

Maine Coalition for Clean Energy

Statement of Beth Nagusky
Maine Director



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Good afternoon, my name is Beth Nagusky, and I am the Maine Director of ENE.

Before joining ENE, I was the commissioner of the Department of Environmental Protection and the Director of the Governor's Office of Energy Independence and Security.

As we consider changes to the sources of the energy our state uses, we believe that it's important to understand the impact of any change on energy costs.

The rhetoric in Maine around electricity costs doesn't always match the reality. While our state is above the national average in costs, we have the lowest electricity rates in New England.

We often hear about the disadvantages our state faces, but in truth we have tremendous opportunity to increase our own energy independence and security while fostering major private investments across the state.

Maine has enormous potential to become more energy efficient and to grow its production and use of renewable energy, and we can do it in a way that makes sense for our ratepayers, for our economy, for public health and that protects clean air and clean water.

Before deciding to support this initiative, ENE took a hard look at the numbers behind the coalition's proposal.

What we found was convincing. The combination of using energy more efficiently and doubling new renewable energy supply is most likely to result in *lower* energy bills.

Here is why:

1. By increasing energy efficiency, we can reduce the amount of electricity consumers need to operate their homes, businesses, and equipment. Energy efficiency is the cheapest energy resource available—it costs the equivalent of 3 cents/kWh—and can significantly reduce power bills in Maine; just ask any of the thousands of businesses who reduced their bills and increased their profits last year with the help of Efficiency Maine.
2. Electricity prices are set using a complicated formula. The most expensive power plant running in each hour sets the price paid to all plants needed to run. When demand is high, older, more expensive power plants get to set the price. Using less energy reduces the number of hours the most expensive (and often polluting) power plants in New England must operate, and that reduces the price we all pay for energy.
3. Adding more renewable power with a fuel cost of -0- to our energy mix also reduces energy prices in a similar way by displacing higher cost generation, and provides a hedge against rising fossil fuel prices as Maine diversifies its energy portfolio.

ENE's analysis calculated energy costs for residential ratepayers under two possible scenarios. We ran two scenarios to bracket potential outcomes since no one really knows what future prices will be. We used conservative assumptions based on studies by other industry experts, including Central Maine Power, the Maine PUC, and a peer-reviewed 2009 ENE analysis.

Under the first and what we believe is the most likely scenario, if this initiative passed, energy bills would increase by 84 cents in 2014 and then begin to steadily decline. **By 2020, when both the efficiency and renewable components would be in full effect, electricity bills would be \$4.40 per month lower than if we do nothing** and by 2030 they would drop by \$8.70 per month.

Under a second scenario monthly bills will increase by 95 cents in 2015 and then steadily decrease through 2030, when they would be 34 cents below the cost if we do nothing. In this more pessimistic scenario, bills would not change significantly up or down, but we would have fostered billions in private energy investment in our state, created thousands of jobs, and reduced how much money we're sending out of state to pay for fossil fuels.

Our experts who have worked on this analysis believe that the first scenario is most likely, but both demonstrate the long-term advantages of this initiative.

The status quo, business-as-usual approach is the worst course of action, making Maine families and businesses more vulnerable to unpredictable energy costs and more dependent on fossil fuels.

But we aren't trapped. We have a choice that will lower energy bills, create local jobs, and pump hard-earned Maine dollars into our local economies. Claims that this ballot question will raise energy costs are just wrong. They are based on a fundamentally flawed analysis that:

1. ignores the fact that this is a two-part ballot question that includes buying all energy efficiency that costs less than supply;
2. ignores the positive price suppression effect of adding more energy efficiency and renewable power on energy prices; and
3. uses assumptions about renewable energy prices in the future than are higher than realistic.

Those flaws have been pointed out to those asserting that costs will rise, including by a consultant to the Public Advocate's office and by ENE. We encourage them to take another look at their numbers and consider all of the costs and benefits.

This initiative is a positive step in improving Maine's energy situation.

Thank you.

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