

MAINE STATE LEGISLATURE

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R.D.S.

L.D. 1398

DATE: 5/10/99

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UTILITIES AND ENERGY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1000, L.D. 1398, Bill, "An Act to Secure Environmental and Economic Benefits from Electric Utility Restructuring"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 5 MRSA §3305, sub-§1, ¶K, as repealed and replaced by PL 1995, c. 625, Pt. A, §7, is repealed.

Sec. 2. 5 MRSA §3305-B is enacted to read:

§3305-B. Additional powers; energy policy

1. Coordination of energy policy. The office shall coordinate the development of energy policy by:

A. Collecting and analyzing energy data from all available energy sources in the State. Upon request of a company engaged in the wholesale and retail trade of petroleum products in the State, the director may designate as confidential information documents and data dealing with sales of that company. Information designated confidential by the director under this paragraph is not a public record and is not subject to disclosure under the Title 1, chapter 13, subchapter I;

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2 B. Preparing and submitting to the Governor and the
Legislature every 2 years an energy resources plan that
4 includes:

6 (1) A description of historical energy demand by
end-use sector and energy resources used to meet that
8 demand; and

10 (2) A forecast of energy demand, including electric
and gas energy demand, by end-use sector for the next 5
12 years, 10 years and 20 years;

14 C. Encouraging and directing or sponsoring research,
experiments and demonstration projects within the State to
16 develop alternate energy sources, particularly, but not
limited to, those sources that rely on renewable natural
18 resources of the State, such as solar energy, water of tides
and rivers, forests, winds and other sources that to date
20 have not been fully explored or utilized;

22 D. Providing conservation alternatives to proposed new
electric power generating plants and transmission and
24 distribution facilities and assessing the long-term and
short-term energy savings realized by the conservation
26 alternatives; and

28 E. Coordinating the actions of state agencies that affect
the consumption of energy with the objective of securing the
30 environmental and economic benefits of electric industry
restructuring occurring pursuant to Title 35-A, chapter 32.

32 2. Conservation programs. The office shall guide the
development of statewide conservation programs to be implemented
34 by transmission and distribution utilities pursuant to Title
35-A, section 3211 by:

36 A. Creating objectives and an overall energy strategy for
38 such conservation programs, including implementation
guidance on the use of competitive bidding or alternative
40 contractual arrangements when program requirements make such
arrangements preferable for the achievement of program
42 objectives;

44 B. Revising program objectives and the overall energy
strategy from time to time on a schedule to be determined by
46 the office;

48 C. Reviewing and approving proposed utility implementation
plans, including proposed competitive bidding plans, for
50 consistency with the objectives, strategy and planning
guidance established pursuant to paragraph A or B;

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- 2 D. Monitoring and evaluating implementation of programs for
4 consistency with the objectives, strategy and planning
6 guidance established pursuant to paragraph A or B and
 negotiating with utilities program modifications when
 modifications are supported by evaluation results or changed
 circumstances in the marketplace; and
- 8
- 10 E. Monitoring and participating in conservation planning
12 and program development forums elsewhere in the region or
14 the country and entering into agreements with public
16 agencies or other entities outside of the State for joint or
18 cooperative conservation planning or program delivery
 whenever such arrangements can provide demonstrable benefits
 to citizens of the State and when such arrangements are
 consistent with objectives, strategies and program plans
 developed pursuant to paragraph A or B.
- 20 3. Implementation. In performing the duties under this
 section, the office shall:
- 22 A. Coordinate its efforts with similar efforts in and among
24 states in the northeast region that are designed to achieve
 the same goals;
- 26 B. Coordinate its efforts with agencies of the State with
28 related responsibilities including the Public Utilities
30 Commission, the Department of Environmental Protection, the
 Maine State Housing Authority, the Finance Authority of
 Maine, the Office of the Public Advocate and the Department
 of Economic and Community Development;
- 32 C. Encourage, when practicable, the development of
34 resources, infrastructure and skills within the State by
36 utilizing in-state contractors to provide energy efficiency
 services;
- 38 D. Pursue to the greatest extent practicable market-based
40 approaches to implementing conservation programs;
- 42 E. Seek to implement the delivery of conservation program
44 services in all regions of the State on an equitable basis
 and to citizens at all income levels;
- 46 F. Apply for grants and receive grants from state, federal
 and private sources when receipt of any such funding is
48 consistent with the purposes of this section; and
- 50 G. Invite, accept, review and consider comments and
 suggestions from interested parties and hold at least one

2 hearing prior to adopting or substantially revising program
objectives or energy strategies under subsection 2.

4 4. Fund. The Conservation Program Fund, referred to in this
section as the "fund," is established as a nonlapsing fund within
6 the State Planning Office to provide funds for carrying out the
duties established under subsection 2. The fund may receive
8 funds collected by the Public Utilities Commission from
10 transmission and distribution utilities pursuant to Title 35-A,
section 3211 for deposit in the fund.

12 5. Report. The office shall report by December 30th of each
year to the joint standing committee of the Legislature having
14 jurisdiction over utilities and energy matters on:

16 A. Activities undertaken pursuant to subsection 2;

18 B. Any proposals for changes to law that the office
recommends as a result of its activities undertaken under
20 subsection 2; and

22 C. An accounting of expenditures from the fund.

24 Sec. 3. 35-A MRSA §3211, as enacted by PL 1997, c. 316, §3,
is repealed and the following enacted in its place:

26 **§3211. Conservation programs**

28 1. Definitions. As used in this section, unless the
30 context otherwise indicates, the following terms have the
following meanings.

