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Testimony in Opposition to LD 469, An Act to Prioritize State Access to Electricity Generated in Canada via High-impact Electric Transmission Lines

To the Committee on Energy, Utilities and Technology
by Jack Shapiro, Climate and Clean Energy Program Director
March 11, 2025

Senator Lawrence, Representative Sachs, members of the Energy, Utilities and Technology Committee, my name is Jack Shapiro, and I am the Climate and Clean Energy Director at the Natural Resources Council of Maine (NRCM). NRCM is a nonpartisan membership organization that has been working for more than 65 years to protect, restore, and conserve Maine's environment, now and for future generations. On behalf of our nearly 24,000 members and supporters, NRCM testifies in opposition to LD 469, An Act to Prioritize State Access to Electricity Generated in Canada via High-impact Electric Transmission Lines.

This bill would apply a "local consumption standard" to transmission lines built to deliver electricity from Canada after 2026, requiring that 50% of the electricity carried on such lines would need to be consumed in Maine. There are other elements to this bill, but our testimony today focuses on this consumption standard because we believe that it is based on the premise that there is abundant, cheap hydropower in Canada that will drive the development of new transmission lines to export additional power to New England, which is no longer the case.

We urge the Committee to recognize the growing understanding that the era of abundant Canadian hydropower is over, and Hydro-Québec no longer has surpluses of energy to deliver to New England.

This changed reality has been reported on repeatedly over the past two years. Attached to this testimony is an article from this past summer, titled: *"Québec's hydro power surplus a thing of the past"* (Attachment A).[1] As described by a Hydro-Québec Vice President in the article: "Quebécers must 'recognize that things have changed quickly.'" Hydro-Québec now is focusing heavily on promoting energy efficiency to avoid energy shortages, and struggling to come to grips with how to provide the energy needed for domestic uses.

Here are some additional, relevant and recent quotes:

[1] SustainableBiz Canada. *Quebec's hydro power surplus a thing of the past*. June 13, 2024. https://sustainablebiz.ca/quebecs-hydro-power-surplus-a-thing-of-the-past

- From the Financial Post, a Canadian business news outlet: "Experts doubt [Hydro-Québec] can meet demand at home and abroad without serious compromises."[2]

- From the Montreal Economic Institute, a conservative Canadian think tank: "Hydro-Québec will have exhausted its surpluses in both energy and capacity by 2027."[3]

- From the President and CEO of the New England Independent System Operator (ISO-NE), the regional grid operator: "If you look to our North, Québec has become energy constrained…. They don't have a lot of surplus that they can send in our direction."[4]

- And again, from Hydro Québec themselves, on a page on hydroquebec.com entitled "Are we running out of electricity in Québec?": "Our energy surpluses have been used up."[5]

We urge members of the Committee to recognize, as those in Québec have been urged to recognize, that the era of abundant hydropower is over. This new reality is relevant for LD 469 as well as other bills that will come before the EUT Committee this session. Because hydro surpluses have disappeared in Quebec, it seems highly unlikely that there will be any new transmission lines delivering hydropower from Canada to New England, making this bill unnecessary.

We urge the Committee to vote Ought Not to Pass on LD 469.

Thank you, and I would be happy to answer any questions the Committee has.

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[2] Financial Post. *"Hydro-Québec's looming power shortage seen threatening climate goals."* July 13, 2023. https://financialpost.com/commodities/energy/renewables/hydro-quebec-looming-power-shortage-threatens-climate-goals

[3] Montreal Economic Institute. *"Quebec government unprepared for end of electricity surplus."* May 11, 2023. https://www.newswire.ca/news-releases/quebec-government-unprepared-for-end-of-electricity-surplus-says-mei-839394678.html

[4] Commonwealth Beacon. *"Decarbonizing New England's power grid."* May 28, 2024. https://soundcloud.com/massinc/decarbonizing-new-englands-power-grid

[5] Hydro Quebec. *"Are we running out of electricity in Québec?"* Accessed February 27, 2025. https://www.hydroquebec.com/residential/energy-wise/are-we-running-out-electricity.html

Quebec's hydro power surplus a thing of the past

Energy efficiency 'now a major part of our planning,' Hydro-Québec says

June 13, 2024

Danny Kucharsky, Business Writer

The days of major hydro-electricity surpluses in Quebec are over, and Hydro-Québec will have to double the amount of energy it produces for the province to meet its carbon neutrality goal by 2050.

