

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1994

Legislative Document

No. 1765

H.P. 1310

House of Representatives, January 24, 1994

An Act to Protect Ratepayer Investments.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26.
Reference to the Committee on Utilities suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative GWADOSKY of Fairfield.
Cosponsored by Representatives: TARDY of Palmyra, WHITCOMB of Waldo, Senator:
SUMMERS of Cumberland.

Be it enacted by the People of the State of Maine as follows:

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4 **Sec. 1. 35-A MRSA §3153-A, sub-§4** is enacted to read:

6 4. Repayment of subsidies and loans. If a nonresidential
8 customer, after January 1, 1994, ceases to purchase its
10 electrical requirements or purchases less of its electrical
12 requirements than it purchased during the prior year from an
14 electric utility that has financed or subsidized for that
16 customer capital improvements, measures or techniques for load,
18 energy or demand side management, then:

20 A. All loans or unpaid loan balances owed to the electric
22 utility become immediately due and payable; and

24 B. All rebates made or subsidies paid to the customer must
26 be immediately repaid to the electric utility.

28 Any amounts that become payable to the electric utility under
30 this subsection bear interest from and after the time those
32 amounts become payable at the rate provided for prejudgment
34 interest in Title 14, section 1602, subsection 1, paragraph B.

36 **Sec. 2. 35-A MRSA §3303, sub-§8-A** is enacted to read:

38 8-A. Self-generator. "Self-generator" means a cogenerator
40 or small power producer or an affiliate of either who not only
42 produces electricity, but also uses electricity for manufacturing
44 or other purposes.

46 **Sec. 3. 35-A MRSA §3307, sub-§2,** as enacted by PL 1987, c.
48 141, Pt. A, §6, is amended to read:

50 **2. Alternative cost of energy to the utility.** The rates
52 paid by an electric utility to a small power producer or
54 cogenerator may not exceed, over the term of the power purchase
56 contract, the cost to the electric utility of the electric energy
58 which, but for the purchase from the cogenerator or small power
60 producer, the utility would generate or purchase from another
62 source. A determination of alternative energy costs to the
64 utility shall include consideration of the cost of additional or
66 existing generating capacity which could be displaced over the
68 term of the contract as well as the cost of fuel and other
70 operating expenses of electric energy production which a utility
72 would otherwise incur in generating or purchasing power from
74 another source.

76 A self-generator that has entered into a simultaneous purchase
78 and sale power purchase contract with an electric utility shall
80 continue to purchase its electricity requirements from that
82 electric utility for the term of the power purchase contract.
84 If, after January 1, 1994, the self-generator entering into such

2 contract ceases to purchase its electrical requirements or
3 purchases less of its electrical requirements than it purchased
4 during the prior year from that electric utility, the electric
5 utility, at its option, may terminate the power purchase
6 agreement with the self-generator upon 60 days' written notice.
7 Upon termination, the self-generator shall refund the electric
8 utility the amount by which rates paid by the electric utility
9 under the simultaneous purchase and sale power purchase contract
10 exceeded, over the contract period prior to termination, the
11 avoided cost determined for the period prior to termination on
12 the date on which the electric utility and the self-generator
13 entered into the contract.

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18 STATEMENT OF FACT

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19 The purpose of this bill is to give utility companies the
20 authority to terminate power purchase contracts if a
21 self-generator ceases purchasing electricity from the electric
22 utility with which it has a simultaneous purchase and sale
23 arrangement and other rate payers are deprived of the benefit of
24 revenues otherwise contributing to the utility's fixed cost. The
25 bill also requires customers who cease to purchase their
26 electrical requirements or who purchase less of their electrical
27 requirements than they purchased during the prior year and have
28 been provided subsidies to repay the subsidies.

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35 This document has not yet been reviewed to determine the
36 need for cross-reference, stylistic and other technical
37 amendments to conform existing law to current drafting standards.

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