Mr. James R. Beyer November 12, 2019
Maine Department of Environmental Protection
Division of Land Resources Regulation
106 Hogan Road
Bangor, ME 04401

Mr. Bill Hinkel
Land Use Planning Commission
Department of Agriculture, Conservation and Forestry
18 Elkins Lane
Augusta, ME 04330

Re: NECEC – Comments of Old Canada Road (group 1) regarding the NECEC location change from Beattie Pond to Merrill Strip

Dear Mr. Beyer, Mr. Hinkel, Commissioners and

The following brief note is in regards to reopening the record to amend the NECEC location from Beattie to Merrill Strip.

Repeatedly, in hearings in Farmington and Bangor, we heard from the applicant that the chosen route was the best from all aspects, including environmental. In the alternate discussion, Merrill Strip was mentioned but it was dismissed as being too expensive- 50 times market value was the term used. The baseline of what market value was, was not mentioned. It could have been the value of the State land or that purchased from Weyerhaeuser or others.

With a casual hint of indecision by LUPC regulators, the price seemed to become a non- issue. While $950,000 is a significant sum, repeatedly the applicant mentioned Massachusetts was paying the bill. What was not mentioned at the time was that this money was 20% of one months predicted income from the project.1 Viewed this way the amount is trivial when weighed against environmental damage. The Merrill Strip alternative was a better alternative before the application was submitted, and it remains so. To sacrifice better environmental protection for that amount of money, viewed in the income light, causes many questions to be asked about what other financial consideration prevented location of a better environmental route.

It is understood that the applicant, and all applicants, deserve a response in a reasonable amount of time. Considering this request and permission to reopen the record this applicant is in no position to ask for any additional expedited time considerations. The Commission and Department should take time as necessary to assure themselves that all alternatives were properly examined.

Thank you for your consideration,

Robert Haynes

Robert Haynes, Old Canada Road

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The money at stake in the battle over CMP

The money at stake in the battle over CMP’s 145-mile electric line

Map by Lindsay Putnam | BDN

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The Bangor Daily News analyzed the money at stake to see who would benefit and who would lose if Central Maine Power Co.'s transmission line is completed, and what’s in it for the people of Maine.

By Josh Keefe, BDN Staff • June 10, 2019 5:26 am

Central Maine Power Co.’s proposal to build a transmission line through western Maine has stirred up controversy on editorial pages, television airwaves, Facebook and the floor of the Maine Legislature.

But the fight is about more than the swath of forest that would need to be cleared to build the line, which would bring hydroelectricity from Quebec to Massachusetts. It’s ultimately about the future of New England’s power supply: where it comes from, how clean it is and, perhaps most important for those in the fight, who profits off it.

The Bangor Daily News analyzed the money at stake to see who would benefit and who would lose if the line is completed, and what’s in it for the people of Maine. Here are five key findings:

— In the first year of operations, Canadian energy giant Hydro-Quebec stands to make nearly $500 million in revenue selling power over the line, which is 40 percent of the value of all its 2018 exports.

— The $120 million CMP will receive in the first year the project is online would be 15 percent of the company’s total operating revenues in 2018. CMP will receive $2.9 billion over 20 years for building and operating the line, although $950 million will go toward the construction of the project, with additional costs for maintenance and taxes

The line is projected to generate $1.4 billion in economic benefits for Maine in the first 15 years of operation, which includes gross domestic product growth, additional tax revenue and lower wholesale electricity costs, according to an independent economic analysis. That number doesn't include a 40-year benefits package agreed to by Hydro-Quebec and CMP, which is worth $72 million in today's dollars.

— Construction of the line is expected to create 1,600 jobs a year, but the line will support just 38 jobs a year after construction is complete.

— The line is projected to reduce New England's carbon footprint by around 3 million metric tons a year, which is the equivalent of removing 700,000 cars from the road.

[As Maine debates 145-mile electric line, energy giant with billions at stake is absent]

Below is a more detailed analysis of the players and the money at stake.

Hydro-Quebec, which would supply power for the line, stands to make a total of $12.4 billion from Massachusetts ratepayers over 20 years, according to energy contracts reviewed by the BDN.

