

Clearway Energy Group
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December 12, 2023

The Honorable Philip L. Bartlett II, Chairman
The Honorable Patrick Scully, Commissioner
The Honorable Carolyn Gilbert, Commissioner
Office of the Commissioners
Maine Public Utilities Commission
18 State House Station
Augusta, ME 04333-0018

Subject: Transmission Services Agreement Finalization for the Aroostook Renewable Gateway Project

Dear Chairman Bartlett, Commissioner Scully, and Commissioner Gilbert,

Clearway Energy Group LLC (“Clearway”), the developer of the County Wind project in Aroostook County, writes to express its support for the successful completion of Transmission Services Agreements (TSAs) for the LS Power Aroostook Renewable Gateway transmission project as soon as possible.

Northern Maine wind is the lowest cost clean energy resource available to Maine. Prompt approval of the Aroostook Renewable Gateway is critical to delivering that low-cost power to the ratepayers who need it. If the substantial efforts that have led to the development, selection, and contract negotiations on this transmission line are discarded and the process restarted, Maine ratepayers will see volatile electricity costs that continue to climb over time, and the region will unnecessarily continue to miss out on the price suppression, winter reliability, and climate benefits Northern Maine wind will provide. We urge the Commission to seize the opportunity to overcome the few final obstacles to unlocking the significant resource in Northern Maine for the benefit of Maine’s ratepayers and economy. Maine is close to realizing an opportunity not available to other Northeastern states; failing to contract the awarded transmission line now would be highly unfortunate and a blow to Maine’s ratepayers and its climate goals.

Clearway’s Maine Focus

Clearway has long seen the potential of Northern Maine wind. We have been actively developing our utility scale County Wind farm in southern Aroostook County for more than seven years and have built broad support in the surrounding communities.

Clearway is one of the largest renewable energy companies in the United States, with over 10 GW of operating capacity and another 30 GW of utility-scale wind, solar, and energy storage projects under development across 30 states. In the ISO-NE region, we have nearly 150 MW of solar and 45 MW of storage projects in operation, with another 500 MW of wind energy operating across the mid-Atlantic. Clearway takes a conservative and pragmatic approach to project development and to power purchase agreement (“PPA”) proposals we submit to potential customers. This allows us to execute PPAs at the prices we bid and to construct and operate renewable energy projects successfully for decades.

Timely Commission approval of Northern Maine transmission is essential to unlock low-cost clean power from Northern Maine

The primary roadblock to development, financing and construction of our County Wind project and other generation projects in Northern Maine has been a viable transmission solution to transmit millions of megawatt-hours of clean and efficient renewable energy to the ISO-NE system annually. As the Commission is aware, Clearway participated in both tranches of the 3210-G procurement process, only to see other projects south of Aroostook County that were not burdened with significant transmission investment awarded PPAs. The passage of an innovative procurement framework in LD 1710 and the resulting transmission and generation RFPs in 2022 finally provided County Wind, and other renewable generation projects in Aroostook County, with the opportunity to utilize a commercially viable transmission pathway and provide low-cost energy to Maine’s utility ratepayers, allowing the state to make significant, cost-effective strides toward its climate goals.

While Clearway was disappointed to not be awarded a PPA in the LD 1710 generation RFP, we remain committed to development of the County Wind project. We continue to optimize our project design and are confident in our ability to deliver on our previous RFP bid and provide up to 600 MW **at a very competitive price**. If the TSAs for Aroostook Renewable Gateway are approved, County Wind is well positioned to compete for a near term PPA award under the upcoming LD 1943 “fill the line” procurement directed by the Maine Legislature this year. The advanced development of County Wind, its location adjacent to the planned northern terminus of the Aroostook Renewable Gateway, and its commonsense means of mitigating the execution risks of the single generation project currently awarded under the LD 1710 RFP, make County Wind a prudent and cost-effective addition to the Aroostook Renewable Gateway whether under a procurement pursuant to LD 1943 or another path forward at the Commission’s discretion.

Clearway’s strong recommendation is that the Commission approve the Aroostook Renewable Gateway in the near term, and quickly complete a follow-on procurement to maximize use of the transmission line as required by LD 1943. This is the best path forward for Maine ratepayers and will demonstrate that Northern Maine energy infrastructure can in fact be successfully constructed.

Economic trends, including persistently high interest rates and ongoing supply chain constraints, suggest that the cost of new generation several years out is likely to be higher than the bids entered and selected under LD 1710. The failure of this present regulatory process to produce finalized TSAs would also result in a risk premium for future development based on the continuing history of regulatory challenge with regard to Northern Maine transmission.

