



Testimony of the Efficiency Maine Trust

Michael D. Stoddard, Executive Director

On its Budget for FY 2012-2013

**Presented to the Joint Committee on Appropriations and Financial Affairs together
with the Joint Committee on Energy, Utilities and Technology**

Of the Maine Legislature

Augusta, Maine

March 28, 2011

(CORRECTED 3-29-2011))

Chairman Rosen, Chairman Flood, Chairman Thibodeau, Chairman Fitts, and Honorable Members of both Committees:

On behalf of the Efficiency Maine Trust (the Trust), I am pleased to present the budget of the Trust for Fiscal Years 2012 and 2013, coinciding with the State of Maine biennial budget under consideration by the legislature.

Our testimony is presented here consistent with the Guidelines we received from your committee staff.

I. The Efficiency Maine Trust organization - overview

A. Introduction

1. Primary function(s) of the organization and its primary outcomes

The Trust was established, generally, for the “purposes of developing, planning, coordinating and implementing energy efficiency and alternative energy resources programs. ... to reduce energy costs and improve security of the state and local economies ... (and) to help individuals and businesses meet their energy needs at the lowest cost...” 35-A MRSA §10103(1). Additionally, the Trust’s programs were expected to help with “increasing new jobs and business development ... [and] enhancing consumer access to technical assistance and financial incentives relating to energy efficiency and alternative energy resources by merging ... programs under a single administrative unit possessing independent management and expertise.” 35-A MRSA §10103(1)(B).

2. How does the program serve the public interest?

The Trust programs reduce energy costs and improve the state and local economies by providing education, technical assistance and financial incentives to help customers purchase and install cost-effective energy efficiency or alternative energy upgrades to their homes and businesses.

An energy improvement is considered cost-effective if the net present value of the total financial savings from the project are greater than the total costs to purchase and install the improvements. The term “total costs” factors in all of the consumer’s costs plus all of the Trust’s costs to help make the project happen.

Recent Results

In FY 2010, Efficiency Maine programs helped business and residential customers to install a variety of high efficiency lights, motors, refrigeration, controls and other measures that are estimated to save 93,000,000 kilowatt-hours (kWh) per year. Over the full life of this high-efficiency equipment, customers will purchase 841,000,000 fewer kWh than they otherwise would have. The effective price of these avoided kWh was 26% less than the price to buy a kWh from the wholesale markets, and 70% less than the cost to purchase a kWh at retail.

The lifetime economic benefits of efficiency investments made in FY 2010 is estimated at \$95.7 million. The investment from Efficiency Maine -- combining revenues from the Base electric SBC and the Regional Greenhouse Gas Initiative (RGGI) – was just under \$17 million.

Over the past six years, programs from Efficiency Maine have helped Maine businesses and homeowners reduce their bills by reducing electricity consumption at a levelized cost of 3.6 cents/kilowatt hour (kWh). The current price to buy those same kWh from conventional supply ranges from 6-8 cents/kWh (depending on the size of the customer).

For individual participants, efficiency programs have a strong track record of lowering energy costs. In business customers, lower energy costs means higher profit and improved competitiveness. The financial incentives offered by Efficiency Maine enable many businesses to achieve the internal rate of return (IRR) necessary to get corporate approval for capital improvements in facilities located in Maine. If the IRR is not met, the project will not be approved or implemented, and the corporate capital will go to some other project or some other facility. In one example, Madison Paper in Somerset County used grants from Efficiency Maine to install heat exchangers that will save the plant nearly 18 million kWh and 540,000 gallons of fuel oil worth a combined \$11.6 million lifetime. As another example, Morris Yachts in Bass Harbor used \$17,000 of Efficiency Maine incentives to help purchase high-efficiency lights. The new lights are estimated to save the business \$15,400 annually on electricity costs and significantly improve manufacturing facility operations.

