

Maine State Legislature

Joint Technical Committee on Energy, Utilities, and Technology

LD 1358: An Act to Reduce Electric Rates by Removing Limitations on the Ownership of Generation by an Affiliate of an Investor-Owned Transmission and Distribution Utility; and

Written testimony filed April 29, 2025.

Madam Chair – Representative Sachs, Senator Lawrence, and Members of the Joint Standing Committee on Energy, Utility, and Technology,

I am Peter Fitzgerald, PE, Director of Northeast Interconnections at INS Engineering, and I am providing additional testimony **in opposition to LD 1358**. Please note that my original written testimony is included at the end as well.

LD 1358 was essentially raised as a Yes/No question. As many have already testified, a deep discussion is prudent, before changes to a long-standing rule are made that could have significant impacts on ratepayers. I was challenged by the following question, “Are there any changes to LD 1358 that would convince you to support it?” My first thought was simply, “No”, but that answer wouldn’t have been helpful, and the question posed by LD 1358 is not to be taken lightly.

I know that the massive changes I will recommend will sound ridiculous. I know that this is far too complex to incorporate into LD 1358, and it would take years to implement it fully. So then, why am I writing this? Because that is exactly the point. A change that is this significant, complicated, and risky must be done with painstaking caution. Trusting that an IOU and its Affiliate will act “in good faith” is not how we ensure that ratepayers are protected.

CMP tried to make the argument that the PUC approval requirement created sufficient guardrails to protect ratepayers. Nevertheless, I must agree with the PUC’s testimony. If this Legislation proceeds to state that an IOU Affiliate has the right to own and operate generation, the PUC’s starting assumption would be that an IOU acted “in good faith”. If the PUC suspected that foul play was involved, they would have to uncover sufficient evidence to prove that it happened. The biggest issue affecting ratepayer costs today is that the burden of proof is on the PUC, not on the IOU’s.

There has been significant discussion about whether an IOU or their Affiliate could compete fairly in the generation market. If this could be done, would rates decrease due to higher levels of competition? For this to be considered, what changes to LD 1358 would be needed to gain the benefits of higher competition, while also protecting

ratepayers? I didn't have a month to write this, so the following is a rough outline of my recommendations. This is not a comprehensive outline of a rule. It is much more useful as a catalyst for understanding and continued conversations.

- Establish a Distribution System Operator (DSO)
This would be an independent, 3rd-party, not-for-profit business. Similar to the way that ISO-NE serves as the Transmission System Operator.
 - DSO would conduct generator System Interconnection Studies (SIS)
 - It would be a conflict of interest for an IOU to perform the SIS for themselves and their competitors
 - DSO would conduct ISO-NE initiated Affected System Operator (ASO) studies
 - System upgrade estimates:
 - IOU could perform cost estimates for their own proposals in competitive RFP's
 - DSO would oversee and independently verify IOU cost estimates for non-competitive system upgrades
 - DSO would provide supporting information for all parties making cost estimates on the distribution system
 - DSO shall establish Short-Term Emergency (STE) conductor ratings for all distribution lines
- Remove the general assumption that an IOU acts "in good faith"
This is in line with FERC Order 1920, which stated that the system planning done by utilities is not just and reasonable. This is a violation of both the FERC rules and the Federal Power Act of the US Congress. The IOU must prove that they acted in good faith for things such as, but not limited to, the following:
 - All Capital expenditures
 - All IOU standards, unwritten rules, "best practices", and standard practices
 - The FERC determination means that a substantial amount of "best practices" are not just and reasonable.
 - IOU's often use the precedent set by others to back what they want. That argument is no longer valid, as a justification for their goals. Doing this is common practice, but FERC determined that a substantial amount of "common practice" was not just and reasonable.
 - Many "standards" are new, and they have only been physically built 0 to 2 times.
 - Others have already been contested by stakeholders, but the comments were ignored by the IOU's with no accountability.
 - Given the FERC determination, some actions taken previously by IOU's may need to be re-evaluated as well

- Many issues that were raised identified real areas of concern, but they couldn't meet the burden of proof
 - Other complaints weren't raised, because there was no expectation of a fair discussion
- All customer Complaints about an IOU should be handled by an intermediate party, such as the DSO or OPA
 - The IOU's must fund this and cannot charge customers for it
 - This will create an incentive for IOUs to provide better service
 - It will also increase customer trust, and more honest feedback will be provided
- Any decision that has a fiduciary impact on the IOU
- Clarify that an IOU should not be assumed to be a subject matter expert (SME) on the electric grid
 - They have not proved this to be true
 - They have an inherent, fiduciary conflict of interest
 - Using better engineering methods to decrease the costs, reduces their profits
- IOU's shall provide all grid data to the DSO
- IOU's shall remove biased descriptive language from all filings, such as the following:
 - Reliability Upgrades
 - This term has been used to describe projects that will increase IOU profit
 - It has not been widely used to describe other projects, such as NEB
 - Cost-Shifting
 - This is used in opposite situations as Reliability Upgrades

This concludes the April 30, 2025 additional testimony.

