

**Maine State Legislature  
Joint Standing Committee on Energy, Utilities and Technology  
Testimony on LD 1700**

The New England Power Generators Association (NEPGA)<sup>1</sup> appreciates the opportunity to provide testimony on LD 1700, *An Act to Protect Maine Residents and Businesses from Rising Electricity Costs*. LD 1700 would create a task force to examine the costs of electricity delivery to Maine's residents and businesses. NEPGA neither supports nor opposes LD 1700 but instead offers the information below to assist the Committee as it considers this legislation and Maine's energy policy generally.

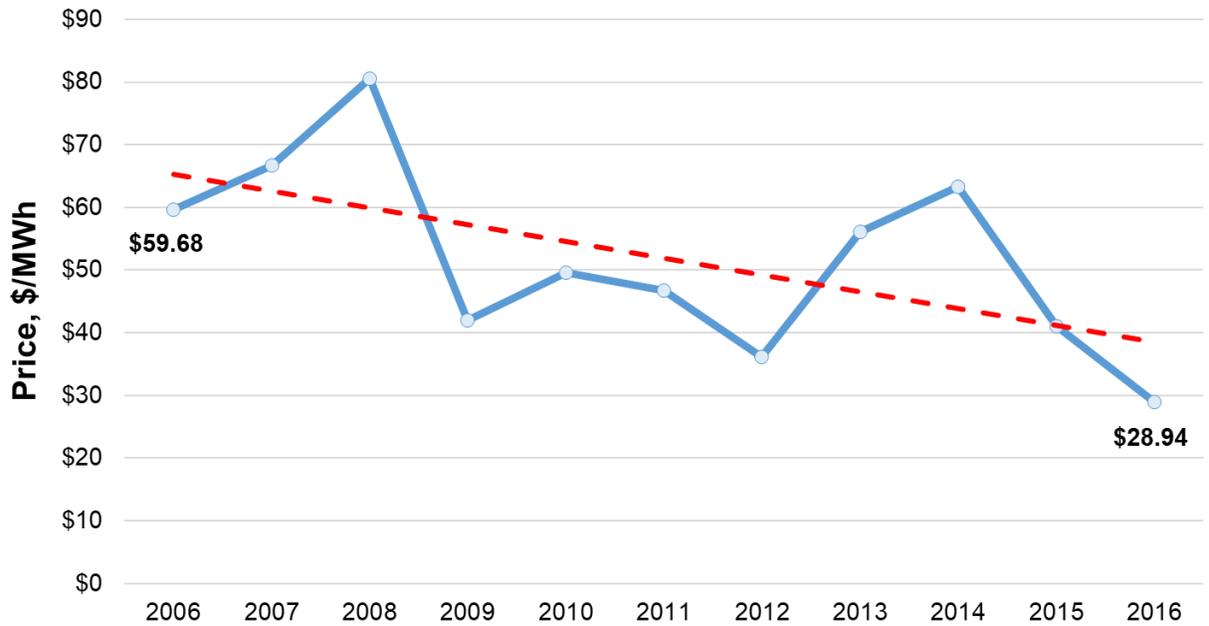
NEPGA is the trade association representing competitive electric generating companies in New England. NEPGA's member companies represent approximately 25,000 megawatts (MW) of all generating capacity throughout New England. Our member plants provide about 3,100 MW, or 87% of all the generating capacity in Maine. NEPGA's Maine companies pay nearly \$18 million annually in state and local taxes, provide over 230 well-paying and skilled Maine jobs, and contribute tens of thousands of dollars to charitable endeavors throughout the state.

In 2000, Maine, along with all other New England states except Vermont, moved to a competitive market structure to remove power plants from rate-base utility ownership. At the time, the utility ownership structure had been plagued by cost overruns, concerns of over-builds, construction delays and inefficiencies, all of which were borne by consumers. Since that time, New England's electricity consumers have reaped the price benefits of a restructured electricity market. Since 2005, wholesale electricity prices (the prices coming out of the power plants and delivered to a trading hub) have fallen over 50%. In fact, 2016 was the lowest wholesale electricity price year in the history of the New England competitive marketplace. Although the last week of December featured higher prices due to a sustained period of unusually cold temperatures, preliminary data from ISO New England show that the average wholesale price for 2017 may be similarly low.<sup>2</sup> This is a remarkable result despite the fact that a substantial amount of plants have retired and companies are making investments in new facilities.

