate, culminating in the confirmation of Timothy Schneider as Public Advocate;
- Led effort to reconfirm Commissioner Mark Vannoy for a full term at the Public Utilities Commission;
- Administered the Energy Information Administration's (EIA) heating fuel price data collection and information dissemination program (SHOPP); in 2013, data collection extended beyond the heating season.

## **2. Implementation of Maine's Comprehensive Energy Plan**

Primary components of the state's energy plan include:

- Seeking opportunities to reduce the burden of high energy costs, statewide
- Reducing the state's reliance on imported oil
- Strengthening energy efficiency, conservation and weatherization
- Fostering renewable energy (wind, solar, tidal, geothermal, cogeneration)
- Improving transportation and fuel efficiencies
- Maintaining and upgrading electricity and natural gas services, transmission systems, and infrastructures
- Emergency Preparedness and Response

### **Highlights of activities in 2013 relating to Comprehensive Plan implementation:**

#### ***Reduce Total Energy Costs to Consumers and Businesses***

- Completed the oil reduction assessment report mandated in LD 553 (2011), and submitted it to the Legislature, along with specific recommendations to reduce the state's reliance on petroleum;
- Proposed legislation to reallocate RGGI and system benefit charge revenues to prioritize affordable heating system options such as natural gas, wood pellets, propane, advanced heating oil systems, heat pumps, and energy efficiency; expand financing for natural gas

heating systems; provide rate relief to the commercial sector; and promote private investment in energy efficiency upgrades;

- Actively participated in the stakeholder process initiated by EMT, to craft the new incentive program for reducing residential heating costs;
- Promoted efforts to expand the use of natural gas throughout the state, including participation in the process to convert all state offices to natural gas, and moderating industry stakeholder advisory group to facilitate the expansion of natural gas distribution systems;
- Participated in ongoing regional efforts to reduce price volatility in natural gas and electricity prices (see statutory duties above);
- Contributed to development of legislation to utilize Maine's biomass to benefit Mainers.

### ***Offshore Wind Energy***

- The Energy Office submitted comments (attached) on the proposed offshore wind energy demonstration project developed by the University of Maine and its partners.

### ***Energy Assurance and Emergency Management***

- A region-wide propane shortage has been particularly concerning for the Northeast this winter and the shortage has been particularly acute in Maine. The Energy Office has been closely monitoring the situation, and has taken steps to assure Mainers obtain needed supplies.

[http://www.pressherald.com/news/Propane imports may help ease regional shortage that is driving up prices .html](http://www.pressherald.com/news/Propane_imports_may_help_ease_regional_shortage_that_is_driving_up_prices_.html)

This very tight supply situation, region wide, is largely the result of rapidly changing economic conditions. This swiftly moving market evolution underscores an urgent need to update the State's Energy Assurance and Emergency Management Plan. However, current office resources are inadequate to perform a comprehensive update.

The GEO is convening a state and regional stakeholder group to solicit input on possible actions to remedy the current supply problem. Based on this stakeholder input, the GEO will prepare legislation to be offered through the Governor's Office in the 2<sup>nd</sup> session of the 126<sup>th</sup> Legislature.

### **3. Use of Energy Office Resources**

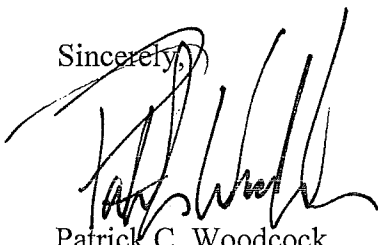
MRSA Title 2, §9, subsection 2(A)(B), states that the Office shall provide an accounting of the office's resources devoted to its duties and activities, including the portion of its resources devoted to programs and activities of the Efficiency Maine Trust.

