

July 16, 2021

Eric J. Bryant and Nora R. Healy  
Presiding Officers  
Maine Public Utilities Commission  
State House Station #18  
Augusta, ME 04333

## Maine Public Utilities Commission Docket 2020-00344 Inquiry into Performance Metrics and Regulatory Mechanisms for Transmission and Distribution Utilities: Straw Proposal

Dear Mr. Bryant and Ms. Healy:

Acadia Center appreciates the opportunity to submit written comments in response to Maine Public Utilities Commission (Commission) Docket 2020-00344 Inquiry into Performance Metrics and Regulatory Mechanisms for Transmission and Distribution Utilities. Acadia Center strongly supports the use of performance metrics and incentives as a tool to align utility performance with state policy goals and was excited to see the Commission's Straw Proposal for Performance Metrics, Transparency, and Incentives for Transmission and Distribution Utilities.

There is tremendous opportunity in Maine to accelerate climate, clean energy, and grid modernization goals and requirements by implementing a robust set of performance metrics, targets, and incentives to improve utility performance. In considering the role that scorecard metrics and performance incentives can play in regulating Maine's T&D utilities and in response to the Straw Proposal, Acadia Center respectfully submits the following recommendations:

1. The Commission should provide more detail on the planned timeline and process for establishing financial rewards and penalties based on utility performance.
2. The Commission should express a commitment to conduct a robust stakeholder engagement process both in the development of scorecard metrics and performance incentives, as well as throughout the data collection and tracking period.
3. For the categories that were not included in the Straw Proposal (i.e. Distributed Energy Resource Interconnection and Deployment, Grid Modernization and Technologies, and Energy and Environmental Policies), the Commission should express a clear commitment that scorecard metrics and performance incentives for those categories are expected to be implemented, whether in this proceeding, or in the two other dockets mentioned.
4. In light of the recently enacted LD 1682, An Act to Require Consideration of Climate Impacts by the Public Utilities Commission and To Incorporate Equity Considerations in Decision-making by State Agencies, the PUC now has a responsibility to incorporate climate considerations into its decision-making and should add performance metrics to address these new obligations.
5. The Commission should add scorecard metrics that help to improve equity outcomes.

6. All metrics should be reported through publicly available scorecards.

## Recommendations

1. **The Commission should provide more detail on the planned timeline and process for establishing financial rewards and penalties based on utility performance.**

Even without financial rewards and penalties, scorecard metrics alone can improve utility performance by tracking information and making it publicly available. But scorecard metrics themselves should ideally be tied to financial incentives if they are to deliver the greatest benefit to ratepayers. Customers would be better served if the Commission provided more information on the planned timeline and process both for data collection and analysis, as well as for ultimately establishing financial incentives. For example, how long does the Commission need to collect data before it can establish performance targets and financial incentives? What is the timeframe for implementing financial incentives? Some metrics currently have benchmarks, while others do not; does the Commission plan to establish benchmarks after compiling scorecards and tracking data for every metric? What is the process for learning and refinement as the proposed scorecard metrics are established and new metrics are considered?

Other states, including New York, Massachusetts, and Rhode Island, are farther ahead of Maine in terms of implementing performance incentive mechanisms. While tracking data on scorecard metrics is a step in the right direction, the Commission should act quickly to take advantage of the benefits the full performance incentives can provide to ratepayers and the grid. To do so, the Commission should ensure that there is a robust process for data collection to conduct benchmarking and establishing performance targets in the future.

While not all scorecard metrics should ultimately be tied to financial rewards or penalties, there is still significant value in collecting data on many metrics. Scorecard metrics that track areas of performance that are under utility control and influence will likely be appropriate for performance incentives. In other cases, it may still be useful to track data even if the performance category is less directly under the utility's control. For example, while the number of electric vehicle registrations may not be directly tied to utility performance, there may be a correlation between registrations and the deployment of make-ready infrastructure, so it would be useful to track the latter as a scorecard metric, even if it is not tied to a financial incentive.

