

Testimony of Jeffrey Jones, P.E (jeff@jonespe.com) Neither for nor Against LD 568 An Act to Modify the Process for Standard-offer Contracts with the Public Utilities Commission

Senator Lawrence, Representative Sachs and esteemed members of the committee. I am Jeff Jones, I live in Bangor, and I run Maine Power LLC, the Standard Offer Provider for the Large Class of customers for most of the state. I have worked in the utility industry for almost fifty years and worked with power supply issues for most of that.

I am testifying neither for, nor against the bill as written because my company can provide a six-month term as well as a year. Some of the other jurisdictions have six-month terms and they probably result in prices that better track the dynamic nature of energy commodity pricing but will likely result in some pretty big variations in pricing from period to period, due to seasonal variations and world energy prices. We have had six-month terms in the past and have also tried laddering three-year contracts. What we found historically is that twelve-month terms seemed to have worked well with customers' desire to know what their prices will be in the coming calendar year, but balancing market realities.

However, I would suggest that provisions be made for pricing in the event of an extension. Otherwise, it would be a free option from bidders and that would scare suppliers away. In my experience over many years, it is very important to have as many bidders as possible to have a vibrant market and competitive bids to ensure that customers get the best deal possible. This is not just theoretical. We saw a scenario not too long ago where a market with limited supply and inflexible demand resulted in costs for electric customers of about \$30 million per year. You recently fixed that problem with bipartisan legislation. Thank you for that.

Thank you for your time and I will be available if I can be helpful in any way to your deliberations.