If the line is built, Hydro-Quebec would sell $486 million worth of electricity over the line in its first year of operations, according to the agreements. To put that number in perspective, it is 40 percent of the $1.2 billion worth of electricity Hydro-Quebec sold outside of its namesake province in 2018. It's also more than double the amount of revenue utility Emera Maine made in 2018.

The contracts, which are currently under review by Massachusetts regulators, require Hydro-Quebec to sell a total of 9.45 terawatt hours of electricity each year — about a sixth of Massachusetts' current annual usage — to three of the state's electric utilities.

Hydro-Quebec spokesperson Lynn St. Laurent did not dispute the BDN's analysis but declined to comment on the $12.4 billion figure. "We don't intend to comment on or discuss revenue figures by project," St. Laurent said.

While Hydro-Quebec might be in a position to receive a financial windfall from CMP's line, the company is only in that position because it has invested heavily in its generation capacity in recent years, St. Laurent said.

Courtesy of Hydro-Quebec

Courtesy of Hydro-Quebec

Water is released down a spillway at Hydro-Quebec's Peribonka generating facility in April 2018. Hydro-Quebec has said it has been forced to "spill" water in recent years as it has run up against transmission constraints.

The utility has "taken significant risks and invested in its system by adding 13 new generating facilities and associated transmission since the early 2000s in support of opportunities to increase exports," St. Laurent said. For example, over the last decade the company spent $4.9 billion building four generating facilities on the Romaine River, which has a generating capacity of 1,550 megawatts, more than the 1,200 megawatt capacity of the proposed transmission line.

It is more profitable for Hydro-Quebec, which is owned by the Quebec government, to sell energy outside of its namesake province. While just 17 percent of the company's volume of sales were exports in 2018, they represented 23 percent of the company's net income.

“Without exports, our profits are in trouble,” Hydro-Quebec CEO Eric Martel said in an interview last year. But luckily for Hydro-Quebec, governments in the northeastern U.S. are looking to buy its hydropower in pursuit of clean energy goals. In April, New York City Mayor Bill de Blasio said his city would begin negotiating with Hydro-Quebec to purchase enough electricity to power all of the city’s government operations within five years.

[No guarantee $1 billion CMP line will deliver new energy, Massachusetts AG warns]

If the line is approved, Hydro-Quebec will need to build a line on the Canadian side of the border to connect to CMP’s proposed line. The company said it has not determined the cost of that project yet, but St. Laurent said it will be “comparable” to a similar project that was projected to cost roughly $450 million.

CMP, which would build and maintain the line, will receive a total of $2.9 billion from Massachusetts utilities over the next 20 years.

That revenue stream will cover the $950 million cost of building the project, as well as the cost of maintaining, operating and paying taxes on the line. CMP will also have to pay to service debt used to build the line.

CMP confirmed the accuracy of the BDN’s analysis of potential revenue from the line, which is spelled out in proposed contracts submitted to Massachusetts regulators last year. The company declined to answer questions about expected maintenance costs.

If the line is built and the contracts are approved, CMP can expect to receive $120 million the first year the line is operational, a sum that includes funds that would go toward building and maintaining the line. That $120 million payment would be about 15 percent of CMP’s 2018 total operating revenues. The annual payment will rise to $175 million by the 20th year of the contract.

Financial analysts estimated in 2018 that the line would contribute roughly $60 million to CMP parent company Avangrid’s bottom line per year, before the contracts were submitted to Massachusetts regulators for approval and before the company agreed to a benefits package. That $60 million is 10 percent of the nearly $600 million in profit Avangrid made in 2018.

[As Maine debates 145-mile electric line, energy giant with billions at stake is absent]

The $2.9 billion CMP is expected to receive over the course of the 20-year contracts will be paid for by the electric bills of Massachusetts ratepayers, meaning Mainers will not contribute funds toward the project. In addition, a CMP affiliate will own the line, so CMP’s ratepayers will be insulated from any potential risks or losses associated with the project.

Because the project is funded by out-of-state ratepayers and doesn’t bring electricity directly to Mainers, CMP’s profits are not subjected to Maine Public Utilities Commission restrictions on profitability, meaning the company could potentially make more of a return investing in the line than it would investing in the infrastructure bringing electricity to Maine homes and businesses.

