



CENTRAL MAINE POWER

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LD 542 An Act to Comprehensively and Equitably Reform Electricity Rates

March 16, 2023

Testifying: Neither for Nor Against

Senator Lawrence, Representative Zeigler, Members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Kathleen Newman, presenting testimony neither for nor against LD 542, An Act to Comprehensively and Equitably Reform Electricity Rates.

To protect consumers, the regulation of natural monopolies such as electricity delivery demands constant evaluation. We welcome it and appreciate the creative approach outlined in the sponsor's amendment.

There is a lot about this bill that we agree with - incentives and penalties to motivate performance and a multi-year rate plan that includes financial incentives related to performance goals make sense, as does requiring utilities to offer optional time-of-use ("TOU") rates to retail customers. Directing the PUC to consider TOU rates for standard-offer service and investigate the effect that would have on the tariff rate is something we support, as well as studying the feasibility of requiring investor-owned utilities to offer TOU rate for delivery service to all customer classes that would complement the time-of-use supply rate.

Our concern lies with the timing and potential duplication or superseding of efforts already underway.

Section 1 of this bill captures many aspects of Maine's Alternative Rate Plan first established in 1994. CMP is currently proposing a multi-year rate plan with performance metrics and we favor positive or negative financial incentives for efficient operations contemplated in Section 2 regarding rate-adjustment mechanisms.

CMP supports service quality targets and measurement. Currently the MPUC has the authority to authorize performance-based rates and to hold utilities accountable for performance. Last year, the Governor proposed - and the 130th Legislature enacted - LD 1959, An Act Regarding Utility Accountability and Grid Planning for Maine's Clean Energy Future which established minimum service-related standards. The MPUC is currently establishing the rules to implement those standards which include:

- 1) Service quality, including reliability of service;
- 2) Timeliness and responsiveness to customers' requests for information or service;

- 3) Timeliness and accuracy of bills;
- 4) Distributed energy resources interconnection;
- 5) Responsiveness to municipalities, businesses and individuals; and
- 6) Timeliness of restoring service after storms.

At a minimum, these standards are subject to performance review and each quarter utilities are required to file data demonstrating compliance. The PUC has the authority to establish performance standards, compel the utilities to produce the data needed to determine the standards are being met and evaluate our performance – and they are doing it right now.

Similarly, the commission has the authority to direct multi-year rate plans with performance goals and is currently considering CMP's proposed multi-year rate plan. That rate case is a live and open docket and contains many of the components this legislation authorizes the Commission to consider. In particular, CMP's rate proposal aims to build a smarter, stronger, more resilient grid by implementing a modern and innovative grid automation program, pole replacement efforts, and a reformed vegetation management plan, to name a few components. These are all proposed to enhance grid resiliency in the face of both increased distributed generation load, a future with more beneficial electrification, and increasing storm frequency and severity due to changes in climate – and cover two and part of the third additional categories outlined in this bill (Sec. 1, §301-A, 1, B, 1-3). Energy efficiency and electric vehicle efforts are the purview of Efficiency Maine Trust, funded by our customers, but directed by an independent board.

We have no objection to directing the PUC to investigate and report on time-of-use rates for standard offer service for retail customers and delivery service for all customer classes as outlined in Section 4, but note the PUC opened a proceeding¹ last month that covers much of this subject and has sought comments from interested persons regarding the rate structure for standard offer and issues related to offering standard offer TOU rates.

Though many of the elements of this proposed bill are either in progress or currently allowed, we are happy to work with the sponsor and the committee to review that progress and determine the right mix of incentives and penalties the PUC should explore to drive innovation and measure our performance. We would only encourage you to give the changes you adopted last session through LD 1959 a chance to be implemented and evaluated before embarking on another round of regulatory directives.

Thank you for your consideration.

¹ Standard Offer Rate Structure Inquiry, Docket No. 2023-019