



**Testimony Neither for Nor Against LD 542 (as proposed to be amended)
An Act to Comprehensively and Equitably Reform Electricity Rates
March 15, 2023**

Senator Lawrence, Representative Zeigler and members of the committee, my name is James Cote and I am here today on behalf of Versant Power neither for nor against LD 542.

Generally speaking, this bill and the sponsor's amendment raise a number of significant and important topics in utility ratemaking and regulation. Versant Power is supportive of many of these concepts overall, but also recognizes that, should the legislature decide to move forward with these policies, the details of their implementation will ultimately determine their success or failure to help Maine accomplish its stated goals. We believe, should the committee want to continue exploring these topics, an appropriate next step should include considerable additional discussion among a broad range of relevant stakeholders, including the utilities, PUC, OPA, GEO, developers and advocates.

With regard to the specific policies present in the bill and amendment, Versant Power believes that true performance-based ratemaking and multi-year rate plans can be parts of a constructive utility regulatory framework, especially as the role of utilities and the needs and capabilities of the elected grid are rapidly changing to facilitate the energy transitions already underway.

We note that, as the sponsor's amendment recognizes, true performance based ratemaking both rewards utilities with positive financial incentives for meeting and exceeding agreed-upon objectives, and penalizing them with negative financial consequences for falling short. This model has been tested successfully in jurisdictions around the United States. However, this is not the current framework in Maine and would represent a major shift in the way the Commission has historically regulated the state's utilities.

Successful implementation of performance-based ratemaking requires significant time and effort to understand current utility capabilities, a commitment to long term planning, robust rulemaking, and the identification of performance targets that are measurable, clearly understood, enjoy broad stakeholder support, and are carefully crafted to accomplish stated policy goals in the most efficient possible manner.

In terms of Section 4 of the proposed amendment, *Time-of-use rates; report*, we agree that having the Public Utilities Commission investigate the feasibility of this model makes sense and will help inform the Legislature and the public about prudent ways to move forward. Versant Power would be glad to support the Commission in its discovery.

We would be happy to answer any questions and provide more information for the work session at your request. Thank you for your consideration.