



April 22, 2015

**Office of the Public Advocate Testimony on LD 1215 “An Act to Provide Lower Energy Costs to Maine Businesses and Residences by Carrying Out the Legislature's Intent Regarding Funding of the Efficiency Maine Trust”**

Chairman Dion, Chairman Woodsome and Members of the Energy, Utilities and Technology Committee,

The Office of the Public Advocate testifies in support of LD 1215. We support the language that allows the cap to apply to both T&D and retail electricity sales. Our support for the bill is based on the benefits to ratepayers from ensuring that Efficiency Maine Trust has the funding necessary to procure all cost-effective energy efficiency measures.

Our office is typically skeptical of imposing surcharges on electricity customers, but the funding of energy efficiency is one of those rare instances where the benefits to ratepayers exceed the costs they pay. The benefits of energy efficiency flow both to individual ratepayers who participate in these programs, and to the general body of ratepayers by reducing system wide costs for energy, capacity, and transmission investment.

By definition, Maximum Achievable Cost Effective (MACE) energy efficiency investments are worth more than the costs to implement them. Many of the benefits the Trust and the Commission consider in proposing and evaluating MACE are similar to those considered in the Value of Solar study: the impact of energy efficiency on avoided energy, capacity and transmission investment, among others. In 2014 EMT's investment of \$36 million in energy efficiency yielded \$192 million in avoided energy costs.<sup>1</sup> ISO New England uses energy efficiency savings across a 10 year planning horizon. Regionally, the impact of energy efficiency on the load forecasts used in transmission planning has saved the region

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<sup>1</sup> 2014 EMT Annual Report at 2.

\$260 million in deferred transmission upgrades.<sup>2</sup> Reducing the cap will create uncertainty about Maine’s commitment to policies of achieving all cost effective energy efficiency, which would undermine and increase the load forecasts used in transmission planning, regional capacity requirements, and even Maine T&D rate cases, to the detriment of ratepayers.

The cap established in the Omnibus Energy Act was intended to be largely irrelevant. It did not bind, and because energy costs are the single largest component of MACE, it never would bind: the overall cap would increase more or less in parallel with MACE. Under the interpretation adopted by the Commission, the cap moves instead based on the total price Maine consumers pay for transmission and distribution. These costs—transmission in particular—are rising, but at a rate that’s different than the level of MACE. The current cap will limit the amount that the Trust can procure as early as 2017, by capping the amount that ratepayers can contribute at a level below all cost effective investments. Over time there will not necessarily be any relationship at all between the cap and MACE. Again, by definition this means that the Trust would leave beneficial energy efficiency investments on the table.

Finally, though much attention has been focused on the cap, the primary means of ensuring that the Trust’s programs are cost effective, and the primary check on any excessive expenditures on energy efficiency, is the Commission’s review of the Trust’s Triennial Plan. This comprehensive process, conducted every three years, offers the opportunity for all stakeholders—including our office—to examine the assumptions underlying the Trust’s estimates of MACE, and its specific plan to procure energy efficiency measures. The Commission’s review of the Triennial Plan is far more rigorous than any cap set by the Legislature. Coupled with the ongoing oversight by the Trust’s Board, this review adequately protects ratepayers from any concern of excessive rate impact.

Respectfully submitted,



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Public Advocate

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<sup>2</sup> ISO New England Energy Efficiency Forecast, [http://www.iso-ne.com/nwsiss/pr/2012/ee\\_forecast\\_final\\_12122012\\_post.pdf](http://www.iso-ne.com/nwsiss/pr/2012/ee_forecast_final_12122012_post.pdf)