Non-participants benefit as well. When the lower consumption of Madison Paper, Morris Yachts, and all the other participating businesses and residents are aggregated together,

demand for energy and grid capacity is reduced, lowering the price of electricity for everyone. Our estimate indicates that the 93 million kWh avoided through efficiency investments in FY 2010 helped save an additional \$5 million spread across everyone on the Maine grid.

In sum, energy efficiency is the lowest cost energy resource available in Maine, it is “made in Maine,” and as such keeps dollars in the local economy stimulating local businesses and maintaining local jobs. By lowering energy bills for Maine businesses, it makes them more profitable and more competitive.

3. Name and tenure of the current leader and key staff of the program, office, or department

- Michael Stoddard, Executive Director, began service March 22, 2010
- John Quartararo, Chief Financial Officer, began service June 18, 2010
- Elizabeth Crabtree, Director of Programs, began service June 14, 2010
- Paul Badeau, Director of Communications, began service March 14, 2011

Spending History	<u>MPUC</u> <u>2008</u>	<u>MPUC</u> <u>2009</u>	<u>MPUC</u> <u>2010</u>	<u>EMT</u> <u>2011</u>	<u>EMT</u> <u>2012</u>	<u>EMT</u> <u>2013</u>
State Biennial Budget						
General Fund	0	0	0	0	0	0
Other Funds	15,211,861	16,222,845	22,980,566	14,646,025	14,132,789	13,708,644
Requested Other Funds (Supplemental SBC)			0	0	6,930,422	18,757,441
Total Spending	15,211,861	16,222,845	22,980,566	14,646,025	21,063,211	32,466,085

Staffing History	10	14	13	4	4	4
Employees (FTE basis)						

Non-State Biennial Budget

General Fund	0	0	0	0	0	0
Other Funds	0	0	0	81,680,270	37,890,297	32,251,252
Total Spending	0	0	0	81,680,270	37,890,297	32,251,252

Staffing History	0	0	0	12	12	12
Employees (FTE basis)						

Spending History	<u>MPUC</u> <u>2008</u>	<u>MPUC</u> <u>2009</u>	<u>MPUC</u> <u>2010</u>	<u>EMT</u> <u>2011</u>	<u>EMT</u> <u>2012</u>	<u>EMT</u> <u>2013</u>
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Combined State and Non-State Biennial Budget

General Fund	0	0	0	0	0	0
Other Funds	15,211,861	16,222,845	22,980,566	96,326,295	58,953,508	64,717,337
Total Spending	15,211,861	16,222,845	22,980,566	96,326,295	58,953,508	64,717,337

Staffing History	10	14	13	16	16	16
Employees (FTE basis)						

Note: During FY 2008, 2009 and 2010 Efficiency Maine was program of the Maine Public Utilities Commission therefore; the amounts noted above are estimates and may be duplicative of amounts reported by the Commission in its budget presentation.

B. Budget initiatives or reductions for the Trust of the past two budget cycles

First, to clarify, the Trust officially assumed responsibility for efficiency programs on July 1, 2010. Therefore it did not technically experience any major initiatives or reductions in prior budget cycles, and it cannot speak definitively for changes that occurred prior to the July 1, 2010 transition date.

Second, for Maine's efficiency programs implemented under the banner of Efficiency Maine, we will address this in the accounting of each Fund in our budget in the sections of this testimony below. However, it is also important to note here that Efficiency Maine has overseen and administered significant federal funding of energy programs during the past budget cycle. Briefly, the American Recovery and Reinvestment Act (ARRA or Recovery Act) included significant funds for energy programs from the U.S. Department of Energy (USDOE). Funds awarded by USDOE to Maine in FY10 were committed through a variety of programs and competitive solicitations during FY10 and FY11 and largely spent. Roughly \$4.3 million remains to be spent out in FY 12 as contracts reach their final milestones or programs wind down. Revenues from two competitively bid awards won by the Trust will deliver \$6.3 million in FY 12 and another \$2.8 in FY 2013.