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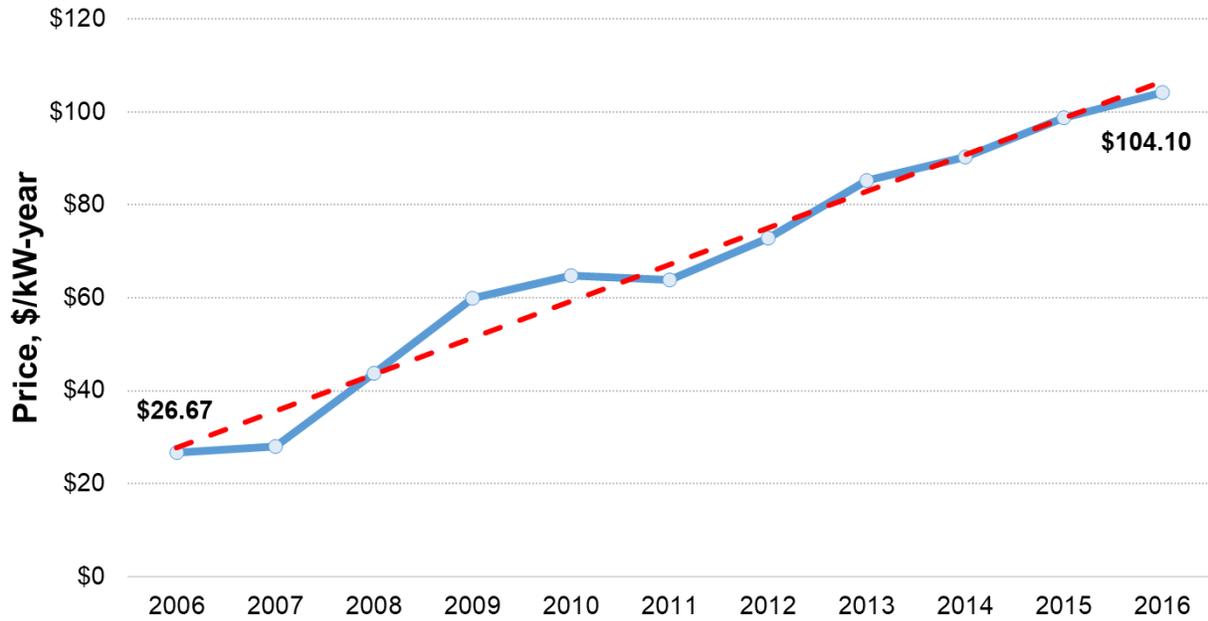
<sup>1</sup> The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular member.

<sup>2</sup> <https://www.bizjournals.com/boston/news/2018/01/10/viewpoint-competitive-electricity-markets-have.html>



