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**Testimony Neither For Nor Against
LD 597 “An Act Concerning Energy, Utilities and Technology”**

May 21, 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 597, “An Act Concerning Energy, Utilities and Technology.” This testimony is in response to the Sponsor’s Amendment circulated on May 16.

A great deal of work has been undertaken this session in the careful drafting of procurement language in LD 1270. At each step in that process, the OPA has steadfastly argued that the standard of review for any new procurement of energy must be “more likely than not to produce benefits to Maine ratepayers that exceed the costs to Maine ratepayers.” Economic benefits should only be considered to distinguish between projects that meet this threshold test. We are glad to see that this standard of review has been incorporated into the 3210-K provisions of LD 597. We did note that the term of the contract is proposed to be 20 years. As these are existing resources that are being procured, we think a 10-year contract would perhaps be more prudent in this context.

We are also very happy to see the negative pricing language in this bill. We think the risk of negative pricing should be borne by generators, not by ratepayers. We think this is also important for grid stability reasons — ISO-NE uses negative pricing as a tool to signal to generators that they should stop generating. If ratepayers, rather than generators, bear the risk of negative pricing, generators are shielded from these price signals and ISO-NE will have to turn to other tools to manage the grid.

Regarding the 3210-J section of the bill, we have some concern regarding the ratepayer benefit and cost containment language. The bill proposes a price cap of 6.5 cents. We wonder whether this will undermine the competitive nature of the procurement and yield lots of bids at 6.49 cents. We think that a competitive bidding structure with a strong standard of review — “more likely than not to produce benefits to Maine ratepayers that exceed the costs to Maine ratepayers” — could yield better prices than a price cap would. Having just received the amendment late last week, the OPA has not run any price models to determine where 6.5 cents plus inflation would fall within the range of reasonable forecasts of future wholesale costs of electricity over the next 20 years.

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

Respectfully submitted,

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