

Major New Study Affirms Renewable Energy Policies Beneficial for Maine Economy

A comprehensive, independent analysis of Maine’s Renewable Portfolio Standard affirms the conclusion that Maine’s renewable energy strategy is very beneficial for the state, and that Maine’s economy stands to gain significantly from the effort to diversify our energy mix away from fossil fuel-based sources.

The report by London Economics for the Maine Public Utilities Commission, finds that the Maine RPS, in conjunction with the RPS in other New England states, is projected to create 11,700 jobs in Maine and increase the state’s economy (“gross state product”) by \$1.1 billion or 2%, compared to a cost to the economy of 0.06% of GSP.

Key findings about Maine’s RPS, along with the RPS in other New England states:

- **The net creation of thousands of new jobs in Maine.** Regional RPS policies will create nearly 12,000 temporary and permanent jobs in Maine over several years (p. 73), while the cost of the RPS for electricity consumers may reduce employment by 85-130 jobs. (p. 80).
- **An increase in Maine’s gross state product of \$1.1 billion or 2% over several years** (p. 73), as RPS policies in Maine and New England will encourage new renewable power and investment in Maine renewable generation has the potential to be a meaningful contributor to the state’s gross state product. (p. 8)
- **Currently accounts for one half of one percent of electricity prices.** Currently the average Maine resident pays 37 cents on their monthly electric bill for the RPS. When Maine reaches 10% from new renewables in 2017 (under current law), the price could increase to \$1.25 on the average monthly bill. (p. 18)

The findings in this study completely contradict assertions by the LePage Administration about the impact on Maine’s economy of our renewable energy policies and investments.

But the findings may come as little surprise to the overwhelming majority of Maine people, who strongly support the clean, renewable energy and already intuitively understand the need to increase the state’s energy independence and the benefits of investing in made-in-Maine renewables.

Additional notable findings of the new report:

- Maine current requirement for new renewables is the smallest of the five New England states that have an RPS. (p. 21)
- Most (83%) of the renewable energy used to meet Maine's RPS comes from generation within Maine (p. 38), and no other state in New England has been using in-state resources for their RPS at a level comparable to Maine. (p. 41) This means Maine benefits disproportionately from the total regional RPS because of our rich renewable resources. (p. 38)
- In addition to the enormous economic benefits to the economy directly, the report also finds that over the long term, large amounts of renewable energy will reduce energy prices by displacing higher priced generation which will moderate, at least to some extent if not fully, the cost of the RPS. (p 55.)
- RPS policies promote innovation of some pulp and paper manufacturing facilities in the state have repositioned assets to take advantage of revenue from renewable energy. (p.)

LEI's projections for the cost of new renewables are relatively high compared to current prices and several projections by other independent analysts. (The low price modeled in the draft report is *twice* current prices.) This makes the estimated costs very conservative. Furthermore, the report described but did not measure the following *additional economic benefits* of the RPS (p. 73 ó 74):

- "Diversification benefits" and "reliability benefits" from diversification away from natural gas for electricity generation,
- "Energy cost reductions" through displacement of fossil-fuel generation,
- "Energy security benefits through reduced price volatility,"
- "Increased tax revenues" and "Other community benefits" from capital investments across Maine counties and towns, and
- "Environmental benefits" from reduced emissions.

Relationship to the proposed clean energy ballot initiative

This independent report on the RPS-only did not include the costs and benefits of a significant increase in cost-effective energy efficiency investments that would significantly lower customer bills. However LEI's findings on the costs of the RPS are consistent with analysis by ENE (Environment Northeast) regarding the Maine Citizens for Clean Energy initiative. The ENE analysis estimated the costs and benefits for electricity consumers from the entire initiative, which would increase Maine's RPS to 20% by 2020 and require utilities to invest in cost-effective energy efficiency that reduces costs for consumers.

Lower electricity costs from energy efficiency in conjunction with the economic benefits of the RPS cited by the LEI report, along with the economic benefits from reduced expenditures on imported fossil fuel energy, provide strong analytical support for the clean energy ballot initiative.