

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

**STATE OF MAINE**  
**GOVERNOR'S ENERGY OFFICE**



**2016 ANNUAL REPORT**

January 20, 2017

# **Director's Letter**

**Dear Senator Woodsome, Representative Berry, and Members of the Committee:**

Pursuant to Title 2, Section 9, the Governor's Energy Office (GEO) is established in the Executive Department to carry out responsibilities of the State of Maine relating to energy resources, planning and development. In addition, the statute requires the GEO to submit an annual report describing the activities of the Office during

the previous calendar year. The report is to include a description of activities of the office in support of the requirements in the governing statute, 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.

Under the governing statute, the 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 2016, the GEO worked collaboratively with a number of agencies including the Maine Public Utilities Commission (MPUC); Office of the Public Advocate (OPA); Department of Environmental Protection (DEP); Department of Agriculture, Conservation & Forestry (DACF); Department of Transportation (DOT); Department of Economic and Community Development (DECD); Efficiency Maine Trust (EMT); Mid-coast Regional Redevelopment Authority; National Association of State Energy Officials (NASEO), New England States Committee on Energy (NESCOE), Eastern Interconnection States Planning Council (EISPC); Northeast International Committee on Energy (NICE); New England Governor's Conference (NEGEC), the Interagency Review Panel, ISO New England, United States Congress, as well as other public entities on a range of energy issues, including electricity transmission development, natural gas transmission capacity, energy efficiency, and renewable energy development, and

## **2016 GEO Staff:**

- **Angela Monroe,**  
Acting Director
- **Patrick Woodcock,**  
Director through December 9, 2016
- **Lisa Smith**  
Senior Analyst

strategic planning on improving competitiveness for Maine and the New England region.

The statute provides that the GEO is directly responsible to the Governor of the State of Maine. 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. The prior Director and the current Acting Director have executed these duties with the primary goal of reducing the costs of energy to Maine industries, businesses, and residents. Governor LePage and the GEO are working to decrease the total cost of energy (electricity, transportation, and heating) to Maine people in a manner that:

- Is environmentally responsible, and in compliance with all applicable standards and regulations based on sound science;
- Optimizes the economic growth in the State by promoting competitiveness through direct and indirect private sector job growth, and by leveraging Maine's strategic advantages such as location, forest assets, and indigenous renewable resources;
- Increases energy efficiency by empowering people with knowledge and capability to employ proven cost-effective efficiency technologies; and
- Reduces exposure to expensive and price-volatile energy sources.

The GEO is pleased to provide this report of its 2016 activities to the Energy, Utilities, and Technology Committee and looks forward to working with the Committee over the upcoming Legislative session.

Sincerely,

A handwritten signature in black ink, appearing to read "Angela Monroe", with a long horizontal flourish extending to the right.

Angela Monroe,  
Acting Director  
Governor's Energy Office

## Activities of the Governor's Energy Office During 2016

### 1. STATUTORY DUTIES

Pursuant to Title 2, §9, subsection 3, the GEO is required to:

- Prepare a State comprehensive energy plan, and update the 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 with the GEO Director serving on the 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;
- Monitored 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.

Highlights of activities in 2016 relating to these statutory duties:

#### ➤ Continued monitoring implementation of the energy omnibus bill (LD 1559, 126<sup>th</sup> Legislature)

- Continued to lead effort to garner regional support to expand natural gas infrastructure in Maine and New England;
- Actively participated in Efficiency Maine's third triennial planning process, including conducting detailed reviews of draft plan, participating in the review and approval process at the Public Utilities Commission, and participating in follow-up PUC proceedings pertaining to the low income program, bundling of programs and LED lighting, and voltage reduction pilot programs;
- Monitored and reviewed EMT programs via participation on the EMT Board of Directors;
- Monitoring progress in the Energy Cost Reduction Act (ECRA) proceedings at the Public Utilities Commission. The ECRA authorized the PUC to enter into long term contracts for natural gas pipeline capacity, if these contracts would have long term benefits to ratepayers. The ECRA was later amended to add liquefied natural gas (LNG) storage as an option for long term contract(s).

## ➤ Led Regional Energy Initiatives

The entire New England region's high energy costs are not competitive with other parts of the country. Under the leadership of Governor LePage, the GEO, in concert with the rest of New England, initiated a process which is leading to strategic energy infrastructure investments in the region. This infrastructure is anticipated to drive New England's energy costs lower, by taking advantage of regional hydropower resources and other renewable resources as well as abundant domestic natural gas supplies from Pennsylvania and Ohio. Among other regional activities, the Governor's Energy Office led a regional coalition to realize strategic infrastructure investments that would reduce Maine and New England's energy costs, and increase economic development opportunities as the State's representative on the New England States Committee on Electricity (NESCOE) for most of 2016.

