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To: Joint Standing Committee on Energy, Utilities and Technology
From: Andrew Blunt, Sierra Club Maine Chapter
Date: February 27, 2025
Re: **Testimony in Support of L.D. 585:** *An Act to Use Certain Regional Transmission Organization Payments for Beneficial Electrification to Reduce Electricity Rates*

Senator Lawrence, Representative Sachs, and members of the Joint Committee on Energy, Utilities and Technology,

I am testifying on behalf of Sierra Club Maine, representing over 22,000 supporters and members statewide. Founded in 1892, Sierra Club is one of our nation's oldest and largest environmental organizations. We work diligently to amplify the power of our 3.8 million members and supporters nation-wide. We urge you to support L.D. 585 to continue providing crucial electric vehicle (EV) incentives to Maine people, a program with proven results that is working to accelerate beneficial electrification in our state.

Too often, beneficial electrification is pitted against the interests of consumers. Unfortunately, such concerns often rely on picking information to validate fringe arguments, or ignore the long-term and material benefits of beneficial electrification to our environment and Maine's society writ large. This bill correctly pairs two discrete such beneficial electrification technologies, heat pumps and EVs, with ratepayer benefits. Both of these pieces of technology are shown to reduce pocketbook costs for those who own and pay for these technologies, but they also reduce electricity rates over their lifetime.

To address the question of the effect of EVs at suppressing electricity rates, we must answer one core question: **Do utilities make more money from EVs than they spend on them?** Repeated studies of this question show that the answer to this question is a resounding "Yes."

By selling EV owners electricity, utilities make money off of them. Instead of spending on gasoline, EV users are spending more of their money on electricity each month to charge their cars. The cost of that electricity is the same as for a non-EV user customer but EV users simply use more electricity.

That revenue, then, must be compared to what utilities spend on EV owners. Particularly the cost of providing additional electricity, plus any cost of EV programs placed on the utilities. Synapse Energy Economics Inc. reported the following in a 2024 study: "Between 2011 and 2021, we estimate that EV drivers across the country have contributed $3.12 billion more in revenues than associated costs, cumulatively over the study period."

The study continues to say: “A key reason why revenues from EVs outweigh the costs is that EV customers — particularly those on TOU [time-of-use] rates — tend to charge during off-peak hours. By charging during off-peak hours, EVs impose minimal additional costs on the grid and help to utilize resources more efficiently.”

This study is simply one example of a clear and convincing result: That the increasing uptake of EVs places a downward pressure on rates. This pressure that EVs put on rates not only provides net benefit for the non-EV user ratepayer, but also affords utilities more available capital to spend on encouraging EV uptake by installing charging infrastructure, investing in vehicle to grid programs, expediting the implementation of TOU rates, and even offering their own incentives to customers who make the switch.

Today in Maine, transportation represents 49% of our annual CO_2 emissions, almost 60% of which is from light-duty, passenger vehicles.[1] EVs are a smart choice not only for those who make the switch, but for all ratepayers. Allowing additional state resources to contribute to EV incentives is a smart policy move that will protect ratepayers from increasing costs, and will help Maine reduce our greenhouse gas emissions.

For the above reasons, we encourage the committee to support L.D. 585 and vote “ought to pass.”

Sincerely,

Andrew Blunt
Legislative and Political Strategist

[1] https://www.maine.gov/mdot/climate/docs/MaineDOT%20Carbon%20Reduction%20Strategy%20(FINAL%20Submitted_11.14.2023).pdf