Maine Forest Products Council

The voice of Maine's forest economy

Companies represented on the MFPC Board

A & A Brochu Logging
American Forest Mgmt.
Baskahegan Co.
BBC Land, LLC
Columbia Forest Prod.
Cross Insurance
Family Forestry
Farm Credit East
Fontaine Inc.
H.C. Haynes
Huber Resources
INRS
J.D. Irving
Katahdin Forest Mgmt.
Key Bank
Kennebec Lumber
LandVest Inc.
Louisiana Pacific
Maibec Logging
ND Paper
Nicols Brothers
Pingree Associates
Prentiss & Carlisle
ReEnergy
Richard Wing & Son
Robbins Lumber
Sappi North America
Southern Maine Forestry
Stead Timberlands
St. Croix Tissue
St. Croix Chipping
TD Bank
Timber Resource Group
Timberstate G.
Wadsworth Woodlands
Wagner Forest Mgt.
Weyerhauser
Woodland Pulp

Testimony in Opposition to LD 2077

"An Act Regarding Customer Costs and the Environmental and Health Effects of Natural Gas"

January 23, 2024

Krysta West, Deputy Director

Senator Lawrence, Representative Zeigler and members of the Committee on Energy, Utilities and Technology, my name is Krysta West, and I am here today to present testimony on behalf of the Maine forest Products Council in opposition to LD 2077, "An Act Regarding Customer Costs and the Environmental and Health Effects of Natural Gas."

The Maine Forest Products Council appreciates the Public Advocate's efforts to address our state's high energy costs while promoting renewable energy, however, LD 2077 is highly problematic for the forest products industry because it threatens the viability of the companies that provide natural gas services. These companies support manufacturers in the forest industry.

Industrial manufacturing requires reliable sources of baseload power (CHP, hydro or natural gas) to power operations. As an industry, we cannot rely on intermittent sources such as solar or wind to operate production. The technology simply isn't there. We are also limited by the high thermal needs in the operation of our kilns that, to date, can only be satisfied with biomass, natural gas or oil. The industry has moved away from oil but will need natural gas until other sources of lower emitting energy can be developed (possibly hydrogen). Electrification of these processes is a ways off into the future. Until that time, if natural gas is eliminated as an affordable, viable option, then less desirable alternatives will need to be brought back into the mix (oil, coal, etc.).

For the past seven years, the Maine Forest Products Council has been involved in a collaborative effort that was initiated with federal funds called FOR/Maine. This unique cross-sector collaboration brings industry, communities, government, institutions of higher education and non-profit organizations together to help Maine strategically adapt and capitalize on changing markets to maintain our leading role in the global economy. One of our primary goals is to attract investments and new businesses that diversify our heritage industry, making it more resilient. With the support of our state and federal delegations, this effort has been a great success, and over the last few years, several new businesses have emerged. A number of these businesses are helping to address the pressing issues of climate change and sustainability while providing economic opportunities in rural Maine.

Unfortunately, if LD 2077 were to pass, it would have a chilling effect on these efforts, and on the $8 billion forest products industry that sustains 33,500 jobs.

In addition to these concerns, this bill does not fit in with LD 698, which became Chapter Law 222 on June 18 of last year following support from this committee. This law directs the PUC to monitor FERC proceedings related to interstate gas transportation and capacity to intervene and participate to ensure the lowest possible natural gas and electricity prices for Maine. This law also authorizes the use of renewably sourced gas and directs the PUC to establish a stakeholder group to explore near-term replacement of energy sources for natural gas in commercial and industrial uses with a report back to this committee by February 1st. This raises two questions:

1. Does it make sense to prohibit any charge for costs associated with new gas service mains and gas service lines from inclusion in rates given this Legislature just authorized the use of renewably sourced gas (that is also locally sourced)?
2. With LD 698, it was acknowledged that the technology isn't yet there to replace natural gas in commercial and industrial settings. Does it make sense to consider a ban, like the one established in LD 2077, before the committee receives the report back from the PUC that will inform you of the situation?

Moreover, the EUT Committee recently voted in the majority to support LD 1775 as amended. This bill would support the development of a hydrogen production plant that could be used for industrial purposes, so the state should not be banning the expansion of pipeline infrastructure that could use this resource. It would be more appropriate to study the future uses of gas and infrastructure, especially as it pertains to industrial uses.

The Governor's Energy Office recently commissioned an analysis of the pathway to achieving clean energy goals by 2040. This analysis indicates a continuing role for natural gas to balance the substantial increase intermittent renewable energy resources.

For these reasons, we urge you to vote **'Ought not to pass'** on LD 2077. I would be happy to answer any questions the committee may have.