

Work Resumes on Maine Hydropower Project Amid Cost Concerns

Daniel Hall : 2-3 minutes : 8/12/2023

Construction has recommenced on the \$1 billion hydropower project in western Maine. However, questions remain as to who will bear the burden of the additional costs, estimated to be up to \$500 million, caused by legal and construction delays. The project is led by Avangrid, the parent company of Central Maine Power, and Hydro-Quebec.

One of the main obstacles is the renegotiation of contracts with the Massachusetts companies that will purchase electricity from the project. These contracts need to account for the extra expenses resulting from the Maine referendum that halted the project in November 2021. The Massachusetts Department of Public Utilities had approved the agreements between CMP, Hydro-Quebec, and the electricity distribution companies in Massachusetts in 2019. However, with the added costs, the contracts must be renegotiated and require approval from Massachusetts lawmakers.

Despite lawmakers including provisions for changes in their spending bills, the recent slimmed-down budget did not include them. Consequently, work has resumed on the project without clarity on how the additional costs will be covered. Avangrid and Hydro-Quebec were not available for immediate comment.

According to Robert McCullough of energy consultancy McCullough Research, the uncertainty surrounding the project's restart could be due to a lack of financial commitment until there is a better understanding of the situation.

Although some lawmakers in Massachusetts believe the contract changes will eventually be approved, concerns about the project's progress persist. Public Advocate William Harwood emphasized the importance of expediting the project to provide competitively priced electricity and reduce Maine's reliance on natural gas.

Massachusetts authorities have expressed their commitment to revising the contracts to allow electric companies to recover the additional costs. They view this as a crucial step towards completing the construction and are determined to cooperate with the Legislature, project developers, and utilities to ensure its success.

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