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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 in general support of LD 1181 “An Act To Reduce Electricity Costs through Nonwire Alternatives” which establishes the position of nonwires alternative coordinator in the Office of the Public Advocate. I would refer you to the summary of this bill as for the full description of what it proposes to do. And my reason for using the term “general support” is that we support LD 1181 with proposed changes and/or amendments.

LD 1181 would create a non-wires alternative coordinator (“NWA Coordinator”) within the OPA. This bill specifies the duties, responsibilities and salary of the NWA Coordinator. The bill is a resurrection of LD 1487 considered by this Committee in the 128th Legislature which would have created a “Smart Grid Coordinator” to be appointed by the Public Utilities Commission (“PUC”) who would work under a Commission-approved contract with the Investor Owned Utilities (“IOU’s”) but who would otherwise be independent of any state office. LD 1487 was not enacted.

There is a proceeding underway at the PUC on this very issue. The PUC, in a December 2017 order, denied requests from the OPA and other parties in the proceeding to establish an independent Non-Transmission Alternative Coordinator (“NTA Coordinator”) whose role it would have been to develop non-wires alternatives to transmission and distribution investments proposed by the utilities. In the order, the PUC instead said that the NTA function best fits within the utilities, and directed Central Maine Power (“CMP”) and Emera Maine (“Emera”) to file

proposals to that effect, and to propose incentives that would cause them to put “wires and nonwires solutions on an equal footing from a rate-making incentive perspective.” Those proposals have been filed and we are participating in that proceeding, which is ongoing. We have made it clear to the PUC and the parties in that case that our strong preference is for Legislature to address the issue.

Let me describe a few aspects that LD 1181 accomplishes. It makes the NWA Coordinator an advocate and not an independent neutral party. The OPA sees this position as someone who would work with the existing advocates within the OPA along with other stakeholders, to develop, present and advocate for NWAs as outlined in the bill.

This bill would require the NWA Coordinator to obtain necessary information from Transmission and Distribution (“T&D”) utilities in order to review and analyze their facilities in order to develop NWAs for the distribution system. This could occur through the existing Chapter 330 process by which the utilities present planned transmission investments to the PUC, or it could occur through the operation of Sec. 11 of the bill under which the utilities would be required to conduct annual distribution system planning studies.

The NWA Coordinator would then review proposals or investment plans for “traditional” utility wires solutions under consideration by the utilities that are in excess of \$500,000 in estimated costs. Where appropriate, the NWA Coordinator would then develop alternatives to these wires investments – i.e. NWAs – for possible presentation to the PUC for approval. To be considered for presentation to the PUC, an NWA would have to provide a reliable solution to the problem found by the utility at a total cost that is lower than the utility’s solution (on a net-present value basis).

The NWA Coordinator would also propose procurement plans for the NWAs proposed. This could include RFPs from third parties to provide generation (solar,

wind or diesel, for example), or load reduction in the form of load shifting applications, and could include efforts by Efficiency Maine Trust (“EMT”).

The NWA Coordinator is directed to work with the utilities and interested parties to review and analyze the proposals put forward by utilities. Importantly, this bill gives the NWA Coordinator the authority to obtain data and other information from the utilities, subject to appropriate protective orders issued by the PUC.

LD 1181 requires the NWA Coordinator, rather the PUC or a consultant appointed by the PUC, to conduct investigations in response to Certificate of Public Convenience and Necessity (“CPCN”) petitions advanced by the utilities under both section 3132 and 3132-A. The bill also adds distribution projects to the language of section 3132-A.

The NWA Coordinator would be required to file annual reports, as a part of the OPA’s annual report, showing progress in the area of NWAs and suggested changes to statute.

The OPA supports this bill with the following recommended changes and will provide an amended version of this bill in advance of the work session.

