



Natural Resources Council of Maine

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Testimony in Support of LD 186

"An Act to Clarify the Public Utilities Commission's Authority to Establish Time-of-use Pricing for Standard-offer Service"

By Rebecca Schultz,
Senior Advocate for Climate and Clean Energy
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Senator Lawrence, Representative Zeigler, and members of the Joint Committee on Energy, Utilities and Technology, my name is Rebecca Schultz. I am a Senior Advocate for Climate and Clean Energy at the Natural Resources Council of Maine (NRCM). NRCM is Maine's leading nonpartisan environmental advocacy organization with more than 24,000 members and supporters, on whose behalf I am testifying today in support of LD 186.

LD 186 clarifies the authority of the Public Utilities Commission (PUC) to secure standard offer service that incorporates time-of-use ("TOU") pricing. The PUC has an open proceeding now on this matter with the purpose of reducing generation and grid infrastructure costs through "peak shaving."

The cost of producing and transporting electricity varies throughout the day and year. Market-based mechanisms that internalize this time-value of energy offer a critical tool for giving consumers, system planners, and market participants the signals they need to improve the overall efficiency of the electric system. These improvements in efficiency can help us make the most of the transmission & distribution (T&D) capacity we already have and make more strategic and nimble investments going forward—to the benefits of all ratepayers.

In fact, the potential is enormous for demand-side efficiency solutions to reduce system costs and keep rates more affordable for Maine homes and businesses over the course of the clean energy transition. A recent study of regional transmission needs out to 2050 by the Independent System Operator found a minimum threshold of roughly \$10 billion in available savings through peak load reductions (Figure 1).¹ Similarly, there are parallel savings to be achieved on Maine's T&D system through demand management measures like well-designed TOU rates. Findings from the Brattle Group's Pathways to 2040 study on behalf of Maine Governor's Energy Office (GEO) suggest that load flexibility can reduce growth in peak demand on Maine's T&D system by roughly half, with significant implications for cost savings to Maine ratepayers over the next twenty-five years.²

TOU rate design is a foundational measure for regulators to achieve both local and regional cost savings for Maine ratepayers. By aligning the supply and delivery components, rates can provide a strong price signal to help customers reduce their bills and put our state on a path toward optimizing investments in T&D infrastructure.

NRCM supports this bill, and we urge you to vote **to Ought to Pass on LD 186**.

Thank you for this opportunity.

¹ https://www.iso-ne.com/static-assets/documents/100008/2024_02_14_pac_2050_transmission_study_final.pdf

² https://www.maine.gov/future/sites/maine.gov/future/files/2024-02/2024.01.19_MCC%20Demand%20Management%20Workshop_Murphy%20Slides_Pathway%20to%202040.pdf

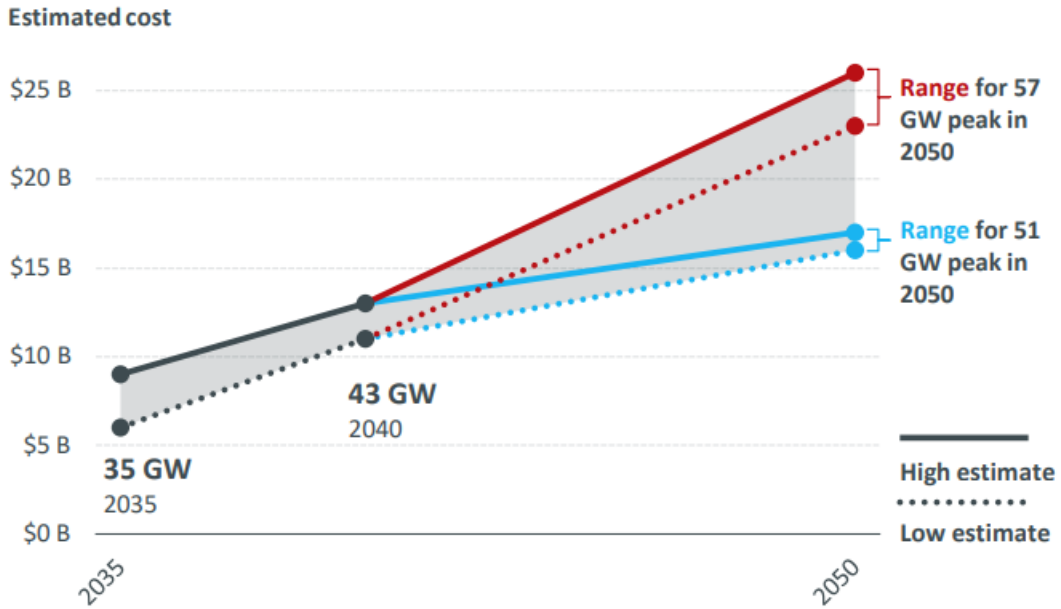


Figure 1. Reducing peak load significantly reduces transmission cost, especially above 51 GW. Figure shows approximate cost required for regional transmission expansion to serve load each year studied, with increases in load becoming significantly more expensive as peak load levels increase. ISO New 2050 Transmission Study, 2024