



STATE OF MAINE
PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

In Support of

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

February 6, 2025

Senator Lawrence, Representative Sachs, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Phil Bartlett, testifying in support of LD 186, An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for Standard-offer Service on behalf of the Public Utilities Commission (Commission).

I would like to thank Representative Runte for introducing this bill as it provides important clarity to the Commission's authority.

During the 131st Legislature, Resolves 2023, ch. 79 was enacted directing the Commission to investigate the feasibility of implementing TOU rates for standard-offer service and for the delivery of electricity provided by an investor-owned transmission and distribution utility that would be complimentary to a TOU supply rate. The Resolve also required the Commission to submit a report that included a summary of the Commission's investigation, along with any findings and recommendations.¹ In the report, we noted that there was sufficient information available to support a finding that carefully designed TOU supply and distribution rates are likely to shift load, reduce peaks, and meaningfully reduce overall costs for ratepayers, but the Commission would need to engage with stakeholders and seek additional input in order to properly design TOU periods and rates.

On August 8, 2024, the Commission initiated an Inquiry to further consider issues raised by the possible development and implementation of TOU standard-offer and delivery rates for residential and small business customers of investor-owned transmission and distribution utilities.² In this Inquiry, the Commission sought multiple rounds of comments from stakeholders and has held two stakeholder conferences.

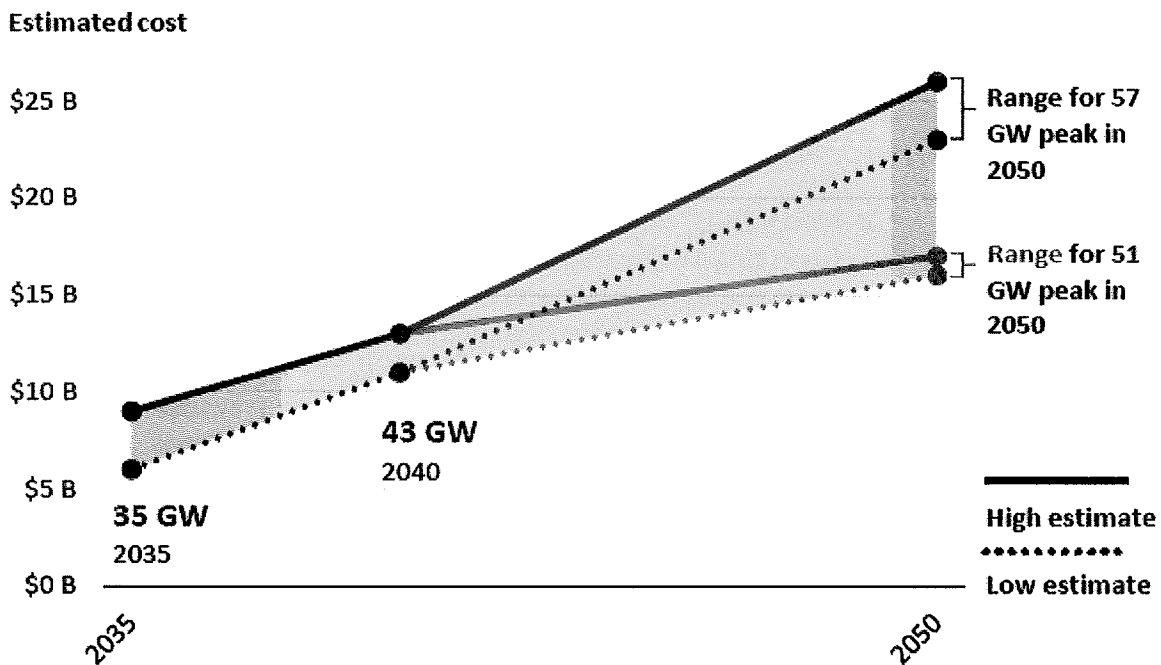
In the Notice of Inquiry, the Commission noted that in order to implement TOU rates for standard-offer service, Chapter 301 of the Commission's rules governing standard-offer service would need to be amended as the current rule specifies that standard-offer prices for the residential and small non-residential classes must be a single amount per kilowatt-hour that does not vary by a customer's usage

¹ The report, submitted on November 20, 2023 can be accessed here - <https://www.maine.gov/mpuc/sites/maine.gov/mpuc/files/inline-files/TOU%20Report%20-%20Resolves%202023%20ch.%2079.pdf>

² Docket No. 2024-00231

level, or by month or time of day. In response to the Commission’s request for comments in the Inquiry docket, a commenter suggested that under 35-A M.R.S. § 3212(4-C), the Commission may be precluded from implementing TOU rates for standard-offer service because the law allows the Commission to establish various standard-offer service contract lengths and terms for the purpose of providing the lowest price for standard-offer service to residential and small commercial customers. The commenter noted that the lowest price for service is not achievable under a TOU rate design as the price at certain times of the day would be higher than the lowest price available for service. LD 186 addresses this potential issue by clarifying that the Commission has the authority to establish TOU rates for standard-offer service.

Having clear authority to establish TOU rates for standard-offer service is important as we proceed with our Inquiry because there are several compelling reasons to pursue the implementation of TOU rates. First, TOU rates are effective at lowering peak demand, especially as we move towards beneficial electrification. Reducing peak demand will reduce the need for investments in transmission and distribution infrastructure. As noted in an ISO-NE study, by 2050 the region would need an additional \$22-26 billion in new transmission investments to meet projected increases in electricity load; however, if peak demand can be reduced by 6 GW, this would avoid \$7-9 billion of that potential needed investment (see graph below).



Source: ISO-NE 2050 Study: https://www.iso-ne.com/static-assets/documents/100008/2024_02_14_pac_2050_transmission_study_final.pdf

Second, as affordability of electricity becomes an ever-growing concern, TOU rates give customers more control over their bills by allowing them to make choices about when to use energy in order to save money. These potential savings can be particularly beneficial to those on fixed incomes or for low-income customers. In fact, during the January 16, 2025, stakeholder conference held in our TOU Inquiry, the Missouri Office of the Public Counsel noted that studies have shown that seniors and low-income customers are more likely to benefit on a 2-period TOU rate than other customers.

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