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Testimony Neither For Nor Against
LD 1223 "An Act to Lower Electric Rates for Maine Ratepayers by Requiring
the Payment of Certain Costs from the General Fund"
October 30, 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 for some parts and against some parts of LD 1223 "An Act to Lower Electric Rates for Maine Ratepayers by Requiring the Payment of Certain Costs from the General Fund." I'll address each of the sections of the most recent amendment in turn.

Section 1 of the bill prohibits a transmission and distribution utility from recovering costs of power purchase agreements (PPAs) with renewable energy generators in rates. Instead, the bill would require that these costs be recovered from the General Fund. While the OPA appreciates the concept behind this provision, we cannot support it. The Commission has already ordered the utilities to enter into many PPAs. In some years, these contracts have been, and will be in the future, below the cost of wholesale electricity in the market. When that happens, the savings from the PPAs flow directly back to ratepayers through rates. Conversely, when wholesale electricity prices are lower than the PPA prices, the utilities recover the shortfall through rates. Significantly, the ratepayer-beneficial standard incorporated into several procurement bills last year now require that new PPAs must, more often than not, ensure that ratepayers will wind up on the winning side of this bet. In other words, ratepayers should save more money than they spend over the 20 or 25 year life of the PPA. We think this is the right approach to procurements, allowing them to benefit ratepayers over the life of the contract through rates.

Section X of the bill establishes a refundable tax credit for Maine residents on their individual income tax to cover a portion of their electric bill that roughly corresponds to the public policy charges on their electric bill. The OPA strongly supports this approach. We think this is a great way to ensure that electric rates remain affordable for middle income households, while also fully funding critical programs such as the low-income assistance program (LIAP) and the arrearage management program (AMP). There is additional analysis that should be done to determine how to set the correct amount of the refundable tax credit. The OPA would be happy to work with the sponsor and the utilities to consider the correct formulas to use and to estimate the total cost of the credit.

Section 10 of the bill requires any public assistance program recipient to be enrolled in standard offer electric service rather than enrolling with a competitive electricity provider (CEP). We are strongly in support of this concept. At this past Monday's

Electric Ratepayer Advisory Council meeting, the Council heard preliminary results of the CEP study being conducted using town-level data supplied by CMP and Versant as required by last session's passage of LD 860. The preliminary analysis suggests that the overwhelming majority of customers enrolled with a CEP end up paying more each month than they would have if they had stayed with standard offer service. The subset of customers enrolled in LIAP fare even worse. The data suggests that LIAP recipients using CEPs are paying even higher prices for their electric supply than other CEP customers. To make this provision feasible for utilities to administer, we recommend that the provision requiring enrollment in standard offer service should be limited to LIAP recipients, rather than the long list of programs indicated.

The OPA takes no position on Section 13 of the bill as it does not directly impact ratepayers in any meaningful way.

We believe that Section 14 of the bill is designed to exempt residential electricity from sales tax. We strongly support that goal. However, we think it would be better to approach the drafting of this provision by amending the list of exemptions in the sales tax statute, which already includes a provision exempting the first 750 kWh of residential electricity consumption each month. See 35-A M.R.S.A. 1760(9-B). This provision also already includes a workable definition of residential electricity that has been further elucidated by Maine Revenue Services Bulletin No. 13. It would be advisable to stick with this same definition and simply expand the exemption to encompass all kilowatt hours of residential electricity each month.

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

Respectfully submitted,

Heather Sanborn
Public Advocate