32 A. "Conservation program" means an energy conservation
34 program developed by the State Planning Office pursuant to
Title 5, section 3305-B.

36 B. "Prior conservation efforts" means programs to promote
38 conservation undertaken at the direction of the commission
prior to March 1, 2000.

40 C. "Service provider" means a provider of energy efficiency
42 services.

44 2. Programs. Beginning March 1, 2000, to the extent funding
is available pursuant to subsection 4, the commission shall
46 require transmission and distribution utilities to implement
energy conservation programs.

48 3. Selection of service providers. Except as otherwise
50 directed by the commission, transmission and distribution

2 utilities shall select service providers through a periodic
3 competitive bidding process. The commission may direct a
4 transmission and distribution utility to select a service
5 provider without employing a competitive bidding process if the
6 commission finds that the selection of the service provider is:

7 A. Consistent with programs developed by the Executive
8 Department, State Planning Office; and

9 B. In the best interests of the State.

10 4. Funding level. The commission shall establish total
11 conservation program expenditures for each transmission and
12 distribution utility that:

13 A. Are based on the relevant characteristics of the
14 transmission and distribution utility's service territory,
15 including the needs of customers;

16 B. Do not exceed .15 cent per kilowatt-hour; and

17 C. Are no less than 0.5% of the total transmission and
18 distribution revenues of the transmission and distribution
19 utility.

20 For purposes of this subsection, the term "total conservation
21 program expenditures" means expenditures associated with prior
22 conservation efforts, expenditures for conservation programs and
23 assessments made pursuant to subsection 6.

24 5. Funding use. Funding for conservation programs must be
25 expended in a manner consistent with applicable conservation
26 programs.

27 6. Program costs. The commission shall assess transmission
28 and distribution utilities in an equitable manner to produce in
29 any fiscal year an amount of funds equal to the amount that the
30 legislative allocation in that fiscal year from the Conservation
31 Program Fund established under Title 5, section 3305-B exceeds
32 any unencumbered amount in the fund carried forward from the
33 prior fiscal year. Funds collected by the commission pursuant to
34 this subsection must be transferred to the State Planning Office,
35 which shall deposit those funds in the Conservation Program Fund.

36 7. Cost recovery. The commission shall include the cost of
37 conservation programs, including any assessment collected
38 pursuant to subsection 6, in the rates of transmission and
39 distribution utilities.

8. Rules. The commission shall adopt rules implementing this section. Rules adopted under this subsection are routine technical rules pursuant to Title 5, chapter 375, subchapter II-A.

Sec. 4. Allocation. The following funds are allocated from Other Special Revenue funds to carry out the purposes of this Act.

	1999-00	2000-01
EXECUTIVE DEPARTMENT		
State Planning Office - Energy Conservation Program		
Positions - Legislative Count	(1.000)	(1.000)
Personal Services	\$37,255	\$50,702
All Other	100,000	100,000
Provides funds for one Policy Development Specialist position within the State Planning Office and consulting expenses to undertake responsibilities pursuant to the Maine Revised Statutes, Title 5, section 3305-B.		
EXECUTIVE DEPARTMENT		
TOTAL	\$137,255	\$150,702'

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

	1999-00	2000-01
APPROPRIATIONS/ALLOCATIONS		
Other Funds	\$137,255	\$150,702
REVENUES		
Other Funds	\$137,255	\$150,702

This bill includes Other Special Revenue funds allocations of \$137,255 and \$150,702 in fiscal years 1999-00 and 2000-01, respectively, for the State Planning Office for the salary,

2 fringe benefits and overhead costs of a Policy Development
3 Specialist position and consulting expenses necessary to
4 administer the development of statewide conservation programs to
5 be implemented by transmission and distribution utilities. The
6 Public Utilities Commission is required to assess utilities to
7 generate additional dedicated revenue equal to the amounts
8 allocated from the Conservation Program Fund.

9 The Public Utilities Commission will incur some minor
10 additional costs to assess and collect funds from transmission
11 and distribution utilities for deposit in the Conservation
12 Program Fund and to adopt rules. These costs can be absorbed
13 within the commission's existing budgeted resources.'

16 SUMMARY

18 This amendment replaces the bill. This amendment:

20 1. Modifies the conservation programs established under the
21 electric industry restructuring law as follows. It:

22 A. Directs the Executive Department, State Planning Office
24 to design and monitor the programs;

26 B. Provides that energy efficiency service providers may be
28 chosen without a competitive bidding process if the
30 commission finds this is in the State's best interest and is
31 consistent with the programs developed by the State Planning
32 Office;

34 C. Requires total conservation program expenditures,
36 including costs associated with funding program planning
38 costs incurred by the State Planning Office, to be no more
39 than .15 cent per kilowatt-hour, to be based on relevant
40 characteristics of each transmission and distribution
41 utility's service territory and to be no less than .5% of
42 the total transmission and distribution revenues of the
43 utility;

44 D. Provides for an assessment on transmission and
45 distribution utilities to fund State Planning Office
46 development and monitoring of conservation programs and
47 establishes a special fund for this purpose; and

48 E. Requires the Public Utilities Commission to adopt routine
49 technical rules to implement the conservation programs
50 requirements;

2. Moves provisions directing the State Planning Office to
undertake energy planning activities to the new section of law

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2 that describes the office's new duties with respect to
conservation programs and adds to the office's energy planning
4 duties the duty to coordinate state agency actions that affect
the consumption of energy;

6 3. Adds a new position within the State Planning Office,
funded by the Conservation Program Fund, to undertake the energy
8 planning and conservation program activities; and

10 4. Adds a fiscal note to the bill.