

## 'Weird bedfellows': Maine voters to weigh in on controversial transmission project

By Jordan Wolman

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The fight over a \$950 million transmission line project that would carry hydropower across the U.S.-Canadian border has created some strange bedfellows and sparked the most expensive ballot campaign in Maine's history.

Voters in the state will have their chance to weigh in on the 145-mile transmission line that would carry hydropower from Quebec into the New England grid when they head to the polls Tuesday. The controversial project has linked environmentalists and natural gas plant operators who oppose the line against the local officials and the Biden administration who back it, and it has prompted concerns about the influence of outside, sometimes foreign, funding into local politics.

Democratic Gov. Janet Mills and former Republican Gov. Paul LePage — who is running to unseat Mills in 2022 — both support the New England Clean Energy Connect transmission project. And Energy Secretary Jennifer Granholm weighed in on the debate, tweeting that she hopes Mainers vote to support the project.

But several environmental groups like the state's chapter of the Sierra Club and the Natural Resources Council of Maine are on the same page as energy companies NextEra, Vistra and Calpine in opposing the project, although for different reasons. NextEra is the world's largest generator of renewable energy, and all three companies operate natural gas plants in Maine that could experience competitive pricing pressure from the Canadian power. And environmentalists are concerned about the tree clearing needed to pave the way for the project and other potential environmental effects.

NECEC would bring 1,200 megawatts of Canadian hydropower from the Quebec-owned company Hydro-Quebec into the New England grid, enough to power 1.2 million homes. And project developers estimate the connection would cut annual emissions by 3.1 million metric tons and fuel a decline in electricity costs thanks to increased supply.

Construction is well underway and is expected to finish in 2023. But to carry the power from massive reservoirs in Quebec to a converter station in Lewiston, Maine, a new 54-foot wide corridor would need to be cut through 53 miles of western Maine woods — the largest continuous temperate forest in North America. The rest of the 145-mile line would run along existing transmission, though that, too, would need to be widened by 75 feet. Buying all the land alone cost NECEC \$17 million.

Twenty-five towns along the new transmission line <u>have formally opposed or rescinded their support for the project</u> that has the backing of Central Maine Power, <u>the state's largest</u> utility provider. Somerset County Commissioner Robert Sezak, for instance, rescinded his support for the project that would build new transmission lines in his county because "it does more damage to the Maine environment than it does good."

And the referendum has created spinoff conversations over campaign financing and foreign interference in Maine's political process, as groups in support and opposition to the project spend tens of millions on advertisements, phone banking and polling. A "yes" vote to <a href="Question1">Question1</a> would "ban" high-electric transmission lines from Maine's Upper Kennebec region and also require Maine's Legislature to approve other similar projects statewide on state land retroactive to 2014.

"It's a mess," said state Sen. Trey Stewart (R-Aroostook), a member of that chamber's energy and utilities committee who supports NECEC. "This project speaks to the generational shift that's going to have to occur if we'll ever get into renewables. It makes weird bedfellows."

The tree-clearing, concern for sensitive ecosystems and species, and lingering <u>uneasiness over potential methane emissions</u> from dams has sparked the <u>opposition from some environmentalists</u> and Indigenous groups. Those <u>groups also allege</u> Hydro-Quebec would simply be rerouting its existing hydropower supply into New England, leading to no net greenhouse gas reductions.

The <u>Department of Energy</u> and <u>Maine Public Utilities Commission</u> both found, however, that NECEC would bring overall reductions in GHG emissions, aligning with Hydro-Quebec's <u>2019 statement</u> that it has more than enough capacity to meet its current energy demand and still pump supply into New England to cut reliance on fossil fuels.

## **Project route in question**

The referendum is just the latest push to stop the project. An attempt to get a similar question on the ballot in 2020 <u>was eventually ruled unconstitutional</u> because it exceeded "the scope of the people's legislative powers." Separately, a <u>judge ruled in August</u> that the Maine Bureau of Public Lands "lacked authority" to lease a 1-mile parcel of land to Central Maine Power — throwing into question whether NECEC has a complete path. The Legislature <u>passed a nonbinding resolution</u> earlier this year stating its belief that the land lease to CMP was improper.

NECEC has appealed the ruling, and Thorn Dickinson, the CEO and president of NECEC, said he expects a decision on the appeal to come by June 2022.

The lease was first negotiated in 2014 under LePage and then renegotiated in 2020 with Mills as governor.

