



Natural Resources Council of Maine

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Testimony in Support of LD 952, Resolve, to Create a 21st-Century Electric Grid

**To the Committee on Energy, Utilities and Technology
By Rebecca Schultz, Senior Advocate for Climate and Clean Energy
April 13, 2023**

Senator Lawrence, Representative Zeigler, and members of the Joint Committee on Energy, Utilities and Technology, my name is Rebecca Schultz. I am a Senior Advocate for Climate and Clean Energy at the Natural Resources Council of Maine. NRCM has been working for more than 60 years to protect, restore, and conserve Maine's environment on behalf of our 25,000 members and supporters. I am here today to testify in support of the proposed sponsor's amendment to LD 952, a Resolve to Create a 21st Century Electric Grid.

This bill seeks to take a hard look at one of the most substantial and debilitating roadblocks in our clean energy transition: an outdated utility business model for the electric distribution system. Maine would be wise to get out ahead of this problem by undertaking a rigorous analysis of how to establish a distribution system operator (DSO), like that which is being proposed in LD 952.

A confluence of factors is causing a once-in-a-century disruption to the power grid. These factors include the proliferation of affordable, scalable, and clean distributed energy resource (DER) technologies—like solar PV, battery storage, electric vehicles (EVs), and programable thermostats and appliances—and a public policy imperative to decarbonize the economy to curb the most catastrophic effects of climate change.

Symptoms of this disruption are widely manifest in matters before this Committee, in failed rooftop interconnection requests, prolonged interconnection queues, aging infrastructure, skyrocketing retail rates, a lack of management for EV charging, an inadequate scheme for compensating DER energy export, all exposing the inability of the current regulatory and market model to handle 21st century challenges. Distributed energy resource technologies pose not just challenges but also promise tremendous benefits: resilience, reliability, independence, equity, clean air, avoided infrastructure costs, and energy bill savings. The fact that these manifold benefits do not accrue to any one party is at the heart of why they are so difficult to monetize and incentivize under the current model.

Maine is not alone. Jurisdictions around the world are struggling with similar situations, and increasingly so. New York, California, Australia, and the UK are among those ahead of the curve, proactively looking at ways to restructure the distribution system into an open access platform to serve high levels of DERs by separating operational and planning functions from conventional utility responsibilities.¹ Work in this area is inspired by parallel models of

¹ For a helpful and recent overview see: Evaluating Alternative Distribution System Operator Models for California, Grid Works, March 2022, available at <https://gridworks.org/wp-content/uploads/2022/03/Evaluating-Alternative-DSO-Models-for-California.docx.pdf>.



neutrality as established in the bulk transmission and power markets some 25 years ago, like the Independent System Operator for New England (ISO-NE) and other Regional Transmission Organizations (RTOs).

Different conceptual models of a DSO take different approaches to assigning functions and relationships. What's being proposed here in LD 952 is often called an "independent distribution system operator", whereby the DSO separates the profit-making opportunities of ownership from market operations by charging an independent organization with administering the market. Where the responsibilities of the utilities, the system operator, and the utility regulator begin and end would require careful delineation.

We offer these recommendations for consideration to the Committee in refining the legislation:

- The proposal process outlined should create meaningful opportunities for comment by stakeholders, experts, community groups, and other interested parties.
- The legislation should be explicit about the basic purpose of a distribution system operator, i.e., that any DSO for Maine be designed with the stated purpose of achieving an equitable, expeditious, cost-effective clean energy transition through improved participation of diverse distributed energy resources, demand management and other grid service providers.²
- Affordability should be included as a priority in Section 1.1.B.
- Aggregated load management should be listed as a market participant in Section 1.2.B.
- Other key issues should be posed as questions for the contractor to research and problematize, without being unnecessarily prescriptive at the outset. For example:
 - Is it necessary for the DSO to be the "sole interface" between NE-ISO and Maine state grids, as the amendment as it is currently written specifies in Section 1.2?
 - Should utilities be permitted to own DER assets and participate in the market?
 - How do the proposed non-wires alternatives (NWA) and integrated planning functions interface with those currently undertaken by the Public Utilities Commission (PUC), Office of Public Advocate (OPA), Efficiency Maine Trust (EMT) and investor-owned utilities (IOUs)?
- The consultant's proposal should provide a detailed delineation of functions across the PUC, DSO, EMT and the utilities, including regulatory, planning, ownership, and market administration functions, and speak to appropriate regulatory mechanisms to monitor and reward performance.
- We encourage the Committee to keep Section 3 on consultant qualifications intact to ensure a high caliber of technical expertise is brought to the project.

² On the importance of maximizing benefits and cost-effectiveness for customers, see: Testimony of Lorenzo Kristov, on behalf of Just Solar Coalition, before the Minnesota Public Utilities Commission, Docket No. E002/GR-21-630, October 3, 2022, available at:

<https://www.edockets.state.mn.us/edockets/searchDocuments.do?method=showPoup&documentId=%7b7056A383-0000-CE18-99DA-2C52E2B84E24%7d&documentTitle=202210-189513-03>.



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The disruptions we are witnessing in the power sector will only become more confounding and more costly if we continue to trudge ahead without taking time now to reimagine how we plan, build, and operate the distribution grid for the 21st century. This bill takes us in the right direction. We urge you to Vote Ought to Pass with the suggested amendments.

Thank you for your consideration.