The original written testimony from April 22, 2025 is included below.

Maine State Legislature

Joint Technical Committee on Energy, Utilities, and Technology

LD 1358: An Act to Reduce Electric Rates by Removing Limitations on the Ownership of Generation by an Affiliate of an Investor-Owned Transmission and Distribution Utility; and

LD 1592: An Act to Reduce Energy Costs by Permitting the Ownership of Generation by Investor-Owned Transmission and Distribution Utilities

In-person oral testimony given April 16, 2025.

Written testimony filed April 22, 2025.

Madam Chair – Representative Sachs, Senator Lawrence, and Members of the Joint Standing Committee on Energy, Utility, and Technology,

I am Peter Fitzgerald, PE*, Director of Northeast Interconnections at INS Engineering, and I am testifying **in opposition to both LD 1358 and LD 1592**. (*PE means professional engineer)

I grew up and currently live in Bucksport, ME; earned an associates at EMCC in Bangor; and completed my bachelor's in Electrical Engineering Technology at U-Maine Orono. For over 8 years, I designed protection and control systems for electrical substations with a focus on brownfields, because they had more unique challenges than new builds. After that I focused on generator grid interconnections and system planning for over 5 years. I worked primarily on projects in Maine and secondarily in other New England states.

At this time, I volunteer in the following roles. Please note that I am not speaking on behalf of these organizations.

- Board of Directors of the Maine Society of Professional Engineers (MSPE).
- Serve on the Resilience Committee for the Town of Bucksport.
- Coach/teach the RSU 25 (Bucksport) Middle School robotics program.
- Work with the DOE-backed GridWise Architectural Council (GWAC)
- Key contributor in a small GWAC working group writing a whitepaper on ways for states to make their grid planning more efficient. Most whitepapers don't contain information that is actionable in the immediate or short term, because they are either high-level or deeply technical. When our paper is completed later this year, it will provide specific, (relatively) simple, technical solutions that can be

implemented in small steps. Our highest priority is that our paper is useful and not overwhelming to those we are trying to help.

There are no “easy” or “safe” paths forward in electrical system planning today. If something feels comfortable, we need to take a step back and figure out what we are missing. Questions should be asked about all options, including the status quo. The choices we make in the weeks ahead of us will shape the future. Do you understand how?

It has been said that there is and would continue to be a separation between IOU’s and their “parent” and “sister” companies. Yet when IOU’s submit filings, they routinely include their parent company as a supporter. It can’t be both ways. They are either involved or they aren’t.

One of the Maine IOU’s is under PUC investigation for its management practices. A concern has been raised that their “parent” company may not be meeting their obligations of oversight and accountability.

I have *personally* sat in a room with a Maine IOU and a representative from their parent company on *multiple* occasions. The “parent” company was directly involved in the direction of the IOU, including in their technical standards. It would be naïve to assume that the “parent” company is only involved in one subsidiary, and the other subsidiaries or “sister” companies are independent.

I have been involved in a dozens of renewable energy interconnections in Maine including onshore wind, solar, offshore wind, batteries, hydro, and hybrid systems using two or more sources. I agree that we need to reduce obstacles in the interconnection process. IOU’s have struggled to keep up with the generation interconnection requests, complete the studies on time, and present reports that are in compliance with the rules. They need to focus on their existing responsibilities, not add more to it.

The sponsor of this bill, “An Act to Reduce Electric Rates/Energy Costs...”, stated that they “stand on behalf of Mainers”. With all due respect, I must disagree. I do not claim to speak for everyone, but I will say that the general atmosphere I have heard is not happiness with the IOU’s.

It is concerning that IOU’s often describe projects that increase their profit as “Reliability Projects” and other projects as “Cost Shifts”. The entire system is built around cost-shifts and reliability, but the words chosen to describe it have a big impact on the public reaction.

