



HOUSE OF REPRESENTATIVES

2 STATE HOUSE STATION
AUGUSTA, MAINE 04333-0002

(207) 287-1400

TTY: MAINE RELAY 711

Gerry Runte

P.O. Box 32

York, ME 03909

Phone: (207) 361-7143

Gerry.Runte@legislature.maine.gov

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Testimony of Rep. Gerry Runte presenting

LD 186, An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for Standard-offer Service

Before the Joint Standing Committee on Energy, Utilities and Technology

Senator Lawrence, Representative Sachs and fellow members of the Joint Committee on Energy, Utilities and Technology, I am pleased to present to you, on behalf of the Public Utility Commission (commission), **LD 186, An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for Standard-offer Service.**

This bill confirms the authority of the commission to develop Time of Use (TOU) rates for standard offer supply. This bill does not establish TOU rates, their design or determine how such rates might be implemented. Those issues are all subject to an ongoing inquiry that began last August.

The commission will present the details of why this clarification is necessary. For the benefit of those present at this hearing, I would like to provide a short explanation of TOU rates.

The price of wholesale electricity in New England varies by time and location. As demand rises, power plants with the lowest fuel costs are dispatched first, and as demand increases, more expensive power sources come online. Rather than charging a flat rate, TOU pricing reflects this changing cost of electricity throughout the day.

TOU pricing allows customers to shift their use to lower cost periods, saving them money. It also allows for greater efficiency in system operations and, ultimately, lower costs to all consumers. New transmission and distribution system investments are all made to meet peak demand. Lowering peak demand avoids or defers new investments in infrastructure and the recovery of those investments in rates. Reducing peaks also reduces strain on the system, allows for greater interconnection of local energy sources, and defers the need for new power plants to meet peak demand. Lowering peak loads will lower Maine's share of the regional cost of transmission, the cost of which is also recovered in rates.

TOU rates allow owners of storage devices (stationary batteries and electric vehicles) to charge at low rates and act as a power source during expensive peak periods, further reducing the peak demand on the grid, providing a reliable source of standby power and incentivizing the market for storage technologies.

Finally, charging a single rate for electricity isn't equitable. Right now, people who use a lot of electricity and contribute to those expensive peaks pay the same rate as those who use less. Lower use customers, especially those whose use is off peak, subsidize these high-usage customers.

I urge you to vote "ought to pass," ensuring the commission can consider the use of this important regulatory tool.

Thank you for your consideration.

A handwritten signature in black ink that reads "Gerry Runte". The signature is written in a cursive style with a large, looped 'G' and 'R'.

Gerry Runte