



JANET MILLS
GOVERNOR

STATE OF MAINE
OFFICE OF THE GOVERNOR
1 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0001

DAN BURGESS
DIRECTOR OF GOVERNOR'S
ENERGY OFFICE

TESTIMONY BEFORE THE ENERGY, UTILITIES AND TECHNOLOGY COMMITTEE

An Act to Use Certain Regional Transmission Organization Payments for Beneficial Electrification to Reduce Electricity Rates

L.D. 585

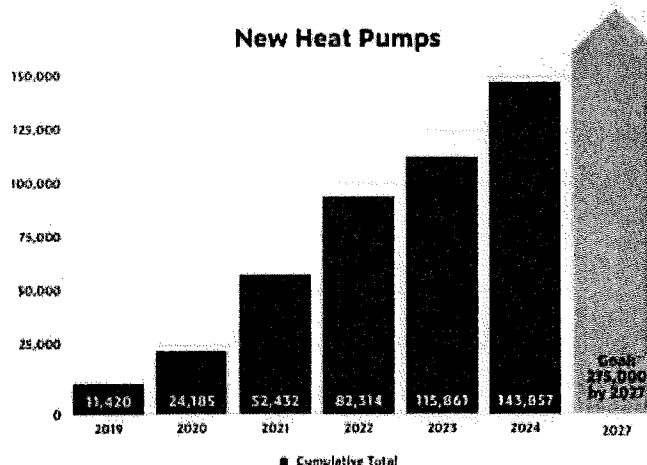
GOVERNOR'S ENERGY OFFICE
March 6, 2025

Senator Lawrence, Representative Sachs, and Members of the Joint Standing Committee on Energy, Utilities and Technology (EUT): My name is Caroline Colan, and I am the Legislative Liaison for the Governor's Energy Office (GEO).

The GEO testifies in support of L.D. 585.

Thank you for the opportunity to comment on this legislation. In 2019, the Legislature directed any revenues resulting from ISO-New England's forward capacity market received by the Efficiency Maine Trust from fiscal year 2019-2020 through fiscal year 2024-2025 be statutorily designated for use in promoting the deployment of high-performance air source heat pumps. It is clear that during this time window, these funds have helped drive market transformation for heat pumps in Maine. In 2019, only 11,420 heat pumps had been deployed in the state. In 2023, the state surpassed its goal of installing 100,000 heat pumps by 2025, and by the end of 2024 had installed more than 140,000 units.

As the requirement that these funds solely support heat pumps sunsets at the end of the current fiscal year, we have appreciated working with the Efficiency Maine Trust, the Efficiency Maine Trust Board, and the sponsor of this legislation to identify and help advance additional opportunities for forward capacity market revenues to support market transformation efforts in Maine for a broader set of beneficial electrification measures.



Source: Maine Won't Wait Climate Action Dashboard. Updated Nov. 19, 2024.

In particular, we support the addition of electric vehicles (EVs) as an eligible use of these funds for several reasons. Transportation is responsible for 49 percent of Maine's carbon emissions from fossil fuels, making the transportation sector one of the state's largest opportunities for meaningful greenhouse gas reduction. The state has set a target of putting 150,000 light-duty battery electric and plug-in hybrid vehicles on the road in Maine by 2030. As we electrify both heating and transportation as

a key strategy to meet the state's emission reduction goals, we expect load to grow significantly. We know that electric vehicles are an important tool to help unlock an increasingly important resource to make this transition more efficient and affordable: load flexibility.

The Technical Report conducted to inform the Maine Energy Plan found through its pathways analysis that unlocking the flexibility of electric vehicle charging loads and other flexible loads will help integrate renewable energy and manage electric grid expansion by providing flexible load management. Flexible load management can substantially decrease electricity supply, transmission and distribution costs by reducing peak loads. The model showed pathways incorporating within-day load flexibility require less total electricity infrastructure and have lower overall costs compared to pathways without flexible load.

While there are several actions that we must take in order to achieve these potential benefits, we must first get EVs on the road in Maine. EV purchases in Maine have increased in recent years as public EV charging infrastructure expands and prices decline. While some all-electric and hybrid plug-in vehicles are now competitively priced with their gasoline counterparts, we recognize that many EVs, particularly popular all-wheel-drive models, remain out of reach for many consumers. Rebates and tax incentives are helping to make new EVs more affordable for more Maine people; in 2021, Efficiency Maine increased rebates offered for low- and moderate-income residents and made used vehicles newly eligible for a rebate for low-income households.

As state funds for EV rebates are depleting due to increased interest in 2024, there is a need for additional funds to support rebates. GEO supports expanding the ability to use forward capacity market revenues to support market transformation for electric vehicles in Maine, in addition to other beneficial electrification measures, which have the potential to drive both cost-effective greenhouse gas reductions and peak load reduction through enabling load flexibility.

Thank you for your consideration.

A handwritten signature in black ink that reads "Caroline Colan". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Caroline Colan, Legislative Liaison
Governor's Energy Office