



STATE OF MAINE  
OFFICE OF THE GOVERNOR  
1 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0001

JANET MILLS  
GOVERNOR

DAN BURGESS  
DIRECTOR OF GOVERNOR'S  
ENERGY OFFICE

## TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

### An Act to Enhance Electric Utility Performance-based Ratemaking L.D. 2172

#### GOVERNOR'S ENERGY OFFICE

February 6, 2024

Senator Lawrence, Representative Zeigler, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies neither for nor against L.D. 2172.

In the 130<sup>th</sup> Legislature, Governor Mills presented legislation, with bipartisan support, to reform and strengthen the state's approach to the oversight and accountability of Maine's electric utilities. In advance of introducing L.D. 1959, she stated: "Our utilities – which are granted a monopoly over the vital service of delivering electricity to Maine consumers large and small – must provide the high quality, reliable, efficient, and competent service that Maine citizens and businesses expect and deserve." That legislation, which became law on May 2, 2022, put in place a requirement that the Maine Public Utilities Commission (Commission) establish minimum standards of service that utilities must deliver for Maine consumers. A key tenant of L.D. 1959 in establishing standards for service was to provide clear rules and expectations regarding improved performance and reliability, and in the process to improve transparency for electric customers and establish clear expectations for utilities to meet. The legislation also empowered the Commission with enhanced authority to impose financial penalties on utilities that do not meet these standards.

It is our understanding that this new bill seeks to initiate a proceeding to explore providing additional tools and guidance to the Commission to guide their regulatory oversight of electric utilities in ensuring higher standards of performance. We would like to better understand how the goals for a utility's performance and standards and metrics to be established under Section 2 may take into account or build off of metrics established through the implementation of L.D. 1959.

We recognize that designing a system of performance-based regulation is a complex task and is most likely to achieve success when metrics and compliance mechanisms are designed around key objectives, transparently measured and tracked, and clear rules are set regarding any rate adjustment mechanisms. Performance-based metrics can be important tools for regulators, but it is also critical that we fully understand how the selected objectives or goals interact with each other and how that set of objectives may ultimately impact outcomes or incentives for performance.

In closing, it is vital that Maine's citizens and businesses have confidence in our utilities to provide safe, reliable and affordable service as well as being partners in advancing the state's clean energy and climate targets. We appreciate Representative Runte's efforts to evaluate innovative ways to ensure

utility performance is meeting the needs of Maine people today and into the future. We understand there have been several changes to this bill since it was printed and there may be several additional changes following today's hearing. We are interested in participating in discussions with the sponsor, the Commission, and other interested parties on further developments on this topic.

Respectfully,

A handwritten signature in black ink that reads "Caroline Colan". The signature is fluid and cursive, with the first name being more prominent.

Caroline Colan, Legislative Liaison  
Governor's Energy Office