

October 5, 2023

MAINE PUBLIC UTILITIES COMMISSION
Inquiry Regarding Standard Offer Service
Procurement Strategy

NOTICE OF INQUIRY

I. SUMMARY

Through this notice, the Commission initiates an inquiry to obtain information regarding the potential development of a procurement strategy that could be used to promote rate stability for residential customers that receive standard-offer service pursuant to the Maine Revised Statutes, Title 35-A, section 3212.

II. BACKGROUND

In the year 2000, the Legislature deregulated electric supply service in Maine and provided customers with the opportunity to choose the provider of their electric supply. 35-A M.R.S. §§ 3201-3217. If electric customers in Maine do not choose a competitive electricity provider, then by default those customers receive their electric supply from the standard offer service provider(s). Standard offer service is the only type of default service in Maine and is provided directly by standard offer providers to customers at retail. Standard offer providers supply requirements service for their load share and are not assigned particular customers.

Generally, each fall, as part of a competitive bidding process, the Commission issues an order approving requests for standard offer proposals for the service territories of Central Maine Power and Versant Power's Bangor Hydro and Maine Public Districts. The standard offer service provider for each service territory is then selected by the Commission following the competitive bidding process, resulting in a standard offer rate for each calendar year, running from January 1 to December 31.

On June 12, 2023, Governor Mills signed Resolves 2023, ch. 39 (Chapter 39), which directs the Commission to "initiate a proceeding to develop a procurement strategy and consider other measures that could be used to increase rate stability for residential customers that receive standard-offer service" pursuant to 35-A M.R.S. § 3212. In doing so, the Commission is to consider "the use of varied contract lengths and terms to reduce price volatility from year to year."

III. PURPOSE OF THIS PROCEEDING AND REQUEST FOR COMMENT

Pursuant to Chapter 39, the Commission is opening this inquiry to gather information on what procurement strategies, including varying contract lengths and terms, could improve rate stability for residential customers taking standard offer service.

Accordingly, the Commission requests comment on the following:

1. How would contracts with standard offer providers for longer or shorter periods of time than the current calendar year better promote rate stability for residential ratepayers?
2. If the Commission adopted a procurement strategy that improved rate stability for residential customers taking standard offer service, but which resulted in prices that exceeded current market conditions, or did not decline at a pace similar to the rates in other neighboring states, what mechanism would exist to address customer concerns that they were not able to take advantage of those lower prices?
3. What are potential disadvantages of contracts with standard offer providers for longer or shorter periods of time than the current calendar year?
4. What other terms could be changed or introduced into contracts with standard offer providers to better promote rate stability for residential customers?
5. What other procurement strategies should the Commission consider to better promote rate stability for residential ratepayers without significantly increasing standard offer rates?
6. Why is rate stability the desired procurement strategy objective, versus other potential objectives such as achieving the lowest cost or reflecting current market conditions?

Interested parties are invited to offer comments on any additional issues not set forth in this Notice of Inquiry that are related to procurement strategies that could be used to promote rate stability for residential customers that receive standard-offer service.

IV. NOTICE AND PROCESS

The Commission is providing this notice to persons on the notification list for the recent rate cases of Central Maine Power and Versant Power, Docket Nos. 2022-00152 & 2022-00255, the Commission's recent inquiry into management of utility supply portfolios in Docket No. 2023-00023, persons on the Commission's notification list for

competitive electricity providers, and informal contact persons of record from existing and former standard offer service providers.

After receipt of this notice, persons interested in receiving further notices about this Inquiry must add themselves to the notification list for this docket.

Comments in response to this notice must be filed in the above-captioned docket no later than **November 6, 2023**.

Dated at Hallowell, Maine this 5th day of October 2023.

BY ORDER OF THE PRESIDING OFFICER

/s/ Robert A. Creamer

Robert A. Creamer