C. FY 2012-2013 baseline budget and initiatives

The funding and expenditures in this budget reflect revenues that are currently authorized, as well as those that require additional action from either the Maine PUC, the Legislature, or both.

The Act that established the Trust required the Board of Trustees to pass a three-year implementation plan that would advance several long range targets enumerated in legislation. Among these targets – to capture all cost-effective energy efficiency resources available for electric and natural gas utility ratepayers; to weatherize all residential homes in the state and to reduce consumption of liquid fossil fuels more than 30% over 20 years; and to reduce peak load consumption by 100 MW by 2020 – the Trust derived the end-point results intended by the legislature over a 10 and 20-year timeframe. As a result, the Triennial Plan passed by the Trust and approved by the Maine PUC, and the budget now before the Committee, was crafted to begin the first three years of this sustained initiative by level funding in FY11, and then modest incremental increases to budgets for FY 2012 and 2013.

II. Conservation Administration Fund

A. Introduction

This fund is used to account for administrative costs associated with the development and implementation of the electric conservation programs. This fund is a vestige of the original legislation that created the electric conservation programs which, at the time, was the only efficiency program in the state and the only source of funding for such programs.

Budgeted spending for FY 2012 is \$366,214 and for FY 2013 is \$818,049. John Quartararo, Chief Financial Officer, is the leader of this budget item and began service June 18, 2010.

B. Past Budget Initiatives/Reductions

The Trust defers to the Maine PUC for an explanation of whether there were any significant changes in past budget cycles.

C. FY 2012-2013 Budget

See Conservation Program Fund, next section. Note that the Trust's Triennial Plan contemplates reducing the cost of contracting from the Conservation Programs by bringing capacity in-house for targeted program areas, such as servicing key accounts or performing certain communications tasks. We project this will tend to bring some costs into the Conservation Administration Fund, but result in lower overall costs for the Trust.

III. Conservation Program Fund

A. Introduction

This fund is established to develop and implement efficiency programs to help reduce energy costs for electricity consumers in Maine by the maximum amount possible, consistent with "cost-effectiveness" requirements.

The budget for this fund is \$23.5 million in FY2012 and \$36.9 million in FY2013. Elizabeth Crabtree, Director of Programs, leads this program and started at the Trust on June 14, 2010. Ms. Crabtree was an efficiency program manager for two years when the programs were administered by the Maine PUC.

B. Past Budget Initiatives/Reductions

For the past two budget cycles, the foundation of this budget has been the electric system benefit charge on electric ratepayers which delivers approximately \$13.5 million to Efficiency Maine each year.

This program fund has existed since 2002, and has been flat funded at the same levels as in 2002.

Additional small revenues recently have gone directly into this fund from the ISO-New England Forward Capacity Market, and at least 85% of RGGI funds, described in Section IV below, have also been used to enhance the energy efficiency of Maine's electric customers.

C. FY 2012-2013 Budget

The "Base Assessment" for the Electric Program is set in statute at a fixed rate of 0.145 cents per kWh. 35-A MRSA 10110(4).

The “Other Assessments” (or “Supplemental Assessment”) for the Electric Program directs that “[i]n accordance with the Triennial Plan, the commission shall assess each ... utility as necessary to realize all available energy efficiency and demand reduction resources ... that are cost-effective, reliable and feasible” after netting out other revenue streams (the Base Assessment, RGGI payments, Forward Capacity Market payments, other sources going to electric programs). 35-A MRSA 10110(5), emphasis added. The PUC is directed to make the assessments beginning July 1st, but “may not charge any assessment under this subsection until the Legislature has approved the Efficiency Maine Trust’s budget.” *Id.*

Since 2002, the electric Conservation Program Fund has been limited to the funding from the Base Assessment, with some recent supplementing of its budget from the Forward Capacity Market and of its objectives from RGGI.

