



**Maine State Legislature
Joint Standing Committee on Energy, Utilities and Technology
Testimony on LD 1741**

The New England Power Generators Association (NEPGA)¹ appreciates the opportunity to provide testimony on LD 1741, *Resolve, Establishing the Commission to Study the Economic, Environmental and Energy Benefits of Energy Storage to the Maine Electricity Industry*. NEPGA neither supports nor opposes LD 1741. Instead, we offer the following information to the Committee as it considers forming a Commission that would, among other things, review today's electricity industry and the costs and benefits of storage for Maine consumers.

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.

NEPGA supports the development and deployment of innovative energy resources, including storage technology. NEPGA believes that the open, competitive electricity markets offer the best way to innovate, attract investment, lower barriers for all eligible participants and yield the most efficient outcome for consumers. In fact, the wholesale electricity markets are in the midst of a substantial evolution to integrate and better compensate faster, more flexible resources that are valued for their unique services. For example, ISO New England (ISO-NE), the region's grid operator, recently developed fast-start pricing rules to incentivize a quick response from resources when they are needed most. This type of reform was specifically targeted at flexible technologies like energy storage.

Energy storage resources can today enter and participate in ISO-NE's wholesale capacity, energy and operating reserve markets and can provide voltage support, regulation and other essential grid reliability services through wholesale market rates. The Federal Energy Regulatory Commission and ISO-NE are also currently considering further opportunities to facilitate greater participation of storage in the electricity

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

markets. All of this is being accomplished without guaranteed rates of return or shifting the risk of bad investments onto consumers.

Conversely, public policies that pick winners and losers and provide recovery through consumer-guaranteed rate base stifle market participation, hinder innovation and expose consumers to stranded costs. Instead, NEPGA urges the Committee to consider the benefits of the competitive electricity marketplace, which has delivered extraordinary results for consumers. 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,² with 2017 continuing that trend. This is a remarkable result considering that a substantial amount of new plants have retired in recent years and participants continue to invest capital in new resources.

NEPGA urges the Committee to allow competitive wholesale markets to continue on this successful path and not undermine their benefits through policies that guarantee utilities cost-of-service or incentive rate recovery for storage resources. However, should the Legislature decide to allow electric utilities to procure energy storage resources outside the competitive markets, it should at the very least structure any solicitation to enable both new and existing energy storage technologies to compete on a non-discriminatory, open, and competitive basis, including enabling eligibility of all technologies and vintages.

NEPGA recognizes and appreciates the role of energy storage but believes New England's competitive electricity markets are the appropriate means for its development and deployment, not long-term contracts guaranteed by utility ratepayers. NEPGA thanks the Committee for this opportunity to provide input and remains available to work with members as Maine establishes its energy storage policy.

² https://www.iso-ne.com/static-assets/documents/2017/02/20170227_pr_2016_price_release.pdf