- **Section 2.** §1701, sub 2-A. Insert after the first sentence: “The nonwires alternative coordinator shall be responsible for managing the identification, procurement, and development of such non-wire alternative infrastructure, technology and applications within the service territories of investor-owned transmission and distribution utilities in Maine in coordination with utilities, Efficiency Maine Trust, and other appropriate parties.” This language would further define the responsibilities of the NWA Coordinator.
- **Section 2.** §1701, sub 2-A(C). The final sentence of this sub-section describes functions within the PUC’s authority, and outside of the OPA’s authority, and so should be moved to a different section of statute. We recommend that it go into sections where Commission approval of

- nonwires alternatives is contemplated. Further, we recommend that it be accompanied by language that provides for designation by the Commission of which entities would be delivering and operating the NWA.
- **Section 2.** §1701, sub 2-A(D). The word “implementation” could be assumed to imply that the NWA Coordinator would deliver and run the NWA. It should be replaced with “Administration.”
 - **Section 4.** We believe that support personnel and consultants may be required for the NWA Coordinator to do their job. We recommend language that would allow the Public Advocate to create, employ or contract with these resources.
 - **Section 10.** We suggest that the reference to “distribution” projects be eliminated from this section because this section requires commission approval for each project. Requiring Commission approval for each distribution investment would create a volume of proposed projects for NTA consideration that would be unduly burdensome for the Commission and stakeholders. Further, for transmission projects that remain the subject of this section, the threshold should be lowered to \$1,000,000, at least for consideration by the NWA Coordinator. This would expose significant investments to NWA consideration, while avoiding NWA consideration for individual transformers, or short sections of line, for example.
 - **Section 11.** This is where language regarding the NWA Coordinator’s role in addressing distribution investments could go. While we support the language in section 11 of the bill, as far as it goes, we propose to replace it with the following, more comprehensive language:
“Each investor-owned transmission and distribution utility in this State shall annually create and make available an annual electric transmission and distribution system planning study that analyzes system needs for the next

five years and provides a schedule of proposed investments and associated costs. These reports shall detail capacity and load by substation and circuit and identify corresponding planned growth-related investments. The utilities shall provide distribution system planning models that: (i) show where integration of distributed generation is least likely to require substantial upgrades; (ii) show the electric load on the electric distribution system, including electric loads during peak electricity demand time periods; and (iii) highlight the most congested or constrained areas of the electric distribution system.”

The OPA also would propose that the NWA requirement for the distribution system be provided in this section, rather than in Section 10.

Because distribution lines are not as costly on a unit basis as transmission lines and related transmission plant, we suggest that a \$500,000 threshold be imposed for consideration of NWAs at the distribution level and that the threshold amount be applied to major distribution projects rather than what may be a series of small but related projects. We also suggest that there be discretion to consider NWAs at the distribution level at a threshold below the \$500,000 level where it is clear that a NWA solution would be a less costly solution than a wires solution.

The OPA further suggests that there be a screening process that identifies certain types of projects for exclusion from the NWA process, such as:

- Those needed for a redundant supply to a radial load;
- Those that are maintenance related, addressing asset condition, operations, or safety;
- Those that address transmission performance, e.g., addition of high speed protection or a switch to sectionalize a line;
- Those needed to address stability or short circuit problems;

- Those for which an NWA is impracticable for technical reasons;
- Those that are needed within one year based on the controlling load forecast.
- Those for which a deferral of part or all of the upgrade require a load reduction of greater than 25% or off-setting generation of the same magnitude.

Because the utility is continuously making distribution investments that involve many hundreds of projects, we suggest the development of an administrative process that makes the consideration of NWAs more efficient. This process might include the following features:

- The utilities and the NWA Coordinator would work together in a dedicated process to investigate the feasibility of distribution system NWAs.
- If there is agreement between the NWA Coordinator and the utility on the implementation of a NWAs this agreement can be documented and the NWA can be implemented without Commission approval.

I ● If there is not agreement on the NWA implementation, the disagreement should be resolved by the PUC.

- The process should provide for stakeholder involvement.
- For cost recovery by the utilities, we recommend that the NWA costs be included in the utility's request for a new revenue requirement in the rate case following the implementation of the NWA. This would be similar to the treatment of distribution plant additions under current law.

- We recommend that the PUC be required to promulgate rules to implement the intent of this legislation.

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

1181, and will be present at the work session to assist the Committee in its consideration of this bill.

Respectfully submitted,

A handwritten signature in black ink that reads "Barry J. Hobbins". The signature is written in a cursive style with a large, stylized initial "B".

Barry J. Hobbins
Public Advocate