



July 18, 2006

**COMMENTS OF THE NEW ENGLAND POWER GENERATORS ASSOCIATION AND
THE ELECTRIC POWER SUPPLY ASSOCIATION IN DOCKET NO. 2006-364
BEFORE THE MAINE PUBLIC UTILITIES COMMISSION:**

**NOTICE OF INQUIRY INTO MAINE TRANSMISSION AND DISTRIBUTION
UTILITIES CONTINUED PARTICIPATION IN THE NEW ENGLAND REGIONAL
TRANSMISSION ORGANIZATION**

The New England Power Generators Association (NEPGA) and the Electric Power Supply Association (EPSA) appreciate the opportunity to provide general comments in Docket No. 2006-364 as the Commission considers recommendations for continued participation by the Maine utilities in the New England power markets.¹

NEPGA is the largest trade association representing competitive electric generating companies in New England. NEPGA's member companies represent approximately 20,000 megawatts (MW) of generating capacity in all six states of the region. NEPGA's mission is to promote sound energy policies which will further economic development, jobs, and balanced environmental policy. We believe that sustainable competitive markets are the best means to provide long-term, reliable and affordable supplies of electricity for consumers.

EPSA is the national trade association representing competitive power suppliers, including generators and marketers. These suppliers, who account for 40 percent of the installed generating capacity in the United States, provide reliable and competitively priced electricity from environmentally responsible facilities serving global power markets. EPSA seeks to bring the benefits of competition to all power customers.

The New England Power Pool (NEPOOL) was formed largely as a result of the Great Northeast Blackout of 1965. Throughout the history of NEPOOL, Maine has been at times both a net exporter and importer of energy. With the operation of Maine Yankee nuclear power plant beginning in 1972, Maine was generally an exporter of power. This situation changed when Maine Yankee experienced problems in the early 1990s and when it ultimately shut down in 1997. Without Maine Yankee's 900 MW of base load generation capability, Maine again imported more power than it exported. [See attached MPUC 2005 Electric Restructuring Report, page 21.]

¹ The comments contained in this filing represent the position of NEPGA and EPSA as organizations, but not necessarily the view of any particular member with respect to any specific issue.

The introduction of competitive regional markets in May of 1999 swung the balance back in the other direction. Between 2000 and 2001, nearly 1,700 MW of new clean and efficient generation entered commercial operation in Maine. With some of the newest, most efficient, and cleanest power generation in the entire country, Maine once again became a net exporter of electric power. Throughout this period, being part of a much larger power pool has helped Maine to reliably weather the imbalances of supply and demand that occur in the electric industry.

As the largest trade groups representing competitive generators in the country and the New England region, we both feel it extremely important to note that recent additions of merchant capacity were built in Maine in anticipation that a single, highly interconnected market would be in place throughout the New England region. This is also true for the companies who purchased the generating assets from the incumbent utilities in response to Maine's restructuring laws. Generators have invested more than \$2 billion building or purchasing plants in Maine and proceeds from utility asset sales have enabled utility stranded costs to be reduced, saving ratepayers more than \$500 million. These investors entered Maine with the clear expectation that they would be able to provide low cost and efficient power in a competitive power market serving both the people of Maine and other consumers throughout New England.

Work continues to reform and improve the New England power markets. Recently some progress has been made both in efficiently valuing power services and recognizing appropriate differences in the locational value of power in the diverse areas of New England. In March of 2003, NEPOOL introduced locational pricing in its energy markets. Because Maine currently enjoys relatively larger supplies and lower costs of power, this locational pricing has resulted in Maine paying about 10% less for energy than other regions of New England. [See attached ISO-NE Fact Sheet for Maine.]

As Maine considers alternatives to participation in the current New England RTO arrangements, we encourage the Commission to take into consideration a full accounting of the benefits that Maine consumers have enjoyed by being part of a regional power pool.

Thank you for the opportunity to provide these comments. NEPGA and EPSA look forward to working with you throughout this process. If you have any questions, or if we can be of any assistance, please don't hesitate to contact either of us directly.

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