



**Testimony of the Efficiency Maine Trust
Michael D. Stoddard, Executive Director**

NEITHER FOR NOR AGAINST

**LD 1726 –
An Act to Create a Direct Investment Pilot Project Under the Maine
Clean Energy and Sustainability Accelerator**

Presented to the Joint Committee on Energy, Utilities, and Technology

April 29, 2025

Senator Lawrence, Representative Sachs, and Members of the Committee on Energy, Utilities and Technology, I appreciate the opportunity to testify today on behalf of the Efficiency Maine Trust (the Trust) **neither for nor against LD 1726**.

Regarding Section 10 of the bill, the Trust supports a review of the process that compares proposed T&D investments with non-wires alternatives (NWA) and supports developing NWAs where they are the low-cost solution. NWAs present a valuable opportunity to lower costs of the grid. The parties engaged in this process have learned lessons and improved certain practices since the NWA process was first launched. A review would provide a useful discussion about whether and how to modify the process to ensure ratepayers are getting a reliable grid at the lowest cost.

Regarding the bill's proposal regarding the method for energy forecasting, we have several concerns from both a practical and policy perspective.

The core component of this bill is its proposal to require the Governor's Energy Office (GEO) to establish and use an "energy forecasting method" when crafting of its state energy plan and other studies, and the further mandate that the Maine Public Utilities Commission (PUC) and the Trust use the same method when conducting grid planning and efficiency program planning, respectively. The ostensible aim for this is to promote "consistency and accuracy" across the myriad planning processes of these and other entities. While we of course agree that accuracy is important, and consistency is generally desirable, the Trust is nonetheless concerned that the bill's recommended approach does nothing to improve the odds that future outcomes will be more accurate, is inconsistent with current statute, and is inadvisable from a policy perspective.

The first problem we see is that the bill proposes to substitute the GEO's opinion on the appropriate forecasting method for that of the Legislature when it comes to how the Trust develops its triennial plan. In 35-A MRS §10110(4-A)(B)4, the Legislature established its decision on this matter, prescribing

the Trust to rely on a “regional avoided energy supply cost study, developed through a transparent process, with input from state agencies, public advocates, utilities or energy efficiency administrators from at least 3 other states in New England and the analysis has been published not more than 24 months prior to the trust’s filing of the plan.” This study, referred to as the Avoided Energy Supply Cost Study or “AESC,” is updated at least every three years and is a fundamental element of the Trust’s planning process (and the PUC’s review of the resulting Plan). All of the energy efficiency programs in New England use this study, which uses a consistent methodology and forecast across the region while also providing customized values for each state. The development of the AESC relies on a significant amount of forecasting that is vetted by experts and stakeholders across New England. Use of the AESC has served the Trust and Maine well for more than 15 years. We do not believe it would be workable for the Trust to force the AESC to use a methodology or a forecast that a future GEO might prescribe.

A second concern with the bill is that it tends to undercut the independence of the impartial, objective planning processes and decisionmaking at the PUC and the Trust.

The reality is that the GEO reports directly to the governor and is a part of the executive branch. It is entirely appropriate for the governor’s team to execute policies, advocate for policies, and develop long-term plans. That said, one can envision a future governor who either strongly supports, or strongly opposes, a particular energy resource (or category of energy resources). This is the role and the prerogative of any governor. One can also envision that a governor with such predispositions could direct the GEO to employ certain assumptions or favor certain outcomes, either overly aggressive or overly conservative, when forecasting the future role of those particular energy resources.

While this may be appropriate for the executive branch, it seems less appropriate for the independent decisionmaking of the PUC (or the Trust). Valuable “checks and balances” derive from the PUC serving as the independent arbiter of decisions involved in regulating utilities and protecting the best interest of ratepayers. Currently, PUC decisions of this type are subjected to a rigorous review through their docketed process, in which due process and transparency are reliably prescribed. Also, some PUC decisions can be appealed in court, so if a future PUC established a methodology that were arbitrary and capricious or otherwise contrary to established law and policies, there are pathways to remedy the situation. For these reasons, the bill’s proposal to require the PUC to use the forecasting method selected by the GEO is problematic.

Third, the data and issues relevant to establishing energy forecasting methodologies are technical and complex. In our experience, timely and well-reasoned decisionmaking is best served where there is deep knowledge of the subject matter, years of experience, and institutional memory. On balance, it seems likely that the PUC will tend to have deeper knowledge of technical matters of load forecasting, and lower rates of turnover among its leadership and staff who work on these issues as compared to the GEO. This suggests that when determining load forecasts, accuracy and consistency will be best advanced by having the PUC serve as the final arbiter of what method to use. In our view, preserving the PUC’s independence in this regard, unless otherwise directed by the Legislature, should be a top priority.

I am happy to answer any questions.

Respectfully submitted,

/s/MDS

Michael D. Stoddard

Executive Director