#### **Breakdown of Office resources devoted to its various duties and activities:**

- *Legislative Support* – analysis, position determination, testimony presentation, public hearing and work session support – 20%
- *Constituent Service* – 12-15%

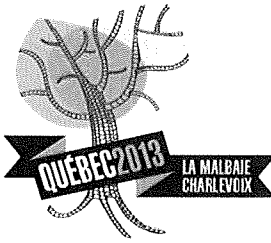
- *Agency Consultation* – the Office engages with other state agencies to provide energy expertise 3%
- *Efficiency Maine Trust* – participation on the EMT Board of Directors, including preparation for and participation in the monthly board meetings – 10%
- *Energy Project Activities, Research, Analysis, and Reporting* – Energy policy and program initiatives in support of the Comprehensive Energy Plan, including data collection - 15%
- *Interagency Review Panel* – Director’s participation as chair of the panel, and staff administrative support in implementation of the energy infrastructure corridor statute – 5%
- *Energy Information Dissemination to the Public and the Media* – the public frequently contacts the Office requesting specific information on a range of energy issues. In addition, both the Director and staff are asked to speak at various organizations meetings and other events, as well as speak with the news media on energy issues – 10%
- *Administration of the Office* – Administrative activities include grant administration and reporting; personnel, budget, and organizational support – 10%
- *Coordination and Communication with Stakeholders* - Coordination and communication with stakeholder groups, local, state, and federal governments, and utilities, on various energy initiatives and programs 5-7%
- *Executive Branch Advisory Work* - 10% of the Director’s time

Sincerely,



Patrick C. Woodcock

Director  
Governor’s Energy Office



37<sup>e</sup> CONFÉRENCE  
ANNUELLE  
DES GOUVERNEURS  
DE LA NOUVELLE-ANGLÈTERRE  
ET DES PREMIERS MINISTRES  
DE L'EST DU CANADA  
3-9 septembre

37<sup>th</sup> ANNUAL  
CONFERENCE  
OF NEW ENGLAND  
GOVERNORS & EASTERN  
CANADIAN PREMIERS  
September 3-9

## RESOLUTION 37-1

### ***RESOLUTION CONCERNING ENERGY***

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**WHEREAS**, the Conference of New England Governors and Eastern Canadian Premiers (NEG/ECP) has shown continued interest in the development of energy policies with regard to expanding clean energy supply and trade while strengthening the economy and maximizing the overall environmental benefits for the region; and

**WHEREAS**, the NEG/ECP reiterates support for energy efficiency as a core option in meeting our energy needs; and

**WHEREAS**, the NEG/ECP Northeast International Committee on Energy (NICE) recognizes that natural gas markets are a critical energy source for electric generation and residential/commercial/industrial uses in the region; that natural gas supply sources within the NEG/ECP region are subject to dynamic global energy resource markets; that New England's increasing reliance on natural gas-fired electric generation poses challenges to electric reliability and diversity of supply sources; and that the New England states are analyzing the costs and benefits of various means available to address natural gas supply and market issues; and

**WHEREAS**, the NEG/ECP continues to support opportunities for the expansion of clean energy consistent with providing customers with reliable electric service at the lowest societal cost over the long term consistent with environmental objectives; and

**WHEREAS**, any increased opportunities for clean energy trade in furtherance of environmental objectives must be accompanied by mechanisms to verify clean energy generation sources and their attributes.

**NOW, THEREFORE, BE IT RESOLVED THAT** the NEG/ECP affirms its commitment to increasing cost-effective clean energy trade opportunities; and

**BE IT FURTHER RESOLVED THAT** the NEG/ECP acknowledges that the New England states have undertaken analyses to assess the relative costs and benefits associated with various means to address natural gas market issues and incremental low-carbon energy import opportunities; and recognizes the ongoing leadership of the Eastern Canadian provinces in introducing new clean energy resources for both domestic and export markets; and

**BE IT FURTHER RESOLVED THAT** the NICE will monitor the New England States Committee on Electricity (NESCOE) *2013 Natural Gas-Electric Study* and *Hydro Imports Study* and subsequent actions by the New England states; and



**BE IT FURTHER RESOLVED THAT** the NEG/ECP affirms its support for the NESCOE effort to advance a regionally coordinated competitive procurement process, including effective engagement of the Eastern Canadian provinces, as appropriate, given the parties' potential roles as buyers and sellers in this process; and

