

## Testimony Neither for Nor Against L.D. 186 An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for Standard-offer Service

Good afternoon, Senator Lawrence, Representative Sachs, and distinguished members of the Joint Committee on Energy, Utilities, and Technology. I am Jeff Jones of Bangor, and I run Maine Power, the Standard Offer Provider for Large Commercial and Industrial electricity customers (these are employers) for most of the state. I apologize for not preparing and printing or filing my EUT Public Hearing testimony of February 6, 2025, beforehand but where I had intended to merely monitor the proceedings, I had not planned to present testimony.

My testimony is neither for nor against this bill, but more in response to the other testimony that we heard. I was under the impression that the MPUC already had the authority to ask for any terms that they may want in with their annual Standard Offer RFP, but they just need to clarify with legislation. Currently, we bill the utilities hourly and can probably do whatever they want for time of use (TOU) pricing in the future.

I was surprised that most of the testimony at the Public Hearing had to do with whether TOU rates in general are a good idea rather than what I understood to be the subject of this legislation. The Maine utilities already have TOU rates, but very few people take advantage of those. CMP's Rate A has 579,656 customers, but only 4,580 on Rate A-TOU. And Versant has about 86,000 Rate A Residential Service Customers, but only about 600 on Rate A-4 Residential TOU. That's less than 1%! I think this is because these are opt-in and not mandatory or even the default (opt-out). My experience has been that if the rates are optional or only opt-in, only those customers who significantly benefit from a lower rate will choose TOU. If only those people opt-in and most do not opt-in, then the benefits don't exist. We heard testimony that there should be exceptions, like those on oxygen and that sounds right, but in my opinion, exemptions should be limited if you hope to achieve the benefits that were outlined in Representative Runte's testimony. He also stressed the importance of rate design. I would advocate that rates really need to be cost-based. However, rate design is seldom without controversy; there will be winners and losers because it's just an exercise in dividing up the utility revenue requirements pie.

I think part of the MPUC's problem with setting TOU rates for Standard Offer Service will be holding up their part of the filed rate doctrine. The MPUC needs to publish rates ahead of time and that's almost impossible with the impact of behind the meter solar. Representative Runte outlined the variability in ISO New England energy clearing prices that can happen during a day. Prices can be negative, and they can also be very high during the same day. Market prices are not consistent and not very predictable. Prices these days really depend a lot on how much of the sun is seen by solar panels.

Mr. Labrecque argued that supply pricing should be dynamic. I agree, but although energy pricing does change every hour for load suppliers and every five minutes for generators, I'm not sure that trying to regulate prices in a competitive market is a place where the MPUC can realistically go at this time.

There was testimony given that TOU pricing can be very unpopular, I agree. but that does not mean that it is the wrong thing to do to maintain incentives to best use the T&D system. We also heard that this effect can be temporary with education and experience.

My bottom line is that I do not think that setting prices for supply should be linked to T&D rates because prices in a competitive market cannot be set ahead of time like T&D rates.

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P.S.

In response to questions from Reps Foster and Warren at the Public Hearing, I have attached a slide that you may have seen from the OPA consultant Brattle Group's presentation of October 8, 2024, in Maine PUC Docket No. 2024-00231 on the experience in other jurisdictions. I believe that these numbers back up what I said about the participation in TOU programs - participation rates depend on whether the rates are opt-in and not mandatory, or even the default (opt-out). We know how low Maine's rate is with opt-in rates (less than 1%), so if we are serious about TOU rates, they should be mandatory with some limited exceptions or at least the default (opt-out).

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