"We just can't afford just to do nothing," Mills said of climate change and of her support for NECEC in a radio address this week. "We need clean energy. We need reliable electricity. We've got to turn down the furnace and we've got to say no to fossil fuels. And that's why I voted No on Question One."

But the court ruling has unleashed a cascade of criticism. Maine's Department of Environmental Protection <u>held a public</u> <u>hearing last week</u> to consider suspending NECEC's permits as a result of the August ruling. NECEC proposed two alternate routes should the land lease for the 1-mile parcel in question be voided on appeal. <u>Dickinson said at the DEP hearing</u> that a suspension of the lease until June, for instance, would cost the project an additional \$67 million and may "make it impossible" to start operations by an Aug. 23, 2024, contractual deadline.

And some environmentalists have seized on the court decision, complaining that 75 percent of tree-clearing for the project has already occurred — a number NECEC has confirmed to POLITICO — despite the project's path now being in question. NECEC has committed to not do any tree-clearing on the parcel itself until the lease issue is resolved.

## Big money pouring in

In terms of financial benefits to Maine, NECEC will pay a projected \$18 million in annual property taxes, and CMP has agreed to a \$260 million settlement package that includes money for electric vehicle charging stations and energy efficiency programs. The DEP also ordered NECEC to conserve 40,000 acres of Maine's North Woods.

Born out of a Massachusetts request for a clean energy proposal, NECEC has pitted financial interests against each other. Hydro-Quebec, for instance, <u>stands to make \$10 billion</u> over 20 years on the project, and <u>CMP would receive \$2.9 billion</u> over that same timeframe. On the flip side, a <u>study commissioned by supporters of NECEC</u> found fossil fuel and nuclear energy companies could lose \$1.8 billion over 15 years if the project goes through.

Those energy companies — NextEra, Vistra and Calpine — are the primary funders of the committee Mainers for Local Power. The committee has spent \$20 million to support this referendum, according to the Maine Ethics Commission. In total, groups have spent more than \$66 million to either support or oppose the referendum, which doesn't include the millions spent toward the 2020 referendum that was eventually tossed out.

Clean Energy Matters, a committee supported by NECEC and Spanish utility Iberdrola's Avangrid and its CMP unit, has spent about \$17 million to oppose this referendum. The committee is also the chief donor to Mainers for Fair Laws, which has spent another \$9 million against the 2021 referendum. And <a href="Hydro-Quebec has spent">Hydro-Quebec has spent</a> an additional \$14 million to defeat the referendum.

NECEC defended the money it has spent in an interview with POLITICO.

"People are really worried about the chilling environment, where a company acquired all the land, followed all the rules and law, we got all our permits, we hired a ton of Maine residents here to start working on the project, followed through on every commitment we've made through all the different permitting agencies, and now after we're hundreds of millions into the project, that now a bill goes back to 2014 to change the law," said Jon Breed, the executive director of Clean Energy Matters.

And the battle between energy giant NextEra and NECEC goes beyond just money: NECEC accused NextEra of dragging its feet on upgrades to its New Hampshire nuclear plant needed to safely transmit the new hydropower into the grid. The issue has <u>made its way up to the Federal Energy Regulatory Commission</u> and attracted the interest of outside groups like the Electric Power Supply Association.

The project is likely now in the hands of just a few hundred thousand voters: Out of a total population of about 1.3 million, just under 350,000 Mainers voted in the last major ballot question occurring in an off-year election, which was in 2017 when Mainers approved Medicaid expansion.

A poll published late last week, conducted by the nonpartisan Digital Research, shows 49 percent of Maine voters plan to vote against the project, while 36 percent would vote in favor of it continuing. And a recent <u>University of New Hampshire poll</u> shows that while 77 percent of Maine residents say they've heard a lot about Question 1, only 49 percent say they understand it very well.

"This should have never been a ballot referendum," said Stewart. "It's too complicated for a one sentence question. What it's going to boil down to is people going in based off 30 second ads that they've seen blowing up their TVs and their radios and their mailbox for the last few months, and they're going to vote one way or the other."

The fate of NECEC could set a precedent for the competing interests at stake in similar projects that loom in the not-too-distant future as the U.S. seeks to clean up its grid: New York Gov. Kathy Hochul <u>just weeks ago announced</u> a contract to bring hydropower into the state through a 339-mile transmission line from none other than Hydro-Quebec.

"I would hate to see a precedent where transmission starts getting blocked by citizen referendums, creating one more barrier to a sector that is very difficult to invest in already," said Rob Gramlich, an energy economics policy analyst and the founder of Grid Strategies LLC. "So I think this project has some national significance."