



For Immediate Release

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Based on LEI's market analysis, Maine Public Utilities Commission approves long-term supply contract with wind generator

BOSTON, October 9, 2009 – Maine Public Utilities Commission (“PUC”) approved a 20-year contract with First Wind Holding LLC for 60 MW Rollins project in Penobscot County, Maine. London Economics International LLC (“LEI”) had advised PUC staff, who had presented the supply contract to the Commission for its consideration. Despite one utility’s recommendation to not enter the contract, the Commission stated that the contracts are “prudent and in the ratepayer’s interest.”¹ The PUC stated in its Order, “The Staff/LEI’s analysis (which analyzes the first 12 years of the contract) indicates that the contracts will likely have a small benefit in the early years of the contract that grows over time as electricity and capacity prices are forecasted to increase.”²

LEI was retained by the Maine PUC in 2007 to assist in the preparation of the resource adequacy plan, as well as with the solicitation and procurement of long-term contracts for capacity and energy resources, which was required of the PUC by the Act to Enhance Maine’s Energy Independence Security, passed by the state’s Legislature in June 2006.

After a stakeholder consultation process about Maine’s needs (and publication of the Resource Adequacy Plan) and the proposed contract and Request of Proposals (“RFP”) templates, the PUC staff issued the RFP for Long-term Contracts for Capacity and Associated Energy on December 3rd, 2008. The primary objective of the RFP was “to acquire capacity and associated energy to lower electricity costs for Maine consumers and/or to obtain a beneficial hedge against price volatility.”³

¹ State of Maine Public Utilities Commission. “ORDER DIRECTING UTILITIES TO ENTER INTO LONG-TERM CONTRACT.” Docket No. 2008-104. 8 October 2009. Page 9.

² Ibid. Page 7.

³ State of Maine Public Utilities Commission. “Request for Proposals for Long-term Contracts for Capacity and Associated Energy.” 3 December 2009. Page 4.

As of the RFP deadline of April 7, 2009, the Commission received a number of proposals with various fuel types including renewable energy. LEI participated in bid evaluation by providing economic analyses including the energy and capacity price forecasts for the ISO New England. The long-term contract with the First Wind would be the first contract approved by the Commission in this RFP. First Wind's Rollins project is a wind farm located in Penobscot County with a 60 MW nameplate capacity, and is expected to come online in 2010.

As described in the Commission Order, the contract with Rollins is for a 20-year term with the energy price negotiated at a \$10 or \$15 discount to the ISO-NE internal hub price, depending on the level of price differentials between the hourly real time locational marginal price at the node and the internal hub price. Central Maine Power and Bangor Hydro Energy will share the contract on an 80% (CMP)/20% (BHE) basis. LEI advised the Commission staff on contract terms during negotiations as well as the evaluation of the economics.

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London Economics International LLC (LEI) is a global economic, financial, and strategic advisory professional services firm specializing in energy and infrastructure. The firm combines detailed understanding of specific network and commodity industries, such as electricity generation and distribution, water and wastewater provision, and natural gas distribution, with a suite of proprietary quantitative models to produce reliable and comprehensible results. For further information on LEI, please contact Julia Frayer at (617) 933-7200 or go to www.londoneconomics.com.

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