- The GEO has and continues to work with the other New England states through NESCOE on a regional energy infrastructure initiative to increase transmission for electricity generated from renewable sources, primarily from Canada, but including sources in northern and western parts of the state;
- The GEO participated in the Integrating Markets and Public Policy (IMAPP) process through the New England Power Pool (NEPOOL). The goal of this stakeholder process is to identify and explore methods for incorporating state public policy goals (primarily for renewable energy) into wholesale electricity markets. <http://nepool.com/IMAPP.php>. The GEO also participated in a NESCOE initiated process to address wholesale electric market price volatility in ISO-NE constrained import zones (called the Demand Curve Filing);
- The GEO participated in meetings and discussions with some of our Canadian provincial partners to explore expansion of economic opportunities for Maine and the provinces;
- In March, the Governor and Québec Premier Couillard announced a partnership to execute an electric vehicle (EV) charging corridor from Quebec through Maine. In order to execute the corridor, the GEO established an intergovernmental task force to identify the corridor route and specifications. The Office released a Request for Information (RFI) for the corridor; responses are posted on the Energy Office website. The GEO, coordinating with DOT, DEP, EMT, and other stakeholders, is in the process of structuring a Request for Proposals (RFP) to seek a vendor or vendors to deploy the infrastructure and operate the corridor;
- GEO Director took part in the New England Governors' Conference (NEG) / Northeast Canadian Premiers (NCP) 40<sup>th</sup> annual meeting on energy, environment, and transportation issues, held in Boston, MA;
- The GEO participated in region-wide (New England and New York) communication efforts which: 1) addressed the state's heating fuel supply and transportation infrastructure vulnerabilities; and 2) informed Maine residents and businesses of the price effects of continued constraints on regional natural gas supplies.

➤ *Initiated a comprehensive, stakeholder driven update to the 2015 State Comprehensive Energy Plan*

In 2015, Maine was one of four states who successfully sought financial support from the U.S. Dept. of Energy for comprehensive energy planning purposes. The GEO's proposal was to conduct a statewide comprehensive energy plan update, including a formalized process to solicit stakeholder input. In 2016, the GEO, working in concert with subcontractor Environmental and Energy Technology Council of Maine (E2Tech), has almost completed the first phase of this process, which includes: establishing a steering committee for the project; compiling and updating the baseline data; compiling a summary of Maine specific energy policies; and analyzing areas of competitive advantage in the energy sector. This process is utilizing the 2015 Comprehensive Plan update as a starting point. Links to 2015 plan documents are listed below.

<http://maine.gov/energy/pdf/2015%20Energy%20Plan%20Update%20Final.pdf>

<http://maine.gov/energy/pdf/Energy-Profile-final.pdf>

<http://maine.gov/energy/pdf/FASTENERGYFACTS.pdf>

[http://www.maine.gov/energy/publications\\_information/001%20ME%20GEO%20Rpt%2002-04-15.pdf](http://www.maine.gov/energy/publications_information/001%20ME%20GEO%20Rpt%2002-04-15.pdf)

In 2017, the GEO will conduct the stakeholder portion of the process, and the final update will be submitted to the Energy, Utilities and Technology Committee for their consideration in early 2018. The plan will describe progress made in each economic sector since the 2015 update, and will provide policy and program recommendations focused on the State's current energy challenges, including the State's high overall energy costs; uncompetitive and volatile electricity prices; residential heating demand and affordability; and transportation sector issues associated with both price and greenhouse gas emissions.

➤ *Initiated an analysis of the biomass industry*

In response to the recent economic challenges faced by the biomass energy sector, and in order to inform the comprehensive energy plan update, the GEO initiated an analysis of the energy and environmental economics of the biomass industry. The goal of the study is to provide recommendations which, if executed, would move the biomass energy sector toward long term sustainability. The GEO issued an RFP and selected a consultant to assist it in this effort. The work is continuing and the GEO expects to provide the results of the report to the Energy, Utilities, and Technology Committee in March or April, 2017.

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

The GEO directed the Interagency Review Panel's activities toward authorizing the use of the state's interstate highway corridor for energy infrastructure. The Panel met to discuss the applicant's progress after receiving the energy valuation consultant's range of values for use of the corridor (\$65 to \$134 million). Early in 2016, the applicant in this process, Emera/National

Grid, updated the panel on its progress with the next phase of its proposed transmission project (the Northeast Energy Link).

➤ *Communication of State Energy Policy and Dissemination of Energy Data & Information*

- Conducted numerous speaking engagements on state energy policy before government agencies, stakeholder groups, non-profit and educational groups, and state, regional, and national energy-related organizations and associations. These engagements included participation in a statewide forum on natural gas issues; discussion of the state's energy challenges and opportunities at the NEG/ECP annual meeting this past fall in Boston; discussion of Maine's energy policies and programs during regional and national NASEO meetings; and presentations before the Maine Development Foundation, Maine Economic Growth Council, University of Maine, and Maine Renewable Energy Association, and local civic organizations, among others;
- Participated in numerous radio programs and television interviews, as well as newspaper inquiries on a myriad of energy issues, including paper mill and biomass generator closings; business energy costs; and renewable energy policies;
- Administered the Energy Information Administration's (EIA) heating fuel price data collection and information dissemination program (SHOPP) with data collection and weekly information disseminated throughout the year;
- Participated in state, regional and national forums on energy policy and programs (e.g., NASEO; National Governor's Association, Energy Information Administration, Republican Governor's Association, New England Conference of Public Utility Commissioners);
- Participated in meetings of the Drive Electric Maine consortium. This consortium of business, non-profit, and government organizations seeks to promote the increased use of electric vehicles in Maine.