Several energy companies could lose market share from a new supply of hydroelectricity flowing into the New England power grid over a completed line.

In Maine regulatory proceedings, three different natural gas companies have banded together to oppose the line. One is Houston-based Calpine Corp., one of the largest energy producers in the country. It owns 65 natural gas electric plants, according to corporate filings.

One of those plants is in Westbrook, and two others are located in Massachusetts and New Hampshire.

The second line opponent is Vistra Energy, which operates seven natural gas power plants in New England, including one in Veazie. The third is Bucksport Generation LLC, which owns the natural gas power plant in Bucksport.

Linda Coan O'Kresik | BDN

Linda Coan O'Kresik | BDN

Veazie power plant on Shore Road is seen in this Jan. 31, 2019, file photo.

Opposing the line in both Massachusetts and Maine regulatory proceedings is NextEra Energy Resources, the world's largest producer of solar and wind energy, which also has natural gas, nuclear and oil holdings, including oil-fired plants in Yarmouth and South Portland. It also owns a natural gas plant in Massachusetts and a nuclear power plant in New Hampshire.

It's unclear how much revenue these companies could lose if the line is completed. The companies listed above either did not respond to questions about how the line would impact their revenues or declined to provide any projections.

The production of hydroelectricity produces significantly lower carbon emissions than electricity generated from fossil fuels such as natural gas or oil.

Some renewable energy generators have argued the line will hurt the development of Maine-based solar and wind.

The Maine Renewable Energy Association and RENEW Northeast, nonprofit groups representing companies in Maine's renewable energy industry, have argued that electricity over the line will cause congestion on the lines leaving the state and make it harder for Maine renewables to sell their energy into New England.

A completed line would run from the Canadian border to Lewiston, where it would plug into the regional power grid. As electricity flows from Maine, which is a net exporter of energy, to the rest of New England, it can hit congestion at several choke points in the southern part of the state. The renewable groups argue the line will make congestion worse and make it difficult for new renewable projects to sell power outside of the state.

[How Central Maine Power failed its customers and still increased profits]

CMP has proposed upgrading capacity at one of those choke points as part of the project, although renewable advocates say that upgrade doesn't go far enough. As part of its benefits package, CMP has agreed to fund up to $2 million for a study examining options for how to increase capacity at those choke points.

The utilities commission concluded that the renewable groups' concerns had "little merit." It also said that making project developers pay to develop space for "future competing projects" on the grid is "poor public policy."

Three different analyses, including one sponsored by project opponents, have estimated the introduction of hydroelectricity over the line would reduce New England's carbon emissions by between 3 million and 3.6 million metric tons a year.

That's the equivalent of taking about 700,000 cars off the road, or roughly 65 percent of all motor vehicles registered in Maine.

However, while the parties agree that the line would reduce Maine and New England's carbon emissions, project opponents have argued that those reductions could be offset by increases in other regions.

Citing this lack of clarity, Sen. Brownie Carson, D-Harpswell, introduced a bill directing the Maine Department of Environmental Protection to study the issue before deciding whether to grant the project a permit. In the Maine House last week, the bill failed to get the two-thirds majority needed to be implemented immediately as “emergency legislation” and therefore will not become law in time to affect the department’s decision on permitting the line, which is expected to be made in the fall.

Opponents worry Hydro-Quebec doesn’t have enough total energy to fulfill its obligation to Massachusetts and that it will have to divert what it’s currently exporting to other regions to meet Massachusetts’ demand. If that happens, the total amount of hydroelectricity in the world would stay the same and so would global greenhouse gas emissions.

[What you need to know about the CMP transmission line proposed for Maine]

But Hydro-Quebec said it has overbuilt its dam and reservoir system, and in Canada, the company has faced criticism for building more capacity than it can sell. In December, the company said it is actually “spilling” — or wasting — water it can’t convert into electricity because it can’t get that electricity to market without new transmission lines.

Environmental groups are divided on the question of whether the line will decrease global greenhouse gas emissions. The Natural Resources Council of Maine and Sierra Club have argued the electricity will be diverted from other regions, and therefore won’t provide the promised greenhouse gas emission reductions. The Acadia Center and the Conservation Law Foundation disagree, and believe the line will help fight climate change.