2. **The Commission should express a commitment to conduct a robust stakeholder engagement process both in the development of scorecard metrics and performance incentives, as well as throughout the data collection and tracking period.**

Acadia Center is excited to participate in the workshop on August 4<sup>th</sup>. In addition, the Commission should clarify its plans to engage stakeholders throughout this process. Stakeholder engagement and input has been a vital part of other states' development of performance incentives (for example, the Hawaii PUC just completed a two-and-a-half-year stakeholder process to develop performance incentives). The Commission should allow for and encourage stakeholder engagement throughout the entire process of development and implementation of performance incentives.

- 3. For the categories that were not included in the Straw Proposal (i.e. Distributed Energy Resource Interconnection and Deployment, Grid Modernization and Technologies, and Energy and Environmental Policies), the Commission should express a clear commitment to create scorecard metrics and performance incentives for those categories, whether in this proceeding, or in the two other dockets mentioned.**

Acadia Center appreciates the Commission's decision to open Docket 2021-00033 *Inquiry into Small Generator Interconnection Procedures* and Docket No. 2021-00039 *Investigation of the Design and Operation of Maine's Electric Distribution System*. Both of these dockets will explore important questions as Maine seeks to meet aggressive climate and energy targets. While it is important to fully consider the issues raised in each docket, the Commission should clarify its commitment to establishing scorecard metrics and performance incentives for DER interconnection and deployment, grid modernization and technologies, and energy and environmental policies. These are crucial aspects of how a modern utility will provide customer and environmental benefits and should be incorporated as metrics when possible.

At minimum, the Commission should express a commitment to having scorecard metrics related to DER deployment, grid modernization, and other energy and environmental policies. The latter category – energy and environmental policies – is a potentially large and complicated set of issues and includes issues that will not necessarily be considered in Docket 2021-00033 and Docket No. 2021-00039. Ratepayers would benefit greatly if the Commission implemented clear scorecard metrics and performance incentives that motivated Maine's utilities to accelerate progress towards meeting the state's energy and environmental goals.

- 4. In light of the recently enacted LD 1682, An Act to Require Consideration of Climate Impacts by the Public Utilities Commission and To Incorporate Equity Considerations in Decision-making by State Agencies, the PUC now has a responsibility to incorporate climate considerations into its decision-making and should add scorecard metrics to address these new obligations.**

The Commission should establish scorecard metrics that track criteria pollutants, peak demand reduction, GHG reduction, emissions intensity, CO<sub>2</sub> avoided by electrification, among other categories. With the passage of LD 1682, the Commission now has a mandated responsibility to help meet Maine's climate targets. By setting scorecard metrics to track emissions and activities to reduce them, the Commission can begin to meet the requirements of the newly enacted law.

- 5. The Commission should add scorecard metrics that help to improve equity outcomes.**

LD 1682 requires the Governor's Office of Policy Innovation and the Future (GOPIF) in consultation with the Commission and other State agencies, to conduct a stakeholder process to establish guidelines for how the Commission and other state agencies should incorporate equity considerations in their decision-making. While that process is underway, the Commission can nevertheless start to track scorecard metrics that address equity outcomes. For example, in addition to the reliability and customer satisfaction metrics in the Straw Proposal, the Commission can track the metrics in those categories by geography, income, and other socioeconomic factors. While the GOPIF process on equity guidelines will provide more specific guidance for how to incorporate equity considerations, the

Commission would benefit by at least starting to track equity-related scorecard metrics today. At minimum, the Commission should include equity-related placeholder metrics and express a commitment to implementing equity-related scorecard metrics.

**6. All metrics should be reported through publicly available scorecards.**

One of the key benefits of tracking metric data is greater transparency into utility performance, as well as helping to overcome informational asymmetries between utilities, regulators, and other stakeholders. At minimum, all metrics should be reported in publicly available scorecards.

## Conclusion

Acadia Center appreciates the opportunity to submit comments on the Straw Proposal in Docket No. 2020-00344 and looks forward to future discussions.

Sincerely,

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