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Testimony of the Maine Public Utilities Commission

Neither For Nor Against

LD 597, An Act to Direct the Public Utilities Commission to Conduct Procurements for Energy or Renewable Energy Credits

May 21, 2025

Senator Lawrence, Representative Sachs, and Distinguished Members of the Joint Standing Committee on Energy, Utilities, and Technology (Committee), my name is Deirdre Schneider, testifying neither for nor against the sponsor's amendment to LD 597, An Act to Direct the Public Utilities Commission to Conduct Procurements for Energy or Renewable Energy Credits on behalf of the Public Utilities Commission (Commission).

Amendments to §3210-J

LD 597 amends the contaminated lands procurement law by removing the requirement that the Commission procure renewable energy credits along with energy; requiring the Commission to initiate a procurement within seven days of the effective date of the Act and make determinations on proposals by September 1, 2025; and specifying that a contract that is more than 6.5 cents per kilowatt-hour without consideration of any renewable energy credits does not benefit ratepayers.

The Commission has the following concerns with the proposed amendments to §3210-J.

1. The timeframe for both the initiation of the procurement and the Commission's determination on proposals received is not feasible. If enacted as an emergency measure, requiring an RFP to go out within seven days of the Act becoming effective is very difficult and does not leave sufficient time for the Commission to put together a fully developed RFP. Furthermore, specifying a date by which a determination must be made regarding proposals would lessen the time the Commission provides for potential bidders to put proposals together and significantly reduces the time the Commission would have to evaluate the proposals received. This could actually decrease the bids received and could tie the Commission's hands in fully evaluating proposals. We would instead suggest that the procurement be initiated by September 1, 2025, and that no specific deadline is included for final determinations regarding proposals.
2. The sponsor's amendment prohibits the Commission from making a determination that a contract will benefit ratepayers if the value of energy provided for in the contract without consideration of renewable energy credits will exceed 6.5 cents per kilowatt-hour adjusted for inflation over the term of the contract. Placing cost caps on contract makes a solicitation less competitive because it is likely that most bids will come in at 6.5 cents. The law already

requires that any contract is ratepayer beneficial so this provision may be unnecessary and may hinder receiving more competitive and lower cost bids.

§3210-K - Existing facilities procurement

The procurement pursuant to §3210-K is the same as proposed in LD 1868, except it increases the contract terms minimum from 10 years to 20 years; requires that payments to the bidder under the contract be reduced by the stranded costs arising from energy produced during negative price intervals; and requires that the contract award is more likely than not to produce benefits to ratepayers that exceed costs to ratepayers in the State.

The Commission appreciates the addition of the ratepayer beneficial language. As we stated in our testimony on LD 1868, this language is workable.

Negative pricing

The sponsor's amendment specifies that the Commission may not approve a contract for energy resulting from a competitive solicitation unless the contract includes a provision that requires the reduction of payments to the bidder by the stranded costs arising from energy produced during negative price intervals. It allows the Commission to grant an exception from the inclusion of such a negative price provision if the bidder demonstrates good cause for the exception and the Commission finds that the contract is cost-effective, includes other price protections for ratepayers and will not result in the curtailment of existing renewable resource generators. This provision is generally workable.

I would be happy to answer any questions or provide additional information for the work session.