In the past five years, states throughout the region have begun to revisit the question of what is the appropriate level of funding for energy efficiency programs. Rather than rely on a fixed, arbitrary number, four of the other states in New England have shifted to an approach now being pursued by Efficiency Maine to harvest “all cost-effective energy efficiency” resources on the rationale that by definition, cost-effective energy efficiency (currently averaging 3.6 cents/kWh) costs less than the conventional supply (currently averaging 6-8 cents/kWh) for which it is a substitute. In order to do what is prudent and reasonable for the benefit of ratepayers, policies in these states now direct public utility commissions and program administrators to estimate the level funding that would be needed to acquire the maximum achievable cost-effective efficiency potential and to move annual program budgets in that direction. With the enactment of 10110(5) (and its predecessor in the 123rd Session), Maine joined the other New England states in adopting the “all cost-effective” standard.

The Trust reviewed several sources of analysis as to how much cost-effective efficiency potential is available to be tapped in Maine.

The first data point is the Maximum Achievable Cost-Effective (MACE) energy efficiency “potential study” conducted for Central Maine Power Company as part of its Maine Power Reliability Program (MPRP) filing. In CMP’s territory, which constitutes roughly 80% of statewide load, the parties to the final Settlement agreed that there was cost-effective potential for “not less than 8.65 million MWh at a program cost of not less than \$378 million over the next 10 years.” MPRP Stipulation, p. 16. When this amount is extrapolated to the whole state, the Trust finds that potential energy resource to be tapped that is less costly than supply could be harvested with a program budget of \$47 million per year.

The second data point is the study commissioned by the PUC in December 2009 which reviewed efficiency potential studies from around the region. The consultants used in that study estimated that the maximum cost-effective electric efficiency resource potential in Maine could be acquired with a program budget of \$51 million per year.

A third data point comes from the budgets of the early 1990s when CMP administered energy efficiency programs in its own territory, approved by the Maine PUC, budgeted in a range of \$26-32 million per year. Again, extrapolating from this 80% of Maine’s load to the whole state would generate a statewide electric conservation fund budget of up to \$40 million in 1992.

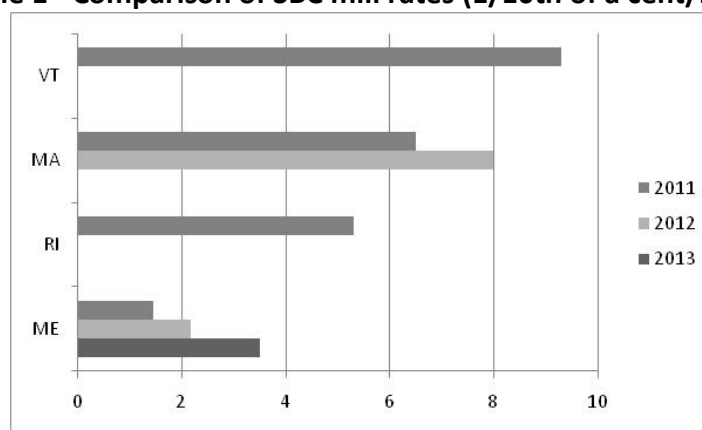
Finally, comments received in the Trust's public stakeholder process extrapolated from the recent efficiency budgets adopted in Massachusetts, Rhode Island and Vermont estimated that Maine could set a budget of more than \$90 million and still be confident that we would be acquiring efficiency resources at a cost below the cost of conventional power supply.

The Trust's Triennial Plan proposes a prudent ramp-up of program budgets. Specifically, the total electric SBC budgets proposed by the Trust are \$20.4 million for FY 2012 and \$31.8 million for FY 2013.

When we add in estimated revenues from RGGI (\$6.5 million), the Forward Capacity Market (\$1.3-\$2.2 million), and the new MPRP Settlement funds (\$1.75-\$2.85 million) we get total electric efficiency program budgets of under \$30 million for FY 2012 and \$43.5 million for FY 2013. Both outcomes fall below the estimates of potential cost-effective efficiency resources determined in the potential studies completed by Central Maine Power and by the Commission, and would help us achieve the objective of lowering energy costs in the state.