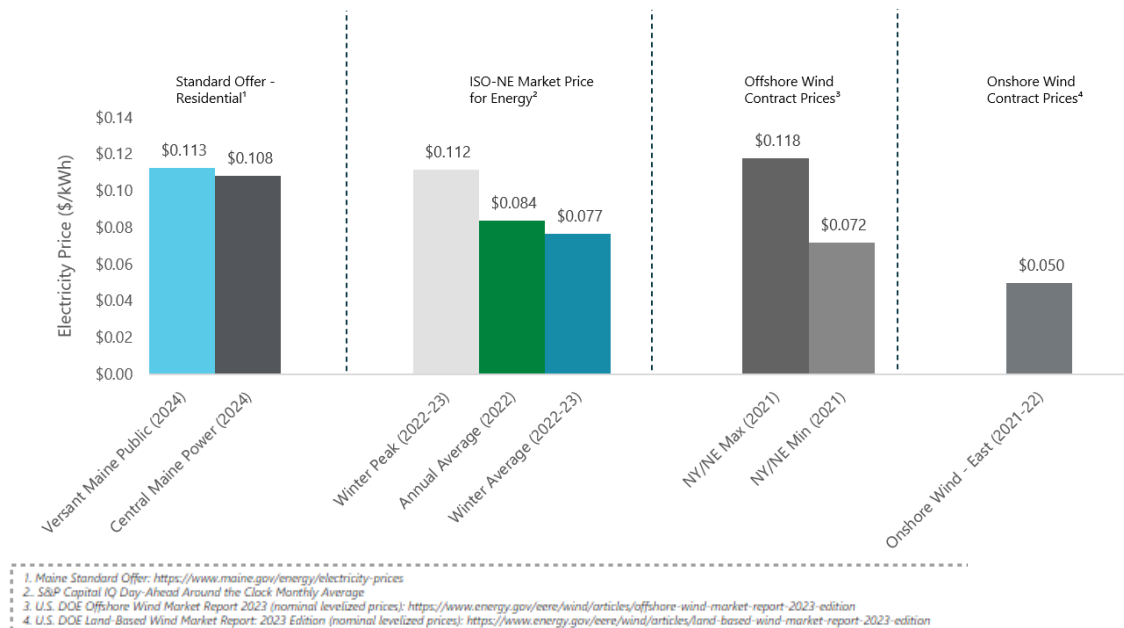
Failure to approve Northern Maine transmission in the near term will increase costs for ratepayers

The chart below illustrates the cost savings at stake. The all-in wholesale price of Northern Maine wind delivered to the ISO-NE grid under the LD 1710 RFP is expected to be 5-6 ¢/kWh. Standard offer service rates going into effect for Maine customers in January 2024 are more than double that, at 11-13 ¢/kWh. These rates are driven by pipeline constraints in New England along with natural gas prices, which are forecast to rise across New England over the long term and are highly volatile due to macroeconomic and geopolitical factors. Offshore wind, expected to help the region meet clean energy goals, is facing significant challenges with project developers seeking to negotiate higher PPA prices to cover rising costs. Recent offshore wind bid prices are in the 17-20 ¢/kWh range, well above previous contracted prices shown in the table below; floating offshore wind prices will likely be even higher. In the context of these trends in Maine electric rates and the price of new generation sources, it is prudent for the Commission to pursue all possible avenues for completion of its already awarded Northern Maine transmission line to lock in fixed price, low-cost power for its ratepayers for decades.¹ Analysis by Daymark Energy Advisors shows that the completion of the Aroostook Renewable Gateway line and associated generation resources is estimated to save Maine ratepayers more than \$800 million over the initial 20-year contract term of the generation resources², with additional savings beyond the initial contract term. Failure to approve the TSAs for Aroostook Renewable Gateway could result in hundreds of millions of dollars in unnecessary costs for Maine ratepayers.

¹ In weighing the significant value of Northern Maine transmission to Maine ratepayers, the Commission should not be persuaded by arguments in the docket alleging that Northern Maine ratepayers would not benefit directly from power delivered across the LS Power line because it would interconnect to the ISO New England system, from which Northern Maine is electrically isolated. Indeed, as the Commission knows, consumers in Northern Maine routinely benefit from power that is wheeled from ISO-NE via the neighboring New Brunswick system.

² Savings are expressed in terms of net present value. June 2023 analysis by Daymark Energy Advisors, available at: http://www.lspgridmaine.com/wp-content/uploads/2023/07/Daymark_Maine-Ratepayer-Benefits_2023.pdf

Energy price comparison: Onshore wind represents the lowest cost energy available in Maine



We expect that parties negotiating the TSAs may be discussing how to balance risk across the various parties – namely the transmission and generation project developers/owners/operators and ratepayers. We have expected the Commission to drive TSA negotiations to a timely conclusion that would properly balance risk: protecting Maine ratepayers against undue cost overruns while affording the certainty required for both generation and transmission developers to successfully complete their projects to the benefit of ratepayers. Given the dramatic cost differential between the Northern Maine generation resources and current standard offer service rates and alternative generation options, it would seem such negotiations should be able to conclude with all parties seeing mutual benefit, at which point we would expect the TSAs to also earn necessary FERC approval.

Northern Maine wind is critical for meeting Maine’s climate goals and improving reliability

Near term finalization of the Aroostook Renewable Gateway is essential to meet Maine’s 80% by 2030 clean energy goal. Without near-term approval of a transmission line for Northern Maine wind, it is difficult to see how Maine could reach that goal. Draft results from the study being conducted by the Brattle Group for the Governor’s Energy Office appear to confirm the material shortfall without onshore wind enabled by the Aroostook Renewable Gateway.

Approval of the Aroostook Renewable Gateway is also particularly important for grid reliability in light of Maine and ISO-NE's shift to a winter-peaking system with implementation of beneficial electrification policy. Maine’s successful deployment of heat pumps is accelerating that shift. Northern Maine wind delivered via the Aroostook Renewable Gateway offers a

coincident, high capacity factor energy source in winter months to meet increased load and reduce peak pricing for ratepayer benefit. Offshore wind will eventually be a viable resource for the region for but may be 8-12 years away in terms of cost-competitiveness. Winter energy costs and reliability matter to Maine.

Conclusion

The Commission selected the Aroostook Renewable Gateway project over a year ago in response to a clear legislative directive to pursue low-cost renewable energy development in Northern Maine. Clearway urges the Commission to seize the opportunity before it to unlock the significant low-cost wind resource in Northern Maine for the benefit of Maine's ratepayers and economy by solving the few remaining contractual obstacles.

Please do not hesitate to reach out to us for additional information.

Sincerely,



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