



## **Testimony in Support of LD 1250:**

**“An Act to Provide That Portfolio Requirements for Renewable Electricity Resources Apply Only to Actual Retail Sales”**

Senator Lawrence, Representative Sachs, and the distinguished members of the Committee on Energy, Utilities and Technology, my name is Harris Van Pate. I serve as policy analyst for Maine Policy Institute. Maine Policy is a free-market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify in support of LD 1250.

This bill offers a straightforward and necessary clarification to Maine’s Renewable Portfolio Standard (RPS): that the portfolio requirements apply exclusively to actual retail electricity sales. By drawing this important line, LD 1250 ensures that the RPS operates as intended—encouraging renewable generation where appropriate—without imposing unnecessary costs or regulatory burdens on non-retail transactions.

### **Exempting Wholesale Transactions**

Electricity exchanged on the wholesale market—between utilities or energy traders—is not electricity sold to end-user customers. These sales often function as market balancing, risk management, or regional supply coordination tools, especially during natural disasters, which result in significant energy instability.<sup>1</sup> Requiring renewable compliance for wholesale trades would create redundant obligations and could drive up costs without yielding environmental benefits. LD 1250 clarifies that only electricity sold at retail needs to meet Maine’s RPS thresholds.

### **Recognizing Self-Consumption and Behind-the-Meter Generation**

Facilities that produce electricity for their own use—such as industrial sites or homeowners with on-site electricity generators—are not selling that power to anyone else. Requiring RPS compliance in such cases would be illogical and penalize energy independence and local investment in clean generation. By exempting these self-supply arrangements, LD 1250 ensures the law doesn’t punish Mainers for reducing their reliance on the grid.

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[https://www.hbs.edu/ris/Publication%20Files/Cavallo\\_Alberto\\_J12\\_Prices%20and%20Supply%20Disruptions%20during%20Natural%20Disasters\\_5f46211e-eb20-4d53-b5f5-90e70f8f17b0.pdf](https://www.hbs.edu/ris/Publication%20Files/Cavallo_Alberto_J12_Prices%20and%20Supply%20Disruptions%20during%20Natural%20Disasters_5f46211e-eb20-4d53-b5f5-90e70f8f17b0.pdf)



## **Excluding Surplus or Hedged Energy Purchases**

Competitive electricity providers often purchase more than they sell at retail, mainly when hedging against market volatility.<sup>2</sup> Under the current interpretation, even surplus electricity not delivered to customers could be subject to RPS obligations. This is inefficient and burdensome. LD 1250 clarifies that only the electricity sold to retail customers triggers RPS requirements.

## **Limiting Obligations to Delivered Power**

Standard offer supply contracts or other forward contracts often include electricity not yet delivered or consumed. It makes little sense to require RPS compliance for future deliveries that have not occurred. LD 1250 rightly ties compliance to actual delivery and sale, not the mere existence of a supply contract.

## **A Step Toward Smarter, Fairer Energy Policy**

LD 1250 enhances the transparency and precision of Maine's RPS statute. It ensures that the law applies where it logically should—at the point of actual sale to a customer—while protecting Mainers from unnecessary costs and administrative complexity. The bill helps preserve market flexibility, consumer choice, and economic efficiency by aligning regulatory compliance with real-world energy consumption.

For these reasons, Maine Policy Institute urges the committee to support LD 1250. Thank you for your time and consideration.

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<sup>2</sup> <https://bionic.co.uk/business-energy/guides/how-is-energy-bought-and-sold-and-how-does-it-affect-prices/>