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**Testimony in Support: LD 2203, An Act to Limit Rates Charged to Low-income Electricity Consumers**

Greetings Senator Lawrence, Representative Sachs, and honorable members of the Joint Standing Committee on Energy, Utilities and Technology. My name is Alf Anderson, and I am an Associate State Director for Advocacy and Outreach for AARP Maine. AARP is a non-profit, non-partisan social mission organization with more than 200,000 members across the state. We work on a range of energy issues at the state level. The core principles we approach this work with include affordability, reliability, and accountability.

AARP Maine has proposed and supported efforts to shield residential customers generally, and low-income customers in particular, from the harmful impact of the retail supplier market in Maine. We have urged the Public Utilities Commission (PUC) and this Committee to enact reforms for several years. The following states have taken action to protect their low-income customers from higher prices charged by retail suppliers: Illinois, New York, Ohio, Pennsylvania, Connecticut, and Maryland. We support this bill and urge your adoption here in Maine.

The report prepared by the Office of the Public Advocate, and the endorsement of these findings and recommendations by the Electric Ratepayer Advisory Council (ERAC), will hopefully provide the necessary evidence for your support of this legislation. It found that customers who switched to an alternative supplier overpaid by as much as \$156 million over a nine-year period.

In addition to the evidence that low-income residential customers in Maine pay more and, in some cases, significantly more for basic and essential electricity service from Competitive Energy Providers (CEPs) compared to the Standard Offer, we offer information on how other restructuring states are responding to this evidence. It is important for the Committee members and the Maine Legislature to know that every other state study of prices charged by retail suppliers to residential customers generally, and to low-income customers specifically, has confirmed the same result. Retail suppliers generally charge more to residential customers, some of whom accept upfront gift cards and promises of lower prices that are not reflected in the fine print terms of the contracts.

While suppliers point to some months in which their prices are lower than the Standard Offer,

this claim is outweighed by the persistently high prices over any reasonable time period. And any claims of small savings are far outweighed by the higher prices over time.

Claims of relying on other “benefits” or renewable energy features to justify these higher prices have been debunked and found to be without any justification.

We wish to make clear that this bill does not protect all low-income customers, but only those participating in utility programs or who receive LIAP benefits. Nonetheless, this modest reform should be adopted promptly.

This action will not only help the known low-income customers from higher bills and potential collection actions by our utilities who seek to collect these higher charges but will help ratepayers overall who pay for our affordability and low-income assistance programs in our regulated rates.

Finally, we urge the Committee not to be diverted by claims of one or two suppliers who may in fact offer lower prices than the Standard Offer. It may be possible for the Commission, in a rulemaking proceeding, to authorize a particular supplier to make such offers as long as the charges are less than the Standard Offer. It is our experience in other states that have allowed this approach that such suppliers are few in number. In fact, in Maryland, no retail supplier made such a commitment.

The most administratively efficient manner to implement this policy is for the distribution utility to reject any enrollment by a CEP for a known low-income customer, defined as a customer enrolled in LIAP or its equivalent program or who has had a payment from a social service agency on the customer’s billing history within the prior 12 months. This automated rejection of enrollment is the standard procedure in Pennsylvania for all of its electric and natural gas utilities.

In summary, this bill is an important first step in reforming abuses of the supplier choice option. We urge swift passage.

Thank you for the opportunity to provide our views on this important bill. If I can answer any questions or provide any further information, you can reach me at [aanderson@aarp.org](mailto:aanderson@aarp.org) or 207.330.1147.

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