The utilities commission agreed with the latter group, writing that construction of the line “will result in reductions in overall [greenhouse gas] emissions through corresponding reductions of fossil fuel generation (primarily natural gas) in the region.”

CMP and Hydro-Quebec have committed to a $260 million benefits package for Mainers that will be paid out over 40 years. When considering inflation, the package in today’s dollars is $72 million, according to the utilities commission.

CMP will cover $230 million of the package, and Hydro-Quebec will pay the final $30 million, according to the agreement.

The heart of the benefits package is a $140 million rate relief fund, which will be used to lower prices for electricity customers in CMP territory. CMP agreed to pay an additional $50 million to lower prices specifically for low-income customers. It also agreed to spend the same amount to lower prices for low-income ratepayers in Massachusetts.

[Here are the details of the deal that won Janet Mills' support for $1 billion CMP project]

Projected inflation across the 40-year time frame means the value of the combined $190 million for Maine ratepayer relief will be just $39 million in today's dollars, according to the utilities commission. The fund's effects on CMP customers' monthly electric bills could range from between 9 cents to less than $2 a month, according to varying estimates offered at the commission's proceedings.

Maine Public Advocate Barry Hobbins described the savings to ratepayers as "obviously, not significant," during a March utilities commission hearing.

CMP and Hydro-Quebec have agreed to pay $15 million toward increasing the use of electric vehicles in the state, including for building charging stations. The two companies have also agreed to pay $15 million to develop broadband internet access along the transmission line route, and another $15 million to increase Maine's use of heat pump technology, which extracts heat from outside air to help heat and cool buildings.

Additional funding includes a few million dollars for economic development in Franklin County, education grants and studies related to the Maine power grid.

The project is expected to contribute a total of $589 million to Maine's economy during the six-year construction period and another $29 million a year after construction is complete.

That's according to an independent analysis commissioned by the utilities commission, which produced its results in fixed 2009 dollars. The analysis also found the line would generate about $18 million annually in tax revenue for Maine communities located on the line.

While the project is expected to provide some economic benefits to the local economy, Maine electricity regulators acknowledged the line will "have an adverse effect on scenic and property values, and local tourism and recreational opportunities," in the May order granting a key permit for the line. The order noted these effects "could not be quantified" but would "offset to some degree the economic benefits" of the line.

Courtesy of Central Maine Power

Courtesy of Central Maine Power
The $950 million New England Clean Energy Connect project aims to deliver hydropower from Canada to the New England grid through a 145 mile transmission line from Beattie Township to Lewiston. It is a collaboration between Central Maine Power and Hydro-Quebec. The section from Windsor to Wiscasset is not part of the 145-mile transmission line.

Construction of the line has been projected to support an average of 1,600 jobs per year in Maine during construction of the line. After the project is built, operation of the line will support just 38 jobs, the independent analysis concluded.

But project opponents have argued the infusion of large amounts of hydroelectricity into the New England energy market could force some Maine energy producers, notably natural gas fired power plants, to shut down and lay off workers

Natural gas companies opposing the line argued that “Maine could expect to lose at least 100 to 200 power plant jobs” in utilities commission filings, although the commission disagreed, finding that “shutdowns or cutbacks, if they occur, are not attributable” to the construction of the line.

The line is expected to reduce wholesale electricity costs in Maine by $33 million a year and across the whole of New England by $388 million a year, according to an independent analysis.

While the hydroelectricity sold over the line will primarily go to Massachusetts utilities, the construction of the line is also expected to lower electricity prices for Mainers. This is because both

Maine and Massachusetts are part of the New England energy market. An infusion of 9.45 terawatt hours of energy supply into Massachusetts is expected to increase supply and lower prices across the New England market.

A reduction of $388 million dollars across New England would represent a 6 percent drop in the value of the New England wholesale electricity market, which was worth $6 billion in 2018.

Maine Focus is a journalism and community engagement initiative at the Bangor Daily News. Questions? Write to mainefocus@bangordailynews.com. Do you have story ideas about the Maine economy or environment? Write to jkeefe@bangordailynews.com.