

Testimony in Support of LD 1959 *An Act to Ensure Transmission and Distribution Utility Accountability*

Committee on Energy, Utilities and Technology

By Oliver Tully, Policy Strategist

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Senator Lawrence, Representative Berry, and members of the Energy, Utilities and Technology Committee:

I'm Oliver Tully, a Policy Strategist at Acadia Center. Thank you for the opportunity to testify on LD 1959 *An Act to Ensure Transmission and Distribution Utility Accountability*. Acadia Center is a non-profit research and advocacy organization, headquartered in Rockport, ME, committed to advancing a clean energy future. Acadia Center believes that bold and aggressive regulatory reforms are needed to support Maine in achieving its ambitious greenhouse gas emission reduction targets while also protecting ratepayers and addressing consumer concerns. As such, Acadia Center testifies in support of LD 1959.

In order to better serve Maine's energy consumers and effectively respond to the climate crisis, the state must transform the way that utilities are regulated. That requires giving the Public Utilities Commission (Commission) the tools to regulate utilities with the residents of Maine front and center. Acadia Center commends Governor Janet Mills for taking these necessary steps to best leverage ratepayer dollars to ensure reliability and affordability while also planning for climate and equity benefits for all Mainers through implementation of the Maine Climate Action Plan.

Acadia Center believes the [Governor's bill](#) is a good first step in holding Central Maine Power (CMP) and Versant Power accountable for their performance on affordability and reliability. But we think utility regulatory reform can go even further to relieve energy burdens on overburdened consumers and to ensure that Mainers are getting what they deserve from their utilities.

Acadia Center supports the bill's proposal for regular utility quality service reports and penalties for substandard service.

Acadia Center supports the use of performance metrics and incentives as a tool for addressing the misalignment between existing utility incentives and state policy goals. Maine's utilities need strong performance requirements to deliver the best possible outcomes for ratepayers. Quality service report cards and penalties can help shift the financial incentives that utilities face towards achieving performance goals that benefit ratepayers and the environment.

The Commission is currently leading a proceeding to investigate utility performance metrics, Docket 2020-00344. We encourage the Committee to coordinate with the Commission to develop performance metrics that prioritize environmental and equity provisions. For example, we support recommendations for the bill to authorize the

Commission to open a rulemaking to develop a grading system based on metrics for additional categories such as affordability and cost control, grid modernization and technology, state energy and environmental policies, and distributed energy resources interconnection, among the metrics already in the bill and a few others suggested by other organizations testifying today. While the development of specific metrics in these categories may be more appropriate for rulemaking, the bill should include furtherance of state energy, environmental, and equity policies as performance categories.

In addition, Acadia Center believes that comprehensive planning for the state’s transmission and distribution utilities is essential and supports the bill’s proposal that Maine’s utilities proactively prepare for and respond to the impacts of climate change.

Maine’s residents are already experiencing the impacts of climate change, and the state’s utilities must be prepared to support resilience and reliability in their operations and infrastructure. Acadia Center believes that utility obligations should be expanded to include more integrated transmission and distribution planning for climate mitigation, including load forecasting that reflects beneficial electrification, distributed energy resources, emission reductions, and grid modernization. Plans must ensure that operations and investments align with state climate requirements and inform the development and revision of the performance metrics. Because the Commission also has an important role as an economic regulator, the capacity of the Commission to handle the planning work would need to be addressed. A new operational planning division could be established at the Commission to support this work, but would need to be staffed and resourced accordingly to ensure that utility plans are consistent with state policy goals.

Acadia Center commends the Maine Legislature and Governor Mills for advancing 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*. That bill, signed into law in June 2021, mandated that the Commission “shall facilitate achievement” of greenhouse gas emission reductions as part of its primary mission. The Commission must prioritize climate to help create efficient buildings and electrified transportation systems, powered by clean, renewable energy. LD 1682 gave the Commission the tools to do so and set Maine on a course to do it equitably for all. It would be significant omission in this bill to not include climate mitigation obligations on the utilities regulated by the Commission.

An Act to Ensure Transmission and Distribution Utility Accountability is an important first step in holding Maine’s utilities accountable to the residents that they serve. In addition to climate change protection plans, Acadia Center believes we need long-term energy system planning that assesses in a comprehensive way Maine’s transmission and distribution grid needs and the system upgrades necessary to achieve the state’s greenhouse gas emission reduction requirements and to advance equity and environmental justice. Maine can no longer afford to continue energy system planning efforts that are conducted in silos and do not include the voices of stakeholders and communities who are most directly impacted by climate change and the environmental impacts of Maine’s energy policies.

Acadia Center believes that all-encompassing energy system planning should be part of deeper reforms to ensure utilities better serve energy consumers in the transition to a clean energy economy.

Acadia Center has begun to outline these kinds of reforms in a proposal called “RESPECT” (Reforming Energy System Planning for Equity and Climate Transformation). Utility reform of this nature will take time to develop and refine.

The RESPECT initiative addresses three problems with planning and regulatory oversight today: (1) planning is siloed between electric and gas utilities, which causes overspending and reduced reliability and resilience (2) current planning processes ignore equity and environmental justice; and (3) utilities have a financial interest in the outcomes of their planning decisions, which creates significant conflicts of interest.

RESPECT proposes two reforms to utility planning to help overcome the dysfunctions caused by siloed decision-making, unbalanced utility incentives, and the current market indifference to climate and equity:

1. Maine should conduct more comprehensive energy system planning that looks across fuels and resources to meet customers' energy, capacity, and thermal needs, while accounting for climate requirements and environmental justice impacts.
2. A new statewide planning entity should be established to coordinate long-term energy system planning in a way that is neutral and independent and considers a broader range of stakeholder voices and interests.

While the RESPECT reforms are aimed at fundamental changes to utility regulation, LD 1959 is an important initial step to create greater accountability of transmission and distribution utilities to Maine ratepayers and resolve performance issues that are not improving under current law and regulation.

Acadia Center looks forward to working with lawmakers to hold Maine's utilities accountable and ensure that they serve as strong partners in advancing a clean energy future. Thank you again for the opportunity to provide testimony.

For more information:

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