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Testimony Neither for Nor Against
LD 1592, "Act to Reduce Energy Costs by Permitting the Ownership of Generation by Investor-owned Transmission and Distribution Utilities"

April 16, 2025

Senator Lawrence, Representative Sachs, and distinguished members of the Joint Standing Committee on Energy, Utilities and Technology,

My name is Heather Sanborn, here today as Public Advocate, to testify neither for nor against LD 1592, "Act to Reduce Energy Costs by Permitting the Ownership of Generation by Investor-owned Transmission and Distribution Utilities."

BACKGROUND

In 1997, the Maine Legislature enacted comprehensive legislation that fundamentally restructured the electric industry in Maine[1] (Restructuring Act). The Restructuring Act required investor-owned transmission and distribution (T&D) utilities in Maine to divest their generation assets by March 1, 2000, and prohibited T&D utilities from providing generation supply services.

As part of the Restructuring Act, T&D utilities were prohibited from owning, having a financial interest in, or otherwise controlling generation assets.[2] The purpose of this provision was to promote fair competition in the generation market by preventing T&D utilities from having an incentive to favor certain generation development and operations over others. Such favoritism could occur, for example, in T&D utility transmission planning or through the generation interconnection process.[3]

LD 1592

This bill would amend current law to permit a T&D utility to own or have a financial interest in generation assets in accordance with terms, conditions and standards of conduct adopted by the Commission.

As stated in its testimony on LD 1385, the OPA's view is that the Committee should consider allowing an affiliate of a T&D utility to own and operate generation assets subject to strict standards of conduct. However, the OPA has serious concerns regarding the direct ownership of generation assets by a T&D utility in that standards of conduct would likely be

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[1] P.L. 1997, ch. 316 (codified at 35-A M.R.S.A. § 3201-3217).
[2] 35-A M.R.S.A. § 3204(5).
[3] For example, a T&D utility would develop transmission facilities in a manner or location that would benefit its generation affiliate.

significantly more difficult for the Commission to enforce, and there would be no additional benefit compared to allowing an affiliate of a utility to own generation.

I will note that a separate analysis should be undertaken as to whether a T&D utility should be allowed to own and operate batteries or other energy storage technology that may or may not qualify as prohibited generation assets or energy supply services under current law. Allowing T&D utilities to add storage to their rate base, when appropriately sited and with appropriate restrictions, could potentially benefit ratepayers. If the Committee is interested in further exploring this issue, we recommend adding unallocated language giving the PUC the authority to explore this possibility through a request for information from the utilities about how they would propose to deploy batteries to benefit ratepayers if utilities were clearly permitted to own them.

I welcome your questions and would be pleased to provide additional information for the work session.

Respectfully submitted,
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