

**Testimony of Kurt Adams
Chairman
Maine Public Utilities Commission**

Before the

**Subcommittee on Domestic Policy
Committee on Oversight and Government Reform**

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Chairman Kucinich, members of the Subcommittee on Domestic Policy, my name is Kurt Adams and I am the Chairman of the Maine Public Utilities Commission. I am pleased to be before you today to discuss the implementation of section 1221 of the Energy Policy Act of 2005.

Section 1221(a) of the Energy Policy Act of 2005 (“EPAAct”) directed the Secretary of Energy to conduct a Congestion Study – a nationwide study of electric transmission congestion – by August 8, 2006, and every three years thereafter (the “Congestion Study”). The Secretary may designate any geographic area experiencing electric energy transmission capacity constraints or congestion that adversely affects consumers as a National Interest Electricity Transmission Corridor (a “Corridor”).

A. DOE Failed to Consult with Affected States As Required by Law

Section 1221 of EPAAct 2005 requires DOE to consult with “affected States” in conducting the Congestion Study. Only after consulting with the affected states, is the DOE to issue the mandated Congestion Study. As is clear from the Appendices to the congestion study, DOE never contacted or met with any Maine regulator or government representative in the process of conducting the study. DOE did contact the MPUC on October 6th, and had a subsequent meeting with the PUC and Maine delegation staff in December 2006, these “after-the-fact” meetings cannot cure the DOE’s lack of consultation prior to the release of the Congestion Study in August 2006.

The Congestion Study identified several congested pathways in New England, identifying the region as a Congestion Area of Concern. The Maine-New Hampshire interface was identified as one of the top forty most congested interfaces in the Eastern Interconnect.

However, due to the DOE's failure to follow the requirements of section 1221(a) the congestion study cannot be the basis for designation of a corridor in Maine or New England.

B. There is insufficient support for the congestion study's findings of congestion at the New Brunswick Maine border and the Maine-NH Interface

The MPUC, individually and through NECPUC and NARUC have sought access to the load flow studies, input data, and modeling used by DOE or its consultants in arriving at the conclusions in the study. However, DOE has not released the inputs and modeling data it relied upon to make its findings in the Congestion Study.

Release of this data is important because the DOE's conclusions in the Congestion Study conflict with other publicly available information about congestion in New England. ISO New England, for instance, does not believe that the Maine-New Hampshire interface is meaningfully constrained. In addition, although not addressed in the report, even though it is publicly available information, two factors will greatly reduce or eliminate congestion from New Brunswick to Maine during the study time frame. The first is the Northeast Reliability Interconnect, the transmission line now under construction between Maine and New Brunswick. This transmission line, which will run from Point LePreau, New Brunswick to Orrington, Maine, will increase the transfer capability from New Brunswick to Maine by 300 MW. The second is the widely known fact that the Point LePreau nuclear facility will be closed for repairs during 2008 and a substantial portion of 2009. Thus, there are expected to be significantly reduced power flows from New Brunswick to Maine during this period and the interface may even experience reversed flows. This information gives serious pause to the conclusions in the Congestion Study and is broadly known within New England.

C. Creating Disincentives to Energy Project Development

DOE asked for comments on how allocation of the cost of transmission upgrades will affect the siting of a transmission line. It recognizes that this can be a critical issue in the siting of a line.

In New England, costs of transmission upgrades are socialized among the region. Thus, if a transmission line is built for the purpose of delivering possible surplus generation from Maine to population centers in Boston and Southwestern Connecticut, Maine ratepayers will have to pay for a portion of the transmission upgrade costs (and experience higher prices) even though the purpose of the line is to benefit ratepayers in Southern New England. This methodology provides the wrong incentives. Not only will the line increase energy costs in the state, by reducing or eliminating the 4% differential discussed above, but Maine consumers will have to pay for that to happen.

Transmission cost allocation reform in New England is the first step to getting a line sited to bring surplus capacity from Maine to southern New England. Reform is not only the equitable approach but, as the DOE implicitly recognizes, it is a critical concern in siting a line. However, the DOE must recognize that one or two states cannot effect this change on their own. To date, Southern New England states have not agreed to change the cost allocation methodology. Accordingly, to threaten Maine with a designation is particularly inequitable because it punishes one state for a situation that it is powerless to change.

Moreover, Maine's policies in favor of siting new generation should be recognized and rewarded, not punished. Maine's governor is the only governor in New England to aggressively support energy infrastructure such as wind and LNG, and Maine has consistently sited new generation where other states have struggled to get new generation sited. In fact, Maine has more than 1000 MW of generation, much of it renewable generation such as wind power, on the drawing board, in the permitting process or under construction today. A designation would send the wrong incentive regarding the siting of new generation in Maine. If the result of opening its door to new generation, while other states have not been willing to do so, is a corridor designation and the accompanying loss of state sovereignty over energy policy, opponents of wind towers and other new proposed generation in Maine will have an additional and powerful argument against siting new projects.

D. Conclusion

For the reasons stated above, the DOE congestion study cannot be the basis for designation of a corridor in Maine or New England. DOE has failed to consult with the state of Maine as required by the statute and as a result the study is flawed. The MPUC looks forward to consulting with DOE so that the study can be revised as necessary. Only after the study is revised as necessary, and after consultation with the MPUC and other states, can it form a basis for any designation.