



53 Baxter Boulevard, Suite 202 | Portland, ME 04101
Phone: 866-554-5380 | Fax: 207-775-5727 | TTY: 877-434-7598
aarp.org/me | me@aarp.org | twitter: @aarpmaine
facebook.com/aarpmaine | instagram.com/aarpme

March 6, 2025

Testimony in Opposition: LD 568, An Act to Modify the Process for Standard Offer Contracts with the Public Utilities Commission

Greetings Senator Lawrence, Representative Sachs, and honorable members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Alf Anderson, and I am an Associate State Director for Advocacy and Outreach for AARP Maine. AARP is a non-profit, non-partisan social mission organization with more than 200,000 members across the state. We work on a range of energy issues at the state level. The core principles we approach this work with include affordability, reliability, and accountability.

AARP Maine opposes this bill because it will increase the volatility of the Standard Offer by requiring that 100% of the residential and small commercial customer generation supply be purchased in the wholesale market every six months. The Commission currently purchases 100% of this generation supply load for a 12 month period, a policy that we have consistently opposed in favor of a more managed portfolio that would include contracts of various sizes and terms.

Furthermore, this proposal will not only increase the price volatility of this essential electric service, but it will conflict with the Resolve adopted by this Committee and the Maine Legislature in 2023 (Resolves Ch. 39). This Resolve required the PUC to "initiate a proceeding to develop a procurement strategy and consider other measures that could be used to increase rate stability for residential customers...." "The Commission shall consider in the proceeding the use of varied contract lengths and terms to reduce price volatility from year to year." In our opinion, the Commission has failed to properly implement this Resolve even though AARP Maine and the Office of Public Advocate submitted proposals and documentation on how other restructuring states are implementing similar managed portfolio approaches for Standard Offer service.

If enacted, this legislation would require the Commission to change the Standard Offer price every six months. This would expose residential and small commercial customers to significant price volatility based on seasonal prices and international and national events that impact the price of natural gas.

In your consideration of this proposal, please remember that customers do not pay average annual prices or bills. We pay monthly bills that must be affordable based on the monthly income relied upon by all Mainers. This is particularly true for older Mainers who may be on fixed monthly incomes that need to cover the costs of essential electricity as well as housing, food, transportation, home heating, medical care, prescription drugs, etc.

In contrast to this bill, AARP Maine recommends that the following consumer protections be included in the statutory directive for this vital and essential electricity service:

- State policymakers should make standard offer service the default for residential customers. It should be stable, predictable, and affordable.
- Standard offer service should be offered to all residential customers at rates that have been approved by regulators and are cost-based, just, and reasonable.
- Standard offer service should include the same consumer protections that historically have been provided by traditional gas or electric utility service to these customers prior to restructuring.
- Policymakers should reject proposals to eliminate standard offer service and force consumers to choose a supplier.
- Policymakers should reject proposals to offer variable standard offer service linked to short-term wholesale market prices or other volatile pricing strategies.

Thank you for the opportunity to provide our views on this important bill. If you have any questions, you can contact me at aanderson@aarp.org or at 207-330-1147.

Alf Anderson
Associate State Director, Advocacy and Outreach
AARP Maine