So said Dave Rhéaume, executive vice-president – energy planning and customer experience at Hydro-Québec. He was discussing the utility's strategy to respond to growing energy demands in a session of the Montreal Real Estate Forum held June 6 at the city's convention centre.

Quebecers must "recognize that things have changed quickly," as energy demands continue to increase in the province, due to decarbonization, the electrification of transportation and climate change, he said.

Rhéaume noted that despite population increases, Quebec saw no increases in energy demands from 2000 to 2020, as homes became more energy efficient.

"We had major surpluses in those years. Fifteen, 20 per cent of the energy produced in Quebec was exported because we didn't have demand in Quebec," Rhéaume said. But since then, "we've left this world" and electricity demands have increased rapidly in the last few years.

"There's really an explosion in demand in every market," he said, citing as an example large industrial players that used oil or natural gas for decades that are now installing electric heat pumps.

Reaching Quebec's 2050 clean energy goals

While Quebec hopes to reach carbon neutrality by 2050, reaching that goal will require the production of between 150 and 200 terrawatt hours to replace so-called dirty energy from hydrocarbons.

Fossil fuels still represent 50 per cent of Quebec's energy consumption, he said. "We don't see it because houses are electric, heating is electric." But in industry and transport "there's still an enormous amount of fossil energy."

Rhéaume said that for decades Hydro-Québec built hydro electric dams to meet energy demands, but that other forms of energy, such as wind power, are now on the table.

Last month, Hydro-Québec CEO Michael Sabia announced that the utility wants to generate ten thousand megawatts for power by 2035 by building new wind turbines throughout the province. Wind farms have previously been reserved for the private sector.

Bringing more solar power to Quebec

While Quebec isn't exactly the sunniest place in the world, Rhéaume said about 100,000 Quebecers will install solar panels in the next decade.

He noted that solar power installations in Quebec cost essentially the same as they do in Ontario. However, if the electricity cost savings in Quebec from the installations are only half of what they are in Ontario, Quebecers' return on investment is lower.

As a result, Hydro-Québec will need to provide significant financial aid to Quebecers who take steps to improve energy efficiency and match the aid that is given in jurisdictions where electricity is more expensive. "We have to derisk these projects."

Rhéaume said energy efficiency was previously not a huge consideration for Hydro-Québec, but "it's now a major part of our planning."

He admitted one of Hydro-Québec's biggest challenges is "how do we change Quebecers' relationship with electricity" so that they reduce electricity consumption. Quebecers' current relationship with hydro electricity reflects the sentiment "that we've always had a lot of energy."

Rhéaume also acknowledged that connection delays are too long for new clients and properties and that they must be reduced. "The quality of service we're providing today is insufficient. The number one priority is to improve service. Connection delays aren't acceptable."

New rules for provincial electricity rates

Last week, Quebec Economy and Energy Minister Pierre Fitzgibbon said electricity rate increases will be limited to three per cent annually for residential clients until 2026 but could be higher for commercial and industrial clients. In addition, Fitzgibbon opened the door to allowing Hydro-Québec to charge consumers different power rates depending on the time of day.

He also introduced a law that would remove the requirement for Hydro-Québec to make calls for tenders, which would allow the Crown corporation to speed up green energy projects.

During a session on Montreal's industrial market during the real estate forum, James Beach, vice-president, real estate development at Broccolini, decried Hydro-Québec's strategy of giving access to its clean hydro-electric power to large power users like data centres that employ few people.

"The challenge is there's only so much supply of clean hydro-electric power and right now there seems to be a propensity to associate job creation to megawatts of power," Beach said. However, this criterion is not always applied to some larger scale energy users, such as data centres, he added.

For large users of power, "the job creation ratio is perhaps not where it needs to be" when it comes to the allocation of the limited resource that is hydro-electric power.

Beach also noted the increased use of AI in the coming years will require well-located data centres that need huge amounts of power to operate. There is no solution as to how to deal with this situation, he said.

https://sustainablebiz.ca/quebecs-hydro-power-surplus-a-thing-of-the-past