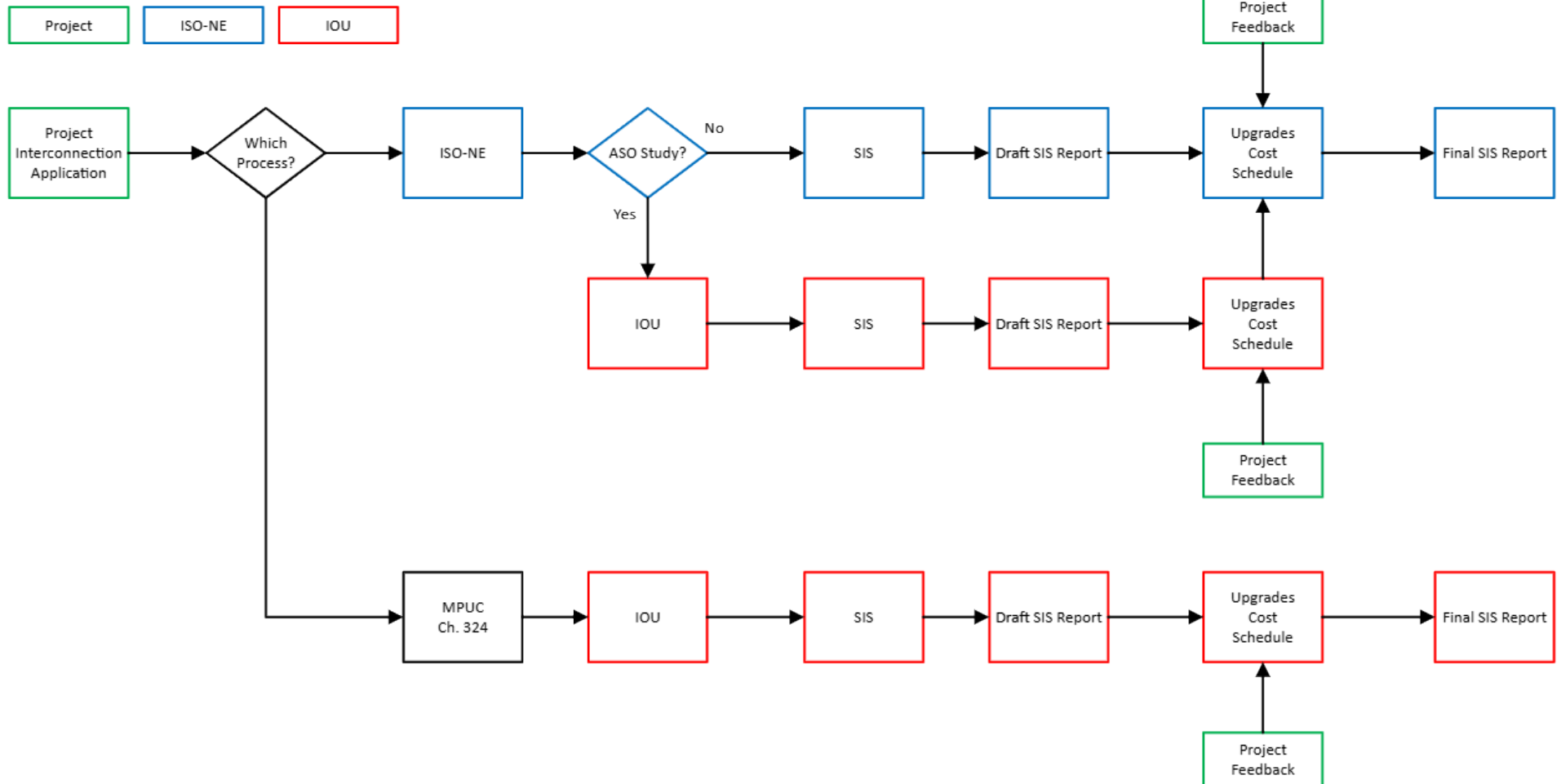
Simplified Flowchart of the Interconnection Study Process

