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Unified vision eludes energy corridor panel

12/04/09

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AUGUSTA, Maine — Tensions between Maine and Canada over proposed LNG facilities in Passamaquoddy Bay once again have spilled over into efforts to develop regulations for potentially lucrative lease agreements between the state and energy companies.

A 13-member commission reached agreement on most major issues surrounding so-called “energy corridors” but deadlocked Wednesday over whether to extend a moratorium on such projects in response to Canadian opposition to LNG tankers in the bay.

As a result, the Legislature’s Utilities and Energy Committee will receive three competing reports from the commission as lawmakers begin next month debating an energy corridors bill.

“I think we missed an opportunity to be assertive and show leadership and give some solid direction to the Utilities and Energy Committee,” said Sen. Barry Hobbins, D-Saco, a co-chairman of both the committee and the energy corridors task force.

Earlier this year, the Legislature created the commission to craft guidelines to ensure that Maine reaps the maximum benefits from the massive energy infrastructure projects along highway rights of way or through other state-owned land.

Such corridors have been viewed as a potential win-win for the state and energy companies.

Maine could collect tens of millions of dollars in lease payments for energy initiatives while encouraging development of additional renewable energy projects in the state. Energy companies, meanwhile, would have to negotiate fewer obstacles to constructing electricity transmission lines or energy pipelines from Canada to southern New England.

But ever since the spring, discussion of the energy corridors has been dogged by tensions over the Canadian government’s firm opposition to allowing liquefied natural gas tankers to transit Passamaquoddy Bay en route to proposed terminals near Calais.

Commission members’ resolve to protect Maine’s energy interests rose even higher after Hydro-Quebec — Canada’s largest electricity producer — announced plans to acquire New Brunswick Power in order to gain access to U.S. markets.

New Brunswick Power already has transmission lines passing through Maine to southern New England and mid-Atlantic states and is likely to build more if the acquisition is approved. That prospect has raised concerns that Hydro-Quebec could stymie or squash demand for renewable energy from future wind farms or other projects in Maine.

Keith Van Scotter, co-owner of Lincoln Pulp and Tissue, was among the commission members who supports extending the moratorium on energy corridors as a way to pressure Canadian officials to change their stance on LNG in Passamaquoddy Bay.

New Brunswick officials maintain it would be unsafe for the massive LNG tankers to attempt to navigate the narrow passage, with its powerful tides and numerous hazards, in order to reach the proposed sites in Calais or Robbinston.

But Van Scotter and other supporters allege that provincial officials are merely trying to protect a newly opened LNG facility in St. John that is partly owned by New Brunswick-based Irving Oil.

If Canadian companies want to put an “electricity super-highway” through Maine, they should not stand in the way of an energy project important to Maine, Van Scotter said.

“You don’t try to negotiate when you have already conceded some of the things that are important to folks on the other side,” said Van Scotter, who believes a Maine LNG terminal would help lower electricity rates.

But Hobbins questioned the linkage between the issues. He also pointed out that the existing moratorium has been in place for more than six months and Canadian officials have not backed away from their opposition based on safety grounds. On the other hand, too long a delay could cause Canadian energy companies to lose interest in Maine.

“What we are doing is forcing Hydro-Quebec to go through New Hampshire and bypass Maine, and we will lose all of that potential development” and revenue from leases, Hobbins said.

Officials from Irving Oil, which has expressed strong interest in a potential energy corridor lease arrangement, are watching events in Maine closely.

“The only certainty that seems to have come out of yesterday’s decision is that there is still a lot of uncertainty,” said Daniel Goodwin, a spokesman for Fort Reliance, the parent company of Irving Oil. “We are not sure what it means or how it will unfold in the coming weeks and months in the Legislature.”

But Goodwin said Fort Reliance remains interested in working with the state.

David Farmer, spokesman for Gov. John Baldacci, said the governor remains adamant in his conversations with New Brunswick officials that Canada should not stand in the way of LNG projects in Passamaquoddy Bay. But Baldacci believes pursuing energy corridors is also critically important to the state.

“Obviously, we would have preferred to have a consensus or at least a majority report” from the commission, Farmer said. “But we have full confidence, as it heads to the Utilities Committee, that we can find a good resolution.”

All of the reports contain language that would require state regulators to deny any corridor project that does not enhance opportunities for energy generation within the state and significantly reduce electricity rates and energy costs for Maine ratepayers. That language was suggested by Sen. Peter Mills, R-Cornville.

Mills opposed the moratorium as well as the nonmoratorium reports. Instead, he is submitting his own report stating that that any projects “will not impede” development of new energy sources, “including a liquefied natural gas facility on the Maine coast.”