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Testimony of Rep. Chris Kessler introducing

LD 2038, An Act to Require Maine Transmission and Distribution Utility Participation in a Regional Transmission Organization

Before the Joint Standing Committee on Energy, Utilities and Technology

Senator Lawrence, Representative Sachs and members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Chris Kessler and I represent House District 121, which includes parts of South Portland and Cape Elizabeth. I'm here today to introduce **LD 2038, An Act to Require Maine Transmission and Distribution Utility Participation in a Regional Transmission Organization**.

I'm presenting LD 2038 in partnership with the Office of the Public Advocate (OPA). This legislation offers a straightforward statutory change that would begin delivering electric bill savings to Maine ratepayers as early as January 2027. Since the 1990s, federal policy has allowed utilities that voluntarily participate in a regional transmission organization, such as ISO-New England, to receive a 0.5 percent return on equity adder. More recently, the Federal Energy Regulatory Commission (FERC) has concluded that this incentive is not justified in states where participation in a regional transmission organization is required under state law. That conclusion has been affirmed over the past year by the U.S. Appeals Courts. As a result, ratepayers in states where utilities are required to be members of a regional transmission organization benefit from lower costs.

Our proposal would make membership in ISO-New England by our investor-owned transmission utilities (CMP and Versant) mandatory as a matter of state law. The OPA would then petition FERC during the next annual transmission ratemaking proceeding to remove the return on equity bonus. Making our Investor Owned Utilities (IOU) membership mandatory under state law would just allow FERC to remove the adder on their rate of return. Passage of this legislation would allow Maine ratepayers to realize savings related to the equity adder of more than \$2 million starting next year. Because transmission costs are largely shared across the ISO-New England region, the magnitude of savings for Maine customers will be greatest if other New England states adopt comparable policies. Connecticut has already taken a significant step in this direction by enacting similar legislation in 2025.

Given the urgency of electricity affordability issues, this is a simple and easy solution that will have immediate impact. The Public Advocate will present more details on the estimated savings resulting from this bill.

Thank you for your consideration. I am happy to answer any questions.

District 121: South Portland (part) and Cape Elizabeth (part)