The Trust's proposed SBC levels also remain significantly lower than Maine's peers in the region. The Table 1 below shows the SBC funding levels (converted to "mills" per kWh) approved and now being implemented in Vermont, Massachusetts and Rhode Island for comparison to what is proposed in the Trust's budget for FY 12 and 13 (Maine's SBC remained flat in FY 2011 at its existing Base level).

Table 1 - Comparison of SBC mill rates (1/10th of a cent/kWh)



Looking at this from the average customer's perspective, in FY 2012 the Plan proposes to combine the Base Assessment of 0.145 cents/kWh with a Supplemental Assessment of 0.0725 cents/kWh to reach a total of 0.2175 cents/kWh. Recognizing that the average Maine household consumes 520 kWh/month at a cost of nearly 16 cents/kWh, we know that the average electric bill costs \$82/month. The Base Assessment SBC constitutes 75 cents/month of that total electric bill. Raising the total SBC to the Trust's proposed FY 2012 level would bring the cost up to \$1.13/month.

For FY 2013, the Trust's Plan proposes another increase to the Supplemental SBC so that the total SBC reaches 0.35 cents/kWh. The cost to the average household would be \$1.82 month. To put this cost in perspective, were each household to replace a 100 watt incandescent light with a single, 23 watt CFL that throws the same amount of light, the customer would save more

than \$1.66 per month, nearly eliminating the incremental cost of the SBC for every year that the CFL keeps working. Incidentally, the Trust runs a program offering information and financial incentives for customers to install 1.9 million efficient CFLs per year. For an average small business the incremental cost is \$3.50/month; for a business consuming 80,000 kWh/month, the incremental cost is \$280/month; for a large business using 400,000 kWh/month, the incremental cost would be \$1,400/month.

IV. The Regional Greenhouse Gas Initiative Trust Fund (formerly Energy and Carbon Savings Trust Fund)

A. Introduction

The Act establishes this fund to “receive ... and expend ... revenue resulting from the sale of carbon dioxide allowances”, which expenditures must fund conservation programs that “reliably reduce greenhouse gas production by fossil fuel combustion” or “reliably reduce the consumption of electricity...” 35-A MRSA §10109(2) and (4). The Trustees have a fiduciary duty to electricity customers to use the trust fund only for the purposes set forth in this section.

The budget projections for the RGGI Trust Fund are \$6.5 million for the next two fiscal years. Elizabeth Crabtree, the Director of Programs, is the lead staff person for this program, and commenced work at the Trust on June 14, 2010.

B. Past Budget Initiatives/Reductions

The Regional Greenhouse Gas Initiative (RGGI) was established in 2009. Auctions of carbon allowances from the 10 Northeast states, including Maine, generate funding that is deposited in the Trust’s RGGI Fund. In 2009 and 2010, the auctions generated more than \$11.6 million annually but the carbon market has slowed and is now projected to generate \$6.5 million for FY11. All RGGI auction proceeds are invested in energy efficiency and alternative energy programs (see Table 2) to lower demand for electricity, which in turn lowers demand and prices for carbon allowances and reduced energy costs for all consumers. Results of last year’s projects funded by RGGI appear in Table 3.

Table 2: RGGI Fund Allocations.

Program	2010 Funding
EM Business Program	\$ 4,405,978.13
EM Residential Program	\$ 1,505,338.13
Industrial Grants	\$ 5,536,702.00
Administration	\$ 221,234.59
Total	\$ 11,669,252.85

Table 3: RGGI Fund Program Results

Program	Funds in 2010	Lifetime kWh savings	KWh savings per Trust dollar	Lifetime CO₂ savings short tons
EM Business Program	\$4,405,978	252,229,254	57.2	129,542
Large Projects Grant 2010 (electrical reduction)	\$4,303,402	379,778,198	88.8	195,104
Large Projects Grant 2010 (GHG Reduction)	1,233,300	N/A	N/A	619,807
EM Residential Program	\$1,505,338	47,771,662	31.7	24,504
Total or Average	\$11,448,018	679,719,114	59.26	968,957

