



**Testimony Neither for Nor Against 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 members of the committee, my name is James Cote and I am here on behalf of Versant Power to provide testimony neither for nor against LD 186.

As the energy transitions progress rapidly in Maine and New England, Versant Power recognizes that electricity demand-side management is a key consideration in how we can most cost effectively electrify additional aspects of our economy while keeping rates affordable for our state's residents and businesses.

When carefully implemented, and when coupled with significant customer education and opportunity for choice, Versant believes that time-of-use pricing can be one "tool in the toolbox" to shift energy demand in beneficial ways. We also recognize that there are other demand-side management tools (e.g. managed EV charging or energy storage) currently available that may in some circumstances achieve the same goals, potentially with less cost and/or customer confusion.

Versant believes that, before committing significant resources to the pursuit of any one strategy or technology, Maine policymakers and regulators should carefully identify the specific goals our state seeks to achieve via demand-side management and to then choose the tool or tools that can best meet those goals while also minimizing customer costs or other detrimental impacts.

Insofar as time of use pricing for energy supply is one such option, Versant Power offers the following points for your consideration:

First, transitioning customers from traditional flat volumetric rates to time-of-use rates requires significant up-front and ongoing customer education. It is important for customers to fully understand the benefits and risks that they assume when subject to time-of-use pricing structures. It is also important for customers to fully understand how to manage their home or business usage in a manner that fully takes advantage of these benefits and, ideally, saves them money.

Second, customer choice is important to promote customer satisfaction and equity. Versant Power believes that customers who, having learned about the benefits and potential costs of TOU pricing, believe it is the best choice for their specific energy consumption situation, are likely to be the most satisfied and for that satisfaction among early adopters to help pave the way for additional enrollment.

We also recognize that not all customers have the ability to shift their energy usage in a way that would make TOU pricing more beneficial than traditional flat rates. This may be particularly true for customers without some of the tools (e.g. smart appliances, etc.) that can help automate or otherwise ease this transition and for customers whose employment, housing, medical or other circumstances prevent such behavioral changes.



For these reasons, among others, Versant believes that, should the state pursue TOU rates for electricity supply, such rates should be offered as an optional, opt-in product rather than on a mandatory or opt-out basis. In other jurisdictions, the implementation of TOU rates without sufficient customer buy-in has led to significant customer confusion and dissatisfaction.¹

Finally, it is important to recognize that enabling the capabilities necessary for utilities to implement time of use standard offer rates would require meaningful capital investment (both upfront and ongoing) as well as a significant time. These costs and timelines will depend on the complexity of how the TOU system is designed and implemented. As these costs are ultimately borne by all ratepayers, they are an important factor in evaluating the most efficient and effective means of achieving Maine's demand-side management goals.

Thank you for the opportunity to provide this information and we would be happy to answer any questions or to provide additional information in the future.

¹ Walker Orenstein, "After backlash, Xcel retreats from Minnesota plan for higher peak rates, lower overnight costs," *The Minnesota Star Tribune*, August 22, 2024. <https://www.startribune.com/after-backlash-xcel-retreats-from-minnesota-plan-for-higher-peak-rates-lower-overnight-costs/601127975>