➤ *Additional Energy Office Accomplishments*

- GEO successfully sought a two year energy efficiency grant from the US Dept. of Energy (State Energy Program competitive awards program). The GEO, in partnership with the Island Institute, will demonstrate strategies to aggregate energy efficiency measures in remote and islanded communities. The project will document successful aggregation models for replication in other areas of the country.
- The GEO participated in a multi-state collaborative project with the Massachusetts Clean Energy Center, the Massachusetts Department of Energy Resources, the New York State Energy Research and Development Authority (NYSERDA), and the Rhode Island Office of Energy Resources to develop a regional offshore wind roadmap. The effort, supported by a 2015 United States Department of Energy award, is a multi-state planning effort for offshore wind. This goal of the project is to facilitate collaboration in the development of a regional roadmap for large scale deployment of offshore wind, including establishing regional supply chains;
- GEO provided technical assistance to the state Division of Purchases in seeking a competitive bid for state government's electricity supply needs and fuel oil purchases.

This direct procurement saved the state approximately \$450,000 in lower supply costs and third party broker fees, over the standard offer. The direct procurement also saved the state \$480,000 in reduced heating oil costs over two years.

## **2. IMPLEMENTATION OF MAINE'S COMPREHENSIVE ENERGY PLAN**

Primary components of the current State Comprehensive 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 GEO activities in 2016 relating to Comprehensive Plan implementation:**

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

- 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 triennial plan stakeholder process initiated by EMT, to ensure funding priorities adequately address the state's continuing energy challenges, which are electricity and heating costs;
- Participated as the energy sector representative on the interagency working group focused on adaptation to climate change. The working group, first established in 2014, was expanded in 2016 to include all state agencies with climate change related programs and efforts <http://maine.gov/dep/sustainability/climate/index.html>. The group serves as a communication and coordination vehicle for the numerous state activities related to climate change adaptation;
- Actively participated in the net energy billing (for distributed generation) proceeding at the Public Utilities Commission, recommending a move toward market rate compensation for excess generation;
- Continued to meet with natural gas stakeholders to resolve obstacles regarding access to and expansion of natural gas service in selected areas of the State;
- Participated in ongoing regional efforts to reduce price volatility in natural gas and electricity prices (see statutory duties above);
- Developed consumer focused educational guide on propane markets and pricing, in response to continued inquiries and concerns about the pricing and delivery of this fuel.

➤ Renewable Energy Development

- Supported continued promotion of the wind demonstration project developed by the University of Maine and its partners, including participation in multi-state regional planning effort currently funded by the U.S. Department of Energy (described above);
- Contracted for an analysis of the State's biomass industry in response to the challenging economic situation faced by the industry (described above);
- Continued to advocate at the federal level for reducing the regulatory burden faced by small (less than 5 MW) hydroelectric power facilities under the Federal Energy Regulatory Commission (FERC) re-licensing process. The office also provided technical assistance to small generators faced with this burden;
- Participated in the statewide 'wood energy team' established to expand the use of Maine's biomass resource (for electricity and thermal applications) to benefit Mainers. The GEO participated in the grant application process to secure financial support for this endeavor as well as the team's initial meeting. This team is expected to continue to meet during the upcoming year.

➤ Energy Assurance and Emergency Management

- The GEO participated in an interagency energy assurance exercise sponsored by the Department of Homeland Security. The Regional Resiliency Assessment Program (RRAP) was a cooperative assessment of specific critical infrastructure in the Northeast, as well as an analysis of surrounding infrastructure;
- The Office participated in a grid modernization forum, organized by NASEO. This forum allowed New England states to exchange information on grid modernization efforts, and explore opportunities for cooperation and alignment of policies and programs within the region;
- The GEO participated as the Governor's contact for the First Responder Network Authority (FirstNet) process. FirstNet was created in 2012 under the Middle Class Tax Relief and Job Creation Act, its mission is to build, operate, and maintain the first high-speed, nationwide wireless broadband network dedicated to public safety.

**3. USE OF ENERGY OFFICE RESOURCES**

Maine Revised Statutes, Title 2, Section 9, subsection 2-A(B), states that the GEO 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 – 10-12%

- 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 – 10-12%
- 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 – 3%
- 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 – 10-12%
- Coordination and Communication with Stakeholders – Coordination and communication with stakeholder groups, local, state, and federal governments, and utilities, on various energy initiatives and programs – 5-10%
- Executive Branch Advisory Work – 10-12% of the Director’s time