

Testimony of Ashley Luszczki
Before the Joint Standing Committee on Energy, Utilities and Technology
Opposing L.D. 568, An Act to Modify the Process for Standard-offer Contracts with
the Public Utilities Commission
March 6, 2024

Senator Lawrence, Representative Sachs, and members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Ashley Luszczki. Thank you for the opportunity to testify on L.D. 568, An Act to Modify the Process for Standard-offer Contracts with the Public Utilities Commission. I am providing testimony in opposition to this legislation on behalf of the Maine State Chamber of Commerce, which represents small to large businesses across the state.

At times, greater flexibility can be viewed as a benefit as it encourages competition in the marketplace. However, longer contracts – whether for energy, insurance, or other services – often provide businesses with greater predictability and fewer administrative costs. To effectively manage their budget over a year and project beyond that period, businesses rely on energy costs to be stable and predictable. The Chamber is concerned that limiting these contracts to six months would introduce greater volatility, making Maine businesses more susceptible to financial risk.

As energy markets fluctuate, shortened contracts could result in more frequent rate adjustments, and with increases businesses would be left without sufficient time to make budgetary adjustments. Longer contracts can help mitigate the risks of market fluctuations by providing businesses with more predictability.

Furthermore, by setting contract durations to six months, it will require electric providers to bid more frequently. This will increase administrative time and costs for providers, and I would imagine for the PUC as well, who oversees the bidding process. Specific to added time and costs for electric providers, we may see a decline in those who submit bids; ultimately, reducing competition in the marketplace and leading to increased costs. We believe the current process strikes a balance between flexibility and predictability and we would recommend that the Commission make these types of decisions based on their expertise.

In closing, shorter contract durations would effectively magnify our high-cost winter periods during this six-month duration and result in higher costs during that period. This would create less stable, predictable pricing for some of our small businesses that rely on the standard offer.