



The Case for LD 2038

An Act to Require Maine Transmission and Distribution Utility Participation
in a Regional Transmission Organization

www.maine.gov/meopa/

The Opportunity

LD 2038 offers a straightforward, near-term opportunity to reduce electric costs for Maine ratepayers.

The bill would deliver annual savings beginning as early as January 2027, estimated in the millions of dollars per year, with greater savings if other New England states follow suit.

How the Bill Works

Since the 1990s, federal policy has allowed utilities to receive a 0.5% return-on-equity (ROE) “bonus” for voluntarily joining a regional transmission organization like ISO-New England.

The Federal Energy Regulatory Commission has recently determined that if RTO membership is required by state law, the bonus is no longer justified.

LD 2038 would make participation in ISO-New England mandatory under Maine law for CMP and Versant, allowing the OPA to petition FERC to remove the ROE bonus, **lowering transmission costs**.

No Operational Change—Only Cost Savings

CMP and Versant are already members of ISO-New England and are highly unlikely to leave.

This bill does not change operations or reliability—it simply:

- Removes an unnecessary financial incentive
- **Reduces costs for ratepayers**

Key Takeaways

- LD 2038 is a low-risk, high-impact policy change that:
 - Produces immediate and growing cost savings
 - Requires no operational changes
 - Aligns with federal policy and regional trends
- Consumer advocates across New England are pursuing similar reforms
- **Maine customers should not pay extra for an incentive utilities no longer need**

**Sponsored by Senator
Nicole Grohoski**

LD 2038 FAQ's

Addressing CMP's Cost Estimate Argument

- CMP agrees the bill will **save money**, but disputes the magnitude due to “bonus stacking”:
 - CMP currently combines the RTO bonus with a project-specific incentive (MPRP).
 - Because of a cap on total ROE, removing the RTO bonus may slightly increase the remaining project-specific bonus.
 - Key takeaway:
 - **Savings are real and undisputed**
 - Any reduction in near-term savings is temporary and limited
 - Savings increase over time as legacy project incentives phase out
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Rebuttal to CMP's Implementation Cost Claims

- CMP argues implementation and potential litigation could outweigh savings.
 - In reality:
 - The OPA already participates in annual FERC proceedings as part of its normal work.
 - Existing staff and counsel can absorb this work without significant new cost.
 - Litigation would only occur if CMP chooses to challenge the change.
 - The legal basis has already been upheld by multiple federal courts, with the U.S. Supreme Court declining review.
 - Importantly:
 - This is a **recurring annual savings**, not a one-time benefit—cost concerns are overstated.
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Rebuttal to Investment Disincentive Argument

- CMP suggests eliminating the ROE bonus could shift investment away from Maine.
 - This misunderstands the policy goal:
 - Consumer advocates across New England are pursuing a coordinated regional strategy.
 - The objective is to level the playing field across all states, not disadvantage Maine.
 - Key point:
 - Utilities are low-risk entities, and RTO participation no longer requires incentives.
 - Continuing to pay bonuses unnecessarily increases costs for Maine ratepayers, who share regional transmission expenses.
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Flexibility for Future Policy Decisions

- Some concern exists about limiting Maine's ability to leave ISO-New England.
- This bill does **not lock Maine into permanent participation**:
 - Any future withdrawal would still require legislative action.
 - A future Legislature could amend or repeal this requirement at any time.
- In the meantime:
 - Ratepayers should **not pay extra for a status quo arrangement**.