

**Testimony of the Industrial Energy Consumer Group  
In Support of L.D. 1223, as proposed to be amended and retitled,  
*An Act to Establish a Tax Credit for Net Energy Billing Costs*  
Before the Joint Standing Committee on Taxation  
February 18, 2026**

Good afternoon, Senator Grohoski, Representative Sayre, and Members of the Joint Standing Committee on Taxation. I am Steven Hudson, an attorney with the firm of Preti Flaherty, here today on behalf of the Industrial Energy Consumer Group (IECG). For over forty years, IECG has represented medium and large sized consumers of energy in Maine and advocates for policies that reduce energy costs for our members and cost-effectively help Maine achieve its climate goals. That is the reason we emphasize cost-effective measures, in order to ensure that our collective resources are able to meet the challenge. IECG invites all parties to visit our website, <https://www.getmaineclimateright.com/>, to learn more about the IECG and its advocacy for cost-effective climate mitigation.

IECG supports the policy of moving costs related to achieving Maine's climate goals from electricity costs paid by Maine ratepayers to a broader base, as is done for many other costs incurred to achieve social policy objectives. IECG does so in line with widely accepted rate design principles, as propounded most notably by Professor James Bonbright,<sup>1</sup> which generally provide that rates should generally reflect cost causation. Where policies reflect general social concerns, the costs of such policies should not be included in rates. In addition, electric rates for residential do not distinguish between such ratepayers, under the assumption that costs associated with them are essentially the same.

This assumption on electric rates only applies to the cost of service of electric supply and delivery. When other costs, such as social policy costs, are included in electric rates, they operate as a regressive tax on lower income ratepayers and a burden (and investment disincentive) on businesses that are energy intensive. Moving to payment of such social policy costs on a broader basis, whether through a General Fund appropriation, a state-funded bond, or through an offset such as an income tax credit, converts that regressive tax into a progressive one, asking wealthier Mainers to bear more of such costs.

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<sup>1</sup> See Principles of Public Utility Rates, accessible at <https://www.raonline.org/knowledge-center/principles-of-public-utility-rates/>.

The Public Utilities Commission has recognized this issue in its recent deliberations on both the Northern Maine Renewable Program and the Pine Tree Offshore Wind research project. In the latter deliberations Commissioner Scully stated:

As I indicated in our recent deliberations concerning the Northern Maine Renewal Energy Development Program, I remain quite concerned about the cumulative impact on ratepayers, of our various public policy initiatives, include the net energy billing program as well as this procurement, the Northern Maine Procurement, and other legislatively directed renewal energy programs. I hope that policy makers will consider the cumulative impact of such programs on rates, the costs of which we refer to as stranded costs, as we as a State continue our efforts to decarbonize our energy systems. I continue to believe that funding such important programs through electricity rates is regressive, distorts the real price of delivered electricity, undercuts our beneficial electrification goals, and imposes serious financial challenges to low and moderate income rate payers.<sup>2</sup>

IECG agrees with Commissioner Scully's comments and therefore supports LD 1223's effort to implement a more progressive approach to paying these costs. We believe that other states are considering similar approaches to deal with the challenges of improving energy affordability while making progress on reaching a lower carbon future.

We are disappointed that the current amendment does not include Maine's largest energy consumers, most of whom are the most energy-intensive businesses in the state, who compete both internally within their corporations for investment, and externally with facilities in other states which do not impose such costs on ratepayers. However, we believe that the current amendment is justified on its own merits, and should not be rejected since it is only a partial solution to the issue of embedding social policy costs into electric rates. It is a good solution that will address at least energy affordability realities. Making this proposal a refundable credit as proposed by the sponsor, seems appropriate to us, since it will also fully benefit lower-income ratepayers who are paying such social policy costs without the income tax liability to be reduced by a credit which is not fully refundable.

IECG is happy to answer questions now or at the work session. Thank you for the opportunity to provide comments on LD 1223.

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<sup>2</sup> MPUC deliberations on Docket #2022-00100, February 22, 2023.