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PUBLIC UTILITIES COMMISSION

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**Testimony of the Maine Public Utilities Commission**

**Neither For Nor Against**

**LD 2077, An Act Regarding Customer Costs and the Environmental and Health Effects of Natural Gas**

January 23, 2024

Senator Lawrence, Representative Zeigler, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against LD 2077, An Act Regarding Customer Costs and the Environmental and Health Effects of Natural Gas on behalf of the Public Utilities Commission (Commission).

LD 2077 prohibits, beginning February 1, 2025, a gas utility from recovering in rates any costs or charges associated with new gas service mains and gas service lines to serve new residential and commercial customers and requires that the customer requesting the service to pay for those costs. It further prohibits the Commission, beginning January 1, 2025, from approving any gas utility to furnish service or serve customers in any municipality that is outside the gas utility's service area as of June 30, 2024. Lastly, it prohibits, also beginning January 1, 2025, a gas utility from offering or providing a promotional allowance to customers or potential customers.

In addition to the statutory prohibitions contained in LD 2077, it requires the Commission to conduct inquiries focused on: (1) the regulatory treatment of geothermal heat districts and alternative thermal technologies; and (2) customer costs associated with gas system expansion and implications for gas use in the State, including the projected impact on gas consumption and the diminishing customer base over the next 10, 20 and 30 years and potential rate and regulatory reforms to protect gas utility customers from risks associated with continued gas system expansion. It also requires the Maine CDC, in collaboration with the Commission, the Efficiency Maine Trust, the Office of the Public Advocate and the Maine Department of Environmental Protection to study the levels and health effects of indoor air pollution generated by indoor fossil fuel combustion and leakage from indoor fossil fuel appliances and include in a report, recommendations to reduce indoor air pollution, negative health effects and greenhouse gas emissions.

Many of the elements in the inquiry required under Section 7 are unnecessary in light of the prohibitions on gas utility expansion specified in the bill. It is unclear why the Commission would be seeking input on the costs associated with gas expansion in the State, when gas expansion is essentially prohibited beginning in 2025. It would likely be more beneficial if an inquiry, like proposed in Section 7, occurred before enacting the prohibitions on expansion proposed in LD 2077.

If the Committee is interested in moving in this direction, careful consideration of the impacts to customers should be made first. There is value in exploring a shift away from natural gas in order to meet the State's climate goals, but we first need an understanding of what it will take to make this transition successful, including how this transition will impact all customers, especially commercial and industrial customers who may not have a viable non-fossil fuel alternative to the use of natural gas at this time. The Commission suggests a better approach may be to amend the bill to direct the Commission to open a proceeding to work with stakeholders to determine how to make this transition happen in a manner that has realistic timeframes, protects ratepayers, and helps achieve Maine's climate goals.

Lastly, LD 2077 contains two reporting requirements for the Commission and an additional reporting requirement for the Maine CDC (but requires Commission collaboration). All three reports have a due date of November 6, 2024. If the Committee moves forward with this legislation as drafted, the Commission requests that the reporting dates be moved to dates in early 2025 to allow for sufficient time to complete the required work.

I would be happy to answer any questions or provide additional information for the work session.