C. FY 2012-2013 Budget

The Trust projects that revenues from RGGI will continue at the pace of FY2012, which will generate \$6.5 million per year but is subject as always to market forces and therefore we will monitor it closely. Approximately two-thirds of the RGGI funding is budgeted for business programs, large and small, similar to past years, while a new initiative will be the Trust's matching contribution for receipt of a federal grant to promote energy efficiency with multi-family apartment owners.

V. Energy Conservation Small Business Revolving Loan Fund (\$10116)

A. Introduction

The funding is used for loans to develop and implement the conservation programs to help reduce energy costs for small business consumers in the State. Elizabeth Crabtree, Director of Programs, is responsible for the program and commenced work at the Trust on June 14, 2010.

B. Past Budget Initiatives/Reductions

The loan fund for small businesses was established the past budget cycle using mostly federal funds and a smaller amount of electric SBC funds.

C. FY 2012-2013 Budget

The budget for FY2012 and FY2013 is \$500,000. Fund balances and repayments of the loans will provide the necessary revenue for the program. There is no request for additional revenues for this fund.

VI. Heating Fuels Efficiency and Weatherization Fund (§10119)

A. Introduction

This fund is to be used for programs that provide cost-effective energy efficiency and weatherization measures for the benefit of heating fuel customers or efficiency service providers serving those customers. This section was added to the authorizing statute for Maine's efficiency programs after the run-up in fuel oil prices in 2007-2008. No funding has yet been authorized.

The budget for FY 2012 and FY 2013 is \$14.3 million, and Elizabeth Crabtree, Director of Programs, leads the program. She has worked at the Trust since June 14, 2010.

B. Past Budget Initiatives/Reductions

The Trust used significant funding from the federal Recovery Act to promote the purchase and installation of high efficiency heating systems, and also to promote home energy audits and comprehensive weatherization and efficiency upgrades for non-low income homes through a market-based program. The funds for those programs will all be exhausted by the mid- to late-FY2012.

C. FY 2012-2013 Budget

The Trust approved a conceptual budget for this fund of \$14.3 million which is pegged to the amount that was identified for heating fuels in a 2010 "energy efficiency potential" study performed for the Maine PUC by outside consultants.

Funding this budget would require the establishment of one or more new revenue streams either through successful grant applications, execution of leases using the "energy corridor" authority that pay for the use of State lands, or new legislation. The Trust is not, through this budget, requesting legislative action on a heating fuel assessment.

VII. Natural Gas Conservation Fund (§10111)

A. Introduction

The funding is used for cost-effective programs to promote the efficient use of natural gas. Revenues are assessed by the Maine PUC on utilities having more than 5,000 residential customers, which in effect means only Unitil customers have access to these efficiency programs.

B. Past Budget Initiatives/Reductions

In the prior budget cycle, this fund was established. The programs were originally administered by the utility, but it is more administratively efficient to have the Trust manage the programs.

The Trust has opted to make this transition so that more of the fund dollars can be used on customer education, training and incentives.

The budget for the Natural Gas Fund is \$654,861 in FY2012 and FY2013. Elizabeth Crabtree, Director of Programs, is the principal staff on this program, and has worked at the Trust since June 14, 2010.

C. FY 2012-2013 Budget

In FY10 and FY11, the natural gas utility Unitil (Northern Utilities) paid a penalty assessed by the Maine PUC into the Natural Gas Conservation Fund managed by the Trust. The penalty payments are non-recurring.

The statute calls for the Natural Gas Conservation Fund to receive revenues at a rate of “no less than 3% of the gas utility’s delivery revenues.” 35-A MRSA §10111(2). Current revenues to this program are nearly \$525,000 per year. The Trust budget contemplates increasing this fund with an increased assessment of \$130,972 in each of FY 2012 and FY 2013 (or 0.25X increase over current level).

