



STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

JANET MILLS
GOVERNOR

DAN BURGESS
DIRECTOR OF GOVERNOR'S
ENERGY OFFICE

TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

**An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for
Standard-offer Service
L.D. 186**

**GOVERNOR'S ENERGY OFFICE
February 6, 2025**

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 186.

Thank you for the opportunity to comment on this legislation. I regret that I am not able to attend this public hearing in person today, however I will be available for the work session and am open to receiving questions in the interim to be addressed at the work session.

In the 131st Legislature, Resolves 2023, chapter 79 was enacted directing the Public Utilities Commission (Commission) to investigate the feasibility of implementing time-of-use (TOU) rates in both the supply and delivery portions of customer electricity bills. The initial inquiry highlighted the potential for carefully designed TOU rates, for both supply and delivery, which the Commission's subsequent report noted are likely to shift load, reduce peaks, and meaningfully reduce overall costs for ratepayers. In 2024, the Commission initiated an additional inquiry to further consider issues raised by the possible development and implementation of TOU rates for standard offer and delivery. In the Notice of Inquiry on this docket, the potential need for amendment and clarity regarding the use of TOU rates under the Commission's Chapter 301 rules which govern standard offer service was highlighted. This bill seeks that clarity.

GEO appreciates the Commission's efforts to date in exploring this topic through stakeholder-informed inquiries. Well-designed TOU rate options can empower customers to take greater control of their energy bills, providing them with the opportunity to save money by shifting their consumption to off-peak times. The Technical Report conducted to inform the Maine Energy Plan highlighted through its pathways analysis the ability of load flexibility or shifting consumption to off-peak times, to cost-effectively reduce peak loads. Pathways that incorporated intra-day load flexibility require less total electricity infrastructure and have lower overall costs compared to pathways without flexible load due to better aligning consumption with actual marginal costs. While load flexibility alone cannot balance the entire system, it can assist in meeting short-term balancing needs while limiting the need for additional infrastructure. Maine can support effective load flexibility through advancing several mechanisms, such as by implementing EV managed charging programs and exploring other opportunities, such as behind-the-meter storage, demand response, and time-of-use rates.

Well-structured TOU supply rates can play a role in lowering greenhouse gas emissions by decreasing reliance on fossil fuel-powered plants during high-demand periods and can also support adoption of beneficial electrification technologies, further benefitting customers with increased energy bill savings. Customers with electric vehicles or heat pumps with well-designed TOU rates that encourage off-peak utilization may realize even greater transportation or heating cost savings by utilizing the already widespread deployment of automated metering infrastructure, as well as benefitting all customers through increased utilization of the electric grid during off-peak periods. TOU rates can also encourage the adoption and optimal utilization of energy storage technologies, which could enable greater renewable energy deployment as well as other customer benefits.

GEO is supportive of the Commission implementing well-designed TOU rates for delivery and standard-offer supply rates, and if the Commission moves forward the GEO would encourage additional engagement to finalize program design. GEO would participate in this engagement where appropriate and encourage the Commission to ensure the program design reflects on lessons learned from other jurisdictions. The Commission might also consider implementing TOU rates in a manner that allows program design impacts to be examined and adjusted toward an optimum design prior to full state-wide implementation. Central Maine Power and Versant Power both offer some time-variant rates today. In designing a program, GEO would recommend conducting analysis of customer responses and the impact of bills related to seasonal offerings from the two utilities to gain insights into seasonal load variability and whether price-capped real-time pricing, which can be more efficient than traditional TOU rates, can effectively address seasonal fluctuations while accurately reflecting the varying costs of electricity supply and delivery throughout the year. GEO would further encourage the Commission to outline a comprehensive customer education plan to inform customers about rate options and how to get the most out of new rate options while minimizing potential risks.

In conclusion, the exploration of well-designed TOU rates for delivery and standard offer supply rates presents a significant opportunity, and thus, the GEO supports providing clarity that the Public Utilities Commission may incorporate time-of-use pricing for the supply of standard-offer service. By learning from successful practices in other jurisdictions and analyzing data from existing TOU programs in Maine, the Commission can develop effective rate designs that enable customers to better manage their energy costs. Strong coordination and clear, consistent explanations from the Commission, utilities, and other stakeholders will be essential for fostering acceptance of new rate structures and ensuring the opportunities for cost savings, load shifting, and peak reduction are most effectively captured.

Thank you for your consideration.



Caroline Colan, Legislative Liaison
Governor's Energy Office