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Office of the Public Advocate Testimony on LD 1339 “An Act to Provide Relief to Maine Ratepayers”

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

The Office of the Public Advocate testifies **neither for nor against** LD 1339, An Act to Provide Relief to Maine Ratepayers. Our testimony includes some information on the cost of the Maine Renewable Portfolio Standard, and some implementation issues the Committee should consider in its work session on this bill.

The bill appears to be based on the straightforward proposition that we may be less willing to pay a premium for renewable energy when the price of electricity supply is high. When standard offer supply prices rise above 10 ¢/kwh, the bill suspends the renewable portfolio standard for that customer class, and directs the Commission to request new standard offer bids, without the Renewable Portfolio Standard requirement. The Standard Offer rates for Medium Non-Residential Customers in Emera Maine and Central Maine Power’s service territory exceeded this level in January and February of 2015.

The decision of when to suspend the RPS, like the decision to have a Renewable Portfolio Standard, is a policy decision for the Legislature. As we observed in our testimony on LD 132, Maine’s Renewable Portfolio Standard appears to be falling short of its intended goal of incentivizing new renewable generation in Maine. In part, this is due to the low prices for Maine Class I Renewable Energy Credits.

These low REC prices mean that the cost of the Renewable Portfolio Standard to Maine electricity customers is also low. The PUC estimates the rate impact for 2013 was 0.12 cents per kWh, and observes that prices have fallen dramatically since then.¹ It is unlikely, under current law, that Maine's RPS will have a meaningful impact on rates, since Maine's market is oversupplied. Absent a change in law, demand will remain constant going forward, the number of eligible generators will increase, and REC prices can be expected to decline further.

This calls into question the underlying premise of the bill, that eliminating the RPS requirement for a class of customers would have a meaningful impact on rates.

The bill raises a number of practical implementation issues, which the Committee should address in work session if it moves forward with this bill:

- By its terms, the bill would only relieve the standard offer provider of the obligation to comply with the RPS requirement, which would disadvantage non-standard offer competitive electricity providers and their customers.
- It is unclear whether the 10 ¢/kWh represents an average price or would be triggered by prices in one or more months, for those standard offer classes that vary on a monthly basis.
- The bill does not specify what happens if the second round of bids (with the RPS suspended) all exceed 10 ¢/kWh.
- It may be possible to achieve the goal set forth in the bid without requiring the Commission to reject all bids and issue a new request for proposals. The Commission could request that participating bidders provide revised pricing that exclude RPS compliance costs, similar to the process used in accepting 10-month bids for the most recent Standard Offer.

We look forward to working with the Committee on this bill, and will be present at the work session.

Respectfully submitted,



Timothy R. Schneider
Public Advocate

¹ Maine Public Utilities Commission, Annual Report on New Renewable Resource Portfolio at 8, *available at* <http://www.maine.gov/tools/whatsnew/attach.php?id=642155&an=1>.