Definitions and Color Key

ASO: Affected System Operator

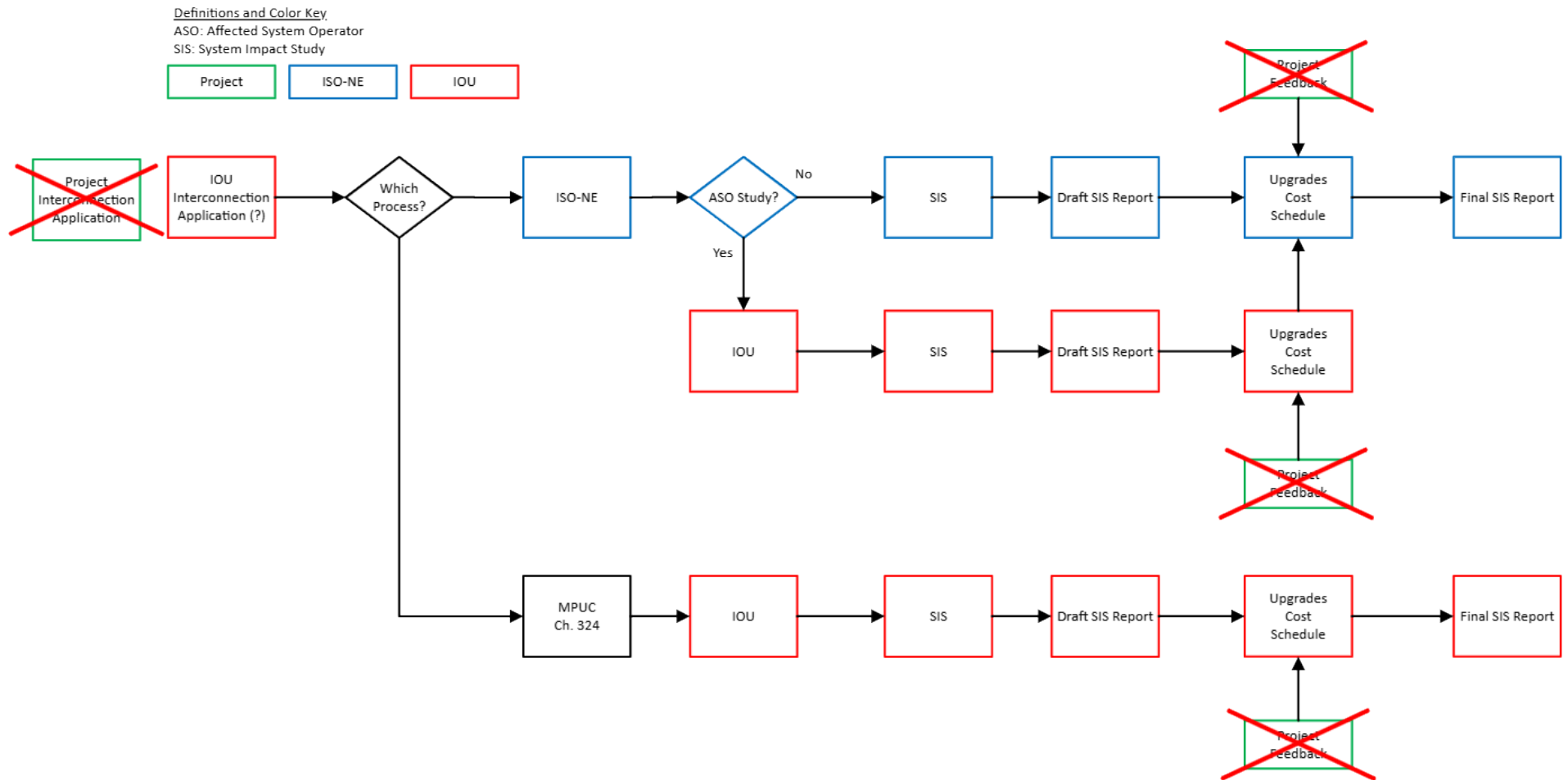
IOU: Investor-Owned Utility

SIS: System Impact Study



Project developers want to keep their costs down. Each chance to provide Project Feedback is taken seriously. The Draft SIS Reports are reviewed in detail to ensure that the most efficient interconnection path is taken. I have provided feedback that cut tens of millions of dollars out of the interconnection requirements in the Draft SIS Report, because they were not necessary.

Potential Changes as a Result of the Bill Proposed



Investor-Owned Utilities have little-to-no incentive to keep their costs down. When profits are calculated as a percentage of the total capital expenditures, reducing project costs cuts into profits. Outside feedback can be ignored without giving a reason, because they are assumed to be acting “in good faith”, unless proved otherwise with supporting evidence. The initial assumption of good conduct removes the burden of proof from the IOU. One of the questions asked in the Public Hearing was related to the PUC oversight of the IOU’s. The PUC must follow the rules that are in place, and that has placed the burden of proof on them to discover evidence of misconduct. If this is done for generator interconnections as well, IOU’s will not have to prove that they are acting in “good faith”.