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PUBLIC UTILITIES COMMISSION

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Testimony of the Maine Public Utilities Commission

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 (Committee), my name is Deirdre Schneider, testifying neither for nor against the sponsor's amendment to LD 1223, An Act to Lower Electric Rates for Maine Ratepayers by Requiring the Payment of Certain Costs from the General Fund on behalf of the Public Utilities Commission (Commission).

Procurement Costs

Section 1 of the sponsor's amendment specifies that any costs associated with a contract for energy, renewable energy credits (RECs), energy storage systems or transmission infrastructure incurred by a transmission and distribution utility may not be recovered in rates and must be paid from the General Fund. While the Commission appreciates the spirit of this provision by allowing for a broader socialization of costs, we are concerned about the possible negative impacts. As written, it specifies that the Commission may not require a transmission and distribution utility to purchase energy, RECs, energy storage systems or transmission infrastructure unless the Commission has submitted legislation to request funding to be paid into the Energy Procurement Fund and adequate funding is available within the fund. This would require prospective determinations that may not be possible to make. Procurements usually result in contracts with terms of 10 to 20 years and due to market variability, in some years a contract could result in costs, in other years benefits. It would be impossible to determine the exact amount needed in the Fund to execute a contract at the beginning of a contract term. It is also unclear what happens with a contract if funds are not available in the Fund in a particular year and that existing contract results in costs in that year. Furthermore, the uncertainty about receiving payments from year to year would reduce the competitiveness of procurements or would lead to higher costs as bidders would likely build in greater risk premiums if there was a possibility that in some years, they would not receive payments.

Electricity Customer Costs Tax Credit

The sponsor's amendment includes a tax credit for costs associated with net energy billing, arrearage management programs and the low-income assistance program. The Commission believes there is merit in exploring a tax credit for public policy costs that provide societal benefits. It may even be beneficial to explore including any procurement costs in a tax credit. Allowing a tax credit for a portion of electricity costs associated with public policy effectively shifts the costs from electric ratepayers to

the general fund, effectively removing the regressive nature of these costs. The sponsor's amendment indicates the intent to provide a tax credit for all ratepayers. It will be important to consider the design of this proposal to ensure appropriate credit levels for all rate classes, as well as ensuring this is accomplished in the least administratively burdensome manner.

Assistance Programs Participants – Standard Offer Service

The sponsor's amendment requires an electricity customer who is enrolled in a list of specified assistance programs to take generation service from the standard-offer provider and may not participate in the competitive market. The Commission is concerned with the message this requirement sends as it seems to imply that low-income customers are not capable of making an informed decision for themselves. In addition, over the last several years the law has been amended to make it easier for customers to terminate contracts with competitive electricity providers (CEPs) if they receive service at a price higher than the standard-offer. It is also unclear how this requirement would be enforced. The utilities would not necessarily know if a customer were enrolled in any of the several assistance programs listed and it may not be an appropriate role for utilities to expend resources to police CEP enrollments. It also forces potential CEP customers to disclose to a provider if they enrolled in an assistance program.

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