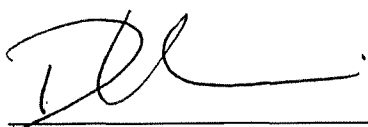
**BE IT FURTHER RESOLVED THAT** the NEG/ECP encourages the provinces to evaluate existing options and opportunities to adopt verification mechanisms of generation sources and environmental attributes that correspond with the existing New England Power Pool (NEPOOL) verification system; and encourages the NICE to facilitate information-sharing in this process; and

**BE IT FURTHER RESOLVED THAT** the NICE will facilitate information-sharing about the status of emerging and advancing significant low Greenhouse Gas (GHG) emitting energy resources that have the potential to reduce GHG emissions, improve reliability, and support economic goals; and

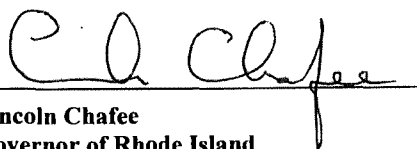
**BE IT FURTHER RESOLVED THAT** the NICE will work with the CONEG Energy Working Group to find opportunities for further regional collaborative work on sustainable biomass production practices and end use markets; and

**BE IT FURTHER RESOLVED THAT** the NEG/ECP directs the NICE to work collaboratively with other NEG/ECP committees to accelerate the development and deployment of energy efficiency opportunities regionally.

*Adopted at the 37th Annual Conference of New England Governors and Eastern Canadian Premiers, La Malbaie, Québec, September 9, 2013.*



**Pauline Marois**  
Premier of Québec  
Co-Chair



**Lincoln Chafee**  
Governor of Rhode Island  
Co-Chair



PAUL R. LEPAGE

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PATRICK C. WOODCOCK  
DIRECTOR OF GOVERNOR'S  
ENERGY OFFICE

December 17, 2013

Mr. Harry Lanphear  
Administrative Director  
Maine Public Utilities Commission  
18 State House Station  
Augusta, ME 04333

Re: Docket No. 2010-00235

Dear Mr. Lanphear:

Thank you for the opportunity to provide comments regarding the December 4, 2013 Maine Aqua Ventus I (MAV) proposed term sheet.

Our region's underlying energy infrastructure challenges have been acutely illustrated this winter. Electric wholesale prices have reached unprecedented levels further undermining our economic competitiveness for energy intensive industries. Moreover, these increased costs will soon spread to other rate classes and will burden Maine ratepayers in the coming years. Within this context and without a specific regional policy response in place to address these underlying challenges any policy decision that would increase this burden must be carefully reviewed.

At the same time, there has been recent progress in the research of offshore wind in the State of Maine. Roughly one year ago the Department of Energy (DOE) selected the University of Maine as one of seven entities that will compete for three \$47 million grants to research innovative technologies to reduce offshore wind costs to comparatively competitive levels. The initial selection was a testament to the research and development at the University of Maine and the technology that we have developed right here in Maine. In addition, this past spring the University of Maine and its partners at Cianbro and the Maine Maritime Academy launched a 1/8<sup>th</sup> scale

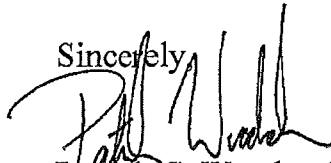
prototype in the Gulf of Maine, representing the first grid-connected offshore floating wind turbine in the country. The technology has been highlighted by DOE as an innovative design that has potential to reduce the overall cost of the system, which is the primary objective of the DOE's solicitation under DE-FOA-000041 0.

The Ocean Energy Act (P.L. 2009, ch. 615) outlines six requirements for a potential supplier of offshore wind under A-6 of the law. This office believes that the MAV term sheet meets these six requirements and its approval will place our state in a strong position to receive a significant research investment from the DOE.

Accordingly, if the term sheet is approved this office commits to working with MAV to secure additional federal as well as state funding opportunities to lower the burden on Maine ratepayers, maximize the benefits to the Maine economy, and increase the chances that this research and development will ultimately develop a technology that will provide competitively-priced electricity to the Maine ratepayer.

Thank you for consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Patrick C. Woodcock". The signature is written in a cursive style with a large initial "P" and "W".

Patrick C. Woodcock

Director

Governor's Energy Office