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August 6, 2010

Karen Geraghty, Administrative Director
Maine Public Utilities Commission
242 State Street
State House Station 18
Augusta, Maine 04333-0018

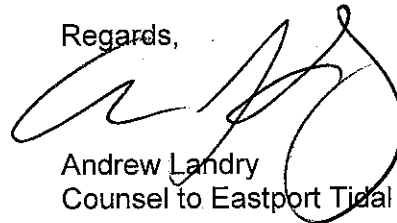
**RE: MAINE PUBLIC UTILITIES COMMISSION, Long-Term Contracting for Offshore
Wind Energy and Tidal Energy Projects, Docket No. 2010-235**

Dear Ms. Geraghty:

Enclosed for filing in the above-captioned matter please find the comments of Eastport Tidal Power LLC filed in response to the Commission's July 20, 2010 Request for Comments in the above-captioned matter.

Thank you for your attention in this matter.

Regards,



Andrew Landry
Counsel to Eastport Tidal Power LLC

Enc.

cc: Public Advocate

August 6, 2010

MAINE PUBLIC UTILITIES COMMISSION
Long-Term Contracting for Offshore Wind
Energy and Tidal Energy Projects

COMMENTS OF
EASTPORT TIDAL POWER LLC

Pursuant to the Commission's July 20, 2010 Request for Comments in the above-captioned matter, Eastport Tidal Power LLC (Eastport Tidal Power) submits the following comments.

Eastport Tidal Power is a Maine limited liability corporation formed for the purpose of developing a \$62 million hydropower research and demonstration facility at Half Moon Cove in Cobscook Bay, Eastport, Maine. Eastport Tidal Power proposes to demonstrate its first-of-its-kind tidal wing technology, placing Maine at the forefront of ocean energy development. Eastport Tidal Power's tidal wing has no significant environmental impact and will preserve Half Moon Cove's intertidal zones. Eastport Tidal Power's tidal demonstration project will be highly cost-effective, and will utilize a new proprietary construction method that reduces the building costs for tidal hydropower systems, making tidal range competitive with fossil fuels. A plant utilizing these construction methods has a minimum design life of 120 years. Since the loan on the capital costs is retired in 30 years and no fuel is required, the only cost of generating power will be the maintenance and operation cost of the plant. The plant will then provide power for a minimum of 90 years at approximately 10 % of the cost of power from fossil fuels. Thus, the plant becomes an extremely low cost source of power for rate payers in Maine. As Eastport Tidal Power's interest in the project is as a demonstration site for its construction technology and as a research facility, Eastport Tidal Power plans to share project revenues with the City of Eastport in a manner that fulfills Eastport Tidal Power's research and demonstration mission while enhancing the City's finances.

As the 124th Maine Legislature realized in enacting *An Act To Implement the Recommendations of the Governor's Ocean Energy Task Force*¹, renewable ocean energy holds enormous promise to address our state and regional energy goals, including energy independence and security and limiting exposure to fossil fuels' price and supply volatility; to ensure attainment of our greenhouse gas emissions reduction goals; and to provide significant economic opportunities for our citizens. Maine's vast and largely untapped tidal power resource in particular offers great promise; in recognition of the value to the state of developing tidal power resources, the Legislature enacted an official State policy supporting the development of tidal resources:

It is the policy of the State to encourage the attraction of appropriately sited development related to tidal and wave energy, including any additional transmission and other energy infrastructure needed to transport such energy to market, consistent with all state environmental standards; the permitting and siting of tidal and wave energy projects; and the siting, permitting, financing and construction of tidal and wave energy research and manufacturing facilities.²

Consistent with this policy, the Legislature directed the Commission to conduct a competitive solicitation for proposals for long-term contracts to supply installed capacity, energy and renewable energy credits from ocean resources including tidal energy demonstration projects such as that proposed by Eastport Tidal Power. Pursuant to the Act, these contracts are to be funded through an assessment on utility ratepayers. Out of concern that the value of demonstration and pilot projects must be weighed against ratepayer cost impacts, the Legislature enacted a rate impact limitation provision.³ At issue in this proceeding is the Commission's interpretation of that rate impact limitation provision.

¹ P.L. 2009, ch. 615 ("the Act").

² 38 M.R.S.A. § 631(3).

³ P.L. 2009, ch. 615, §A-6.

Eastport Tidal Power comments that a plain reading of the language in question favors interpretation (2) stated in the Commission's Request for Comments. The statutory language explicitly states that for any given customer class, the rate impact from long-term ocean energy contracts can be no larger than the rate impact on that customer class from the system benefit charge under 35-A M.R.S.A. § 10110. On a customer class by customer class basis, the Commission must evaluate each class's exposure to the system benefit charge, and then ensure that the rate impacts on that class from ocean energy contracts are no greater than class's system benefit charge exposure. Accordingly, under the statute, transmission and subtransmission customers could have no rate increase resulting from any above-market costs that might be associated with long-term contracts, while the statute allows distribution level customers to have a rate impact up to the assessment charged under 35-A M.R.S.A. §10110 (currently, 0.145 cent/kWh).

Eastport Tidal Power comments that this plain-language interpretation is consistent not only with legislative intent but also with the interests of ocean energy developers. Renewable energy, especially ocean energy, can be extremely cost-competitive against traditional fossil-fueled resources. Diversifying Maine's energy portfolio by developing the right kind of ocean energy projects will stabilize and even lower electric rates in the long term. While Maine has a great need for demonstration projects such as that proposed by Eastport Tidal Power, when done properly these projects do not necessarily have to have any significant rate impact on electric ratepayers. This is reflected in the rate impact limitation provision in the Act, which – just as does the system benefit charge – raises funds for valid state purposes while protecting transmission and sub-transmission customers from excessive exposure to above-market costs in recognition of their economic development value and other cost exposures embedded within T and sub-T rates.

Eastport Tidal Power congratulates the State of Maine for enacting the Act and encouraging the development of tidal demonstration projects in Maine waters, and looks forward to continued engagement with the Commission in the coming months and years.

Respectfully submitted this 6th day of August, 2010.



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