

December 5, 2024

Governor's Energy Office

Via email geo@maine.gov

COMMENTS ON THE DISTRIBUTION SYSTEM OPERATOR FEASIBILITY STUDY

To Whom it May Concern,

Thank you for the opportunity to provide comment and feedback on the Distribution System Operator Feasibility Study. Acadia Center is a Rockport, Maine based nonprofit that advocates for affordable green energy solutions across New England. On November 18, 2024, the Governor's Energy Office (GEO) requested comment on the draft Distribution System Operator Feasibility Study (Study) performed by Strategen Consulting (Strategen). Pursuant to a Legislative Resolve (Resolves 2023, Chapter 67) GEO selected Strategen to conduct a feasibility study to evaluate whether a Distribution System Operator (DSO) could be established in Maine to achieve costs savings for customers and improve system reliability and performance.

Acadia Center recommends that the GEO authorize Strategen, or another suitable consultant, to move forward with Part 2 of the study, as described in the Resolve and as outlined in Chapter 10 of Strategen's report. Strategen's initial study suggests that a DSO could have many benefits for ratepayers in Maine and could be designed to achieve the Resolve's objectives, which include reducing electricity costs, improving electric system reliability and performance, and enabling the achievement of Maine's greenhouse gas emission reduction requirements. The study ultimately recommends that a DSO be further analyzed and that a design proposal be rendered.

According to the study, a DSO could enable widespread and efficient deployment of distributed energy resources (DERs), with an emphasis on local involvement and control. A DSO could also help to address the long DER interconnection queues that exist today. In addition, a DSO could help to reduce greenhouse gas (GHG) emissions and save customers money on electricity, as well as numerous other benefits. The GEO should embrace the first part of the study and move forward with Part 2.

I. Acadia Center Urges the GEO to Change Its Determination on Part 2 of the DSO Study

The Resolve directs the GEO to (1) review and evaluate the initial Strategen study, and (2) determine whether additional feasibility analysis and preparation of a DSO design proposal as described in Section 3 of the Resolve is warranted. The GEO has concluded that "It is clear from the Draft Feasibility Study that designing and implementing DSO entities requires significant investment of resources and collaboration, beyond what was contemplated in the Resolve" and that "Based on these factors the GEO believes that the development of a detailed DSO design proposal is premature." (Nov. 18, 2024, Request for Comment) Further, "the GEO's determination is not to pursue the formal creation of a DSO design proposal as described in Section 3 of the Resolve." Acadia Center disagrees with this determination and recommends that Strategen, or another suitable consultant, should be directed to conduct Part 2 of the study, including exploring potential DSO structures and outlining a roadmap for implementation.

II. Not Moving Forward with Part 2 of the DSO Study Is a Missed Opportunity

As the Strategen study explains, current distribution networks serve as one-directional means for transporting electricity to utility customers. Moreover, the current energy supply is still primarily generated with fossil fuels. The study recommends a “bottom up” approach to distribution system planning and DER implementation, administered by an independent DSO. A DSO would encourage and allow Maine communities to take a measure of control over their energy lives by promoting and implementing currently available renewable energy. By accelerating the deployment of locally-sited DERs, a DSO could also help to lower transmission costs. Moreover, a DSO could help to overcome existing financial incentives that exist under the current utility regulatory framework that may be misaligned with ratepayer interests, ultimately helping to save ratepayers money.

Acadia Center strongly supports the proposed next steps for Part 2 as described in the Strategen study. This includes exploring in more detail a range of possible structural approaches for a DSO and considering how those approaches may or may not fit into the existing regulatory framework. It also includes the development of a possible implementation roadmap. Acadia Center recognizes that, as originally written, the Resolve may not provide sufficient resources to adequately complete Part 2 of the study as proposed by Strategen and considering the approaches to developing a DSO that other jurisdictions have taken. One near-term next step may be to flesh out a possible roadmap and process document to define in more detail the stakeholder engagement, additional analysis, resources, timelines that may be required to complete a more fulsome Part 2 as envisioned by the initial study.

Acadia Center strongly encourages the GEO not to miss the opportunity to enable Mainers to realize the many benefits that a DSO could provide by enhancing electric system operations, facilitating more integrated planning, and administering and coordinating DER markets.

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