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## Testimony in opposition to LD 186 – An Act to Clarify the Public Utilities Commission’s Authority to Establish Time of Use Pricing for Standard-offer Service

Senator Lawrence, Representative Sachs and Honorable Members of the Committee,

I am writing to oppose the bill that would grant the Public Utilities Commission the authority to implement Time-of-Use (TOU) rates for energy consumption. While the proponents of this bill argue that TOU rates will lower peak demand and provide more equitable pricing, I strongly believe that it will, in fact, disproportionately harm low-income households and deepen existing economic disparities.

In 2017, American Council for an Energy-Efficient Economy (ACEEE) completed a study<sup>1</sup> which found that TOU rates disproportionately impact low-income households.

“Low-income customers have limited financial resources and lower levels of discretionary energy usage than other customers, which limits their ability to respond to rate changes.”

“The vulnerability of low-income customers makes it especially important for utilities to consider adverse impacts for those customers unable to reduce or shift their electricity usage.”

“ACEEE recommends limiting customer charges to include only costs associated with billing, customer service, meters, and service drops (also known as the *basic customer method*). This approach simplifies calculation of the customer charge, ensures equity, and provides a stronger price signal to conserve.”

### 1. Inequity in Access to Flexibility

One of the primary arguments for TOU rates is that they incentivize consumers to shift their energy use to non-peak hours. However, this premise fails to acknowledge that low-income households often lack the resources or flexibility to adjust their energy usage patterns in the way that higher-income households can. Families living paycheck to

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<sup>1</sup> <https://www.aceee.org/research-report/u1703>

paycheck are often working multiple jobs and may have less control over when they are home or using appliances such as refrigerators, air conditioners, or heating. These households rely on these essentials at certain times—often during peak hours—because of the nature of their daily routines.

On the other hand, higher-income households typically have more control over their schedules. They can afford to shift their energy-intensive activities to off-peak hours, like running dishwashers or using air conditioning. By imposing TOU rates, we effectively create a system that benefits those who are most able to adjust their behavior while penalizing those who cannot. This is an inequitable solution that further burdens families already facing financial challenges.

## **2. The Financial Burden on Low-Income Families**

TOU rates introduce an additional financial burden for households that can least afford it. Many low-income families already struggle to cover basic needs like food, healthcare, and housing, and adding variability to their energy costs—potentially subjecting them to higher rates during the day—could push them further into financial instability. For these households, even a small increase in energy costs during peak hours could be the difference between meeting other basic needs and falling behind on bills.

Moreover, it is unlikely that these families will have the means to invest in energy-saving technologies such as smart thermostats or appliances that allow them to shift their energy use effectively. As a result, they are left with few options to minimize the financial impact, even as their rates rise due to circumstances outside of their control.

## **3. The Misconception of Equitable Pricing**

Supporters of TOU rates often claim that charging a single rate for all customers is inequitable. The assumption here is that charging the same rate to everyone ignores differences in energy use patterns and the ability to adjust behavior. However, the core issue with TOU rates is that they impose a system that is inherently unequal: those with the means to change their usage can avoid the higher costs, while those without this flexibility will be forced to bear the brunt of the increase.

Equity is not about designing systems that benefit some at the expense of others. True equity would involve creating a system that is mindful of the diverse needs of all households, particularly those who are economically vulnerable. Rather than implementing TOU rates, we should look toward solutions that ensure energy is affordable and accessible for everyone, such as expanding energy assistance programs or increasing investments in renewable energy infrastructure that benefit all consumers, regardless of income.

## **4. Potential for Increased Energy Insecurity**

Low-income households are already at a higher risk of energy insecurity, where they are unable to afford sufficient energy to meet their basic needs. The introduction of TOU rates could exacerbate this issue, as families with limited financial resources may be forced to make difficult choices between paying for energy and meeting other essential needs.

Energy insecurity can have serious consequences for health, safety, and well-being, particularly during extreme weather conditions, when families may have no choice but to use energy during peak hours, despite the higher costs.

### **Conclusion**

In conclusion, while the goal of lowering peak demand is laudable, implementing TOU rates will not achieve this in an equitable way. Low-income households, who lack the flexibility and resources to shift their energy use, will bear a disproportionate burden. Rather than moving forward with TOU rates, I urge the committee to consider alternative solutions that address the root causes of energy inequity, such as increasing support for vulnerable populations and ensuring that energy pricing is fair for all.

Thank you for your consideration.

Sincerely,  
Tanya Blanchard  
President  
Preserve Rural Maine