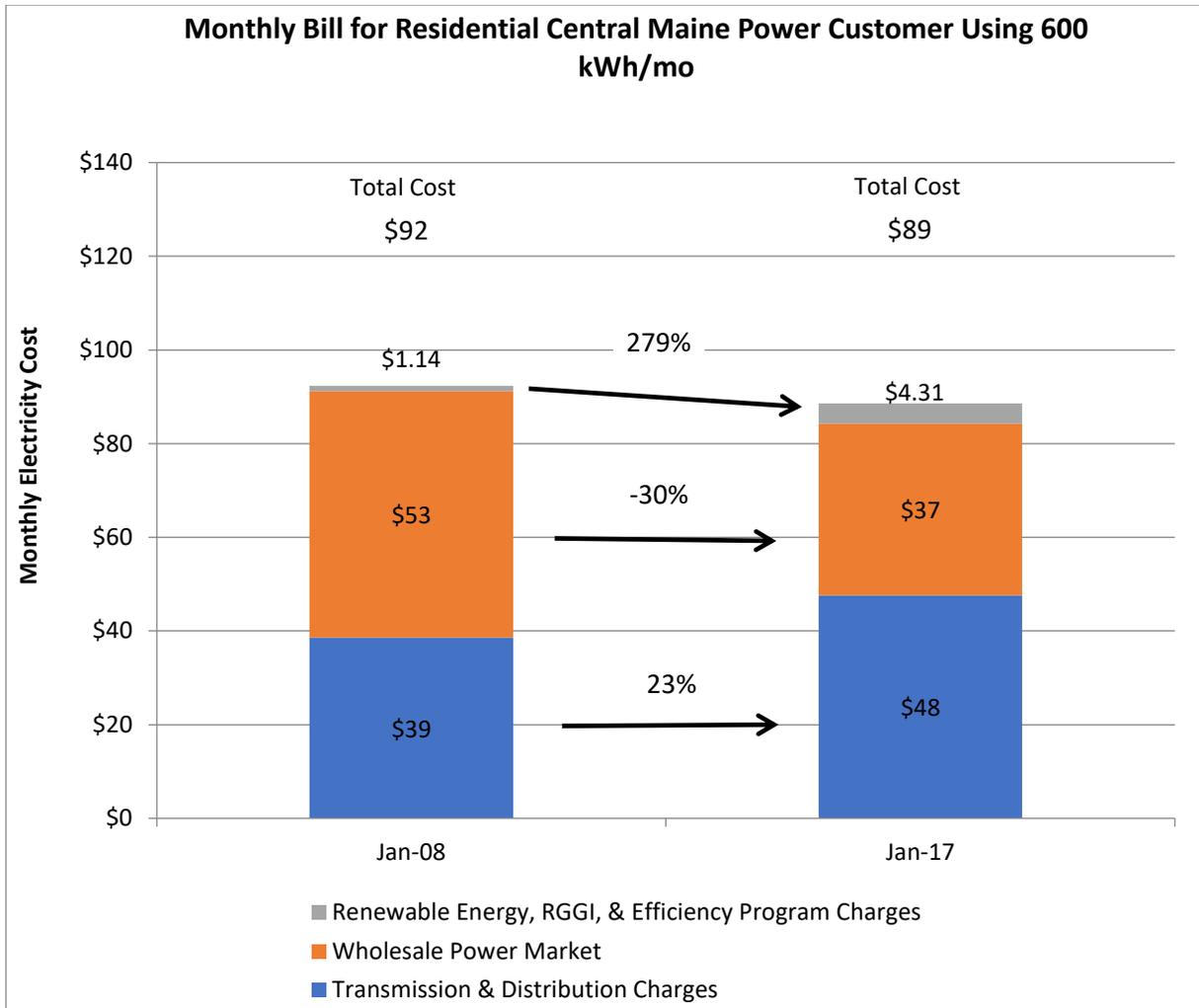
Source: [https://www.iso-ne.com/static-assets/documents/2017/02/20170227\\_pr\\_2016\\_price\\_release.pdf](https://www.iso-ne.com/static-assets/documents/2017/02/20170227_pr_2016_price_release.pdf)

And yet, consumers have seen other elements of their bills rise over this same period, leading to fundamental questions about electricity costs in Maine and across New England. For example, since 2006, transmission costs have risen over 400%, as shown by the graph below.



Source: <https://www.iso-ne.com/static-assets/documents/2015/12/section2-rate-summary.xls>

The impact to customers can be seen by comparing the components of a typical Central Maine Power residential customer's monthly bill from January 2008 to January 2017:



While the average Maine customer's wholesale power prices declined 30% over the nine-year period, those savings were substantially offset by a 23% increase in transmission and distribution charges. Charges related to renewable energy, the Regional Greenhouse Gas Initiative and energy efficiency programs also increased during this period. Put another way, while the cost to generate the electricity consumed by Maine consumers went down 30%, their bills went down only 3%.

Simply put, consumers have benefited from dramatically lower wholesale electricity prices in the open competitive marketplace, but those savings have been masked by the other portions of the bill rising. Many of those cost increases may be well justified, whether for public policy purposes or making upgrades to the poles and wires that deliver the electricity. But as the legislature and Maine consider approaches to address the delivery of electricity to its consumers under LD 1700, NEPGA urges the Committee to recognize the dramatic benefits of the competitive marketplace and explore whether the other major cost drivers of consumer rates are operating as efficiently.

NEPGA thanks the Committee for this opportunity to provide testimony on LD 1700. We would be happy to work with the Committee in the future as it works to identify the factors that drive electricity costs in Maine.