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Chairman Lawrence, Chairman Berry and Members of the Energy, Utilities and Technology Committee,

The Office of the Public Advocate (“OPA”) testifies neither for nor against LD 1060 “An Act To Authorize Consumers Located Adjacent to Electric Power Generators To Obtain Power Directly” which would allow an electricity generator to build an interconnection from the generator's facility to a consumer of the electricity located adjacent to the generator without becoming subject to regulation by the Public Utilities Commission (“PUC”) as a transmission and distribution utility (“T&D”). The PUC directed to adopt rules to determine when a consumer is located adjacent to a generator.

LD 1060 would make it possible for a customer to receive electricity supply directly from a generator without the power flowing through wires owned by a T&D utility, but only if that customer is “adjacent” to the generator. That term would be defined by the PUC. The generator, while serving the customer, would not be considered a T&D utility under the law.

Only customers capable of taking electric service at transmission voltages would be able to take service directly from an adjacent generator. This makes sense since there would be the need for expensive transformers and other equipment that small customers would be unlikely to be able to afford.

The OPA trusts that through contracting, the customers that would take service from an adjacent generator would protect their interests and preserve their ability to obtain safe, reasonable and adequate service.

Once concern the OPA has is about the impact this bill could have on the rates of the utility's other customers. In general, any time a customer either goes out of business, or disconnects from the T&D system, that customer would no longer be contributing revenues to the utility, and therefore the utility's remaining customers – all things being equal - would have to make up the difference. It is unclear to what extent this event would occur under this proposed bill.

Since large utility customers need continuous power, they would likely remain connected to the grid. Thus, if the adjacent generator shuts down or experiences an outage, the customer would still have power. But there is still a concern. By obtaining supply service from the adjacent generator, the demand on the utility's system, and/or the usage on that system (depending on the structure of the customer's bill) would go down - even if the customer remains connected. This would very likely translate to a decrease in utility revenues, and could thus lead to an impact on all of the utility's other customers.

One question the OPA cites is where are the customers that would take advantage of this bill? Because there is a finite number of large businesses and a different finite number of generators in Maine, we expect that there is a limited number of customers adjacent to generators. Thus, the impact on remaining customers may be very small. Of particular concern, however, would be customers in northern Maine. Emera's Aroostook territory has relatively few customers, and if a single large customer takes less power from Emera, then Emera's remaining customers could see a measurable impact.

We suggest that this Committee develop an understanding of the possible negative impact on the body of the utility's ratepayers prior to proceeding with this bill.

Thank you for your time, attention and consideration of this testimony. The Office of the Public Advocate looks forward to working with the Committee on LD 1060, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,



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