VIII. Renewable Resource Fund (§10121)

A. Introduction

The funding is used for renewable programs to benefit citizens statewide. The Trust is required to set aside 35% of the Fund for the Maine Technology Institute (within DECD) for use to further the development of renewable energy technologies.

The budget for this fund is \$142,332 for FY2012 and FY2013. Elizabeth Crabtree, Director of Programs, is the staff lead. She has worked at the Trust since June 14, 2010.

B. Past Budget Initiatives/Reductions

The Renewable Resource Fund includes alternative compliance payments made by energy suppliers who choose not to comply with Maine’s Renewable Portfolio Standard (RPS) by purchasing renewable energy or renewable energy credits. In FY10, the first year of the program, approximately \$680,000 was received in this fund from alternative compliance payments. This amount complements the \$132,000 in voluntary payments that Maine consumers direct to this fund each year.

C. FY 2012-2013 Budgets

As suppliers have come to better understand their options for complying with the RPS, we assume, as does the Maine PUC, that these payments will drop to about \$10,000 per year. This amount is budgeted to complement voluntary contributions projected to be the same as last year, or \$132,000.

IX. Solar Rebate Program Fund

A. Introduction

The Solar & Wind Rebate Program, which annually generated approximately \$500,000, was used to promote small installations of solar or micro-wind to be located on the customer's side of the meter. The program authorization sunset on December 31, 2010.

B. Past Budget Initiatives/Reductions

This program was established during the past two budget cycles.

C. FY 2012-2013 Budgets

The Trust has budgeted zero revenues from this fund for FY 12 and 13 but is tracking proposed legislation that would reauthorize the fund.

X. Efficiency Maine Trust Administrative Fund

A. Introduction

The original statutory fund account for administrative costs at Efficiency Maine was limited to revenues from the electric SBC, in an amount not to exceed 9% of electric SBC revenues, and was limited to use in defraying administrative costs of the electric Conservation Program. When the Trust's mission was statutorily expanded to administer efficiency programs for all fuels (including natural gas, heating fuels) and a variety of sources (including RGGI and federal funds), the authorizing statute established an organization-wide administrative fund. 35-A MRSA §10103(5). The staff lead for this fund is John Quartararo, the Chief Financial Officer, who started with the Trust on June 18, 2010.

B. Past Budget Initiatives/Reductions

The only initiative of note is that this Fund was established during the last budget cycle and budgeted at \$1.3 million.

C. FY 2012-2013 Budgets

The budgets for the Trust Administrative Fund are just under \$1.6 million for FY2012 and \$1.4 million for FY2013.

XI. Conclusion

The Trust is well aware that the downturn in the economy makes full funding of the Triennial Plan budgets very challenging. This should not, however, diminish our expectation that under the appropriate circumstances, Maine will pursue the untapped potential that lies within its

economy to increase business profitability and individual income security by lowering energy costs through increased acquisition of cost-effective energy efficiency resources.

Indeed, when economic returns on other investments are low and prices (of energy) are high, that can be the most profitable time to invest strategically in more energy efficient equipment and infrastructure.

We believe that for Maine to remedy its ranking in Forbes magazine as the worst business climate in the 50 states, we must invest strategically in our infrastructure and businesses. To do so would be consistent with the policy direction that already exists in the law and the growing consensus around Maine's need to lower energy costs, and it is consistent with the Trust's Triennial Plan and the budget before you today.

We know there is a significant untapped energy resource throughout Maine costing an average of 3.6 cents/kWh, cheaper than conventional supply at 6-8 cents/kWh, but we are watching it rot on the vine. Our businesses will be more profitable, our homeowners will be more financially secure, and our economy will be stronger, when we are able to invest more in Maine's lowest cost energy resource. Approving the Trust's budget for FY 2012 and 2013 will put us on that path.

Thank you.