

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 1538

S.P. 474

In Senate, March 8, 2001

### An Act to Promote Retail Electricity Competition.

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Reference to the Committee on Utilities and Energy suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by President Pro Tem BENNETT of Oxford.

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

2  
4       **Sec. 1. 35-A MRSA §3203, sub-§2**, as amended by PL 1999, c. 398, Pt. J, §§1 and 2, is further amended to read:

6       **2. Requirements.** A competitive electricity provider may  
8 not undertake the sale of electricity at retail in this State  
10 without first receiving a license from the commission. Before  
12 approving a license application, the commission must receive from  
14 the applicant:

12       A. Evidence of financial capability sufficient to refund  
14 deposits to retail customers in the case of bankruptcy or  
nonperformance or for any other reason;

16       B. Evidence of the ability to enter into binding  
18 interconnection arrangements with transmission and  
distribution utilities;

20       C. Disclosure of all pending legal actions and customer  
22 complaints filed against the competitive electricity  
24 provider at a regulatory body other than the commission in  
the 12 months prior to the date of license application;

26       D. Evidence of the ability to satisfy the renewable  
28 resource portfolio requirement established under section  
3210;

30       E. Disclosure of the names and corporate addresses of all  
affiliates of the applicant; and

32       F. Evidence that the applicant is registered with the State  
34 Tax Assessor as a seller of tangible personal property  
36 pursuant to Title 36, section 1754-B, together with a  
38 statement that the applicant agrees to be responsible for  
the collection and remission of taxes in accordance with  
Title 36, Part 3 on all taxable sales of electricity made by  
the applicant to consumers located in this State.

40       The commission shall consider the need for requiring and, if it  
42 determines there is a need, may require a competitive electricity  
44 provider to file a bond with the commission as evidence of  
46 financial ability to withstand market disturbances or other  
48 events that may increase the cost of providing service or to  
provide for uninterrupted service to its customers if a  
competitive electricity provider stops service. In determining  
the size of any such bond, the commission shall balance the need  
to develop a competitive retail electric market with any other  
factors and the extent to which large bonds may constitute a  
barrier to entry. The commission may not require a bond larger

2 than the projected difference between the price offered by the  
4 competitive energy provider and the commission's projection of  
6 the likely replacement power cost if the provider should  
8 default. The commission shall consider all possible forms of  
10 security to protect consumers other than a bond or similar cash  
12 equivalent security.

14 **Sec. 2. 35-A MRSA §3212, sub-§7** is enacted to read:

16 **7. Duration; fixed price.** Any standard offer approved  
18 after July 1, 2001 must be of at least one year in duration and  
20 contain a fixed total per kilowatt hour price for the applicable  
22 group of customers. Such a standard offer must include the  
24 estimated final cost to provide the full energy and capacity  
26 needs of the customer group for the duration of the standard  
28 offer.

## 30 SUMMARY

32 This bill amends certain provisions of Maine's electric  
34 utility restructuring laws to provide:

1. Modification of surety bond requirements imposed on  
competitive electricity providers to reduce barriers to entry and  
increase competitive options for all ratepayers; and

2. That the Public Utilities Commission may approve only  
those standard offers after July 1, 2001 that are at least one  
full year in duration and that provide a known and fixed price to  
customers to provide the full requirement energy and capacity  
needs of the customer group.