

# **MAINE STATE LEGISLATURE**

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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**Legislative Document**

**No. 352**

S.P. 128

In Senate, January 30, 2003

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### **An Act To Encourage Energy Efficiency and Security**

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

A handwritten signature in black ink, appearing to read "Joy J. O'Brien".

**JOY J. O'BRIEN**  
Secretary of the Senate

Presented by Senator HALL of Lincoln.

Cosponsored by Representative BERRY of Belmont and

Representatives: BLISS of South Portland, GOODWIN of Pembroke.

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

Sec. 1. 35-A MRSA §3152, sub-§1, ¶¶A and C, as amended by PL 1999, c. 398, Pt. A, §57 and affected by §§104 and 105, are further amended to read:

A. Require the commission to relate transmission and distribution rates more closely to the costs of providing transmission and distribution service; and

C. Require the commission to consider the ability of low-income residential customers to pay in full for electric services as transmission and distribution rates are redesigned consistent with these policies.; and

Sec. 2. 35-A MRSA §3152, sub-§1, ¶D is enacted to read:

D. Require the commission to use energy efficiency criteria in setting transmission and distribution utility rates.

Sec. 3. 35-A MRSA §3157 is enacted to read:

**§3157. Energy efficiency criteria**

1. Criteria. In addition to the other requirements of this subchapter, the commission, in determining transmission and distribution utility rates or in establishing any rate-adjustment mechanism pursuant to section 3195, shall examine and adopt rate mechanisms or designs that:

A. Encourage efficiency in electricity use;

B. Provide incentives for the development of new, energy-efficient business activity in the State; and

C. Take into account the costs and benefits of energy efficiency and conservation to existing business activity in the State.

2. Report. The commission shall undertake an investigation to identify rate designs, mechanisms or other means that provide incentives for transmission and distribution utilities to promote energy efficiency and that promote the security and robustness of the electric grid by appropriately compensating transmission and distribution utilities for constructing and maintaining infrastructure with excess or redundant capacity. In conducting its investigation, in addition to any other issues the commission determines appropriate, the commission shall consider:

2           A. Financial and other incentives for transmission and  
3           distribution utilities or their customers that may support  
4           the goals of this section;

6           B. The impact of achieving the goals of this section on the  
7           revenues and rates of return of transmission and  
8           distribution utilities;

10          C. Methods available pursuant to sections 3195 and 3211-A to  
11          accomplish the purposes of this section;

12          D. The impact of achieving the goals of this section on  
13          transmission and distribution utility rate levels and rate  
14          stability; and

16          E. The impact of electricity generation and consumption on  
17          air and water quality.

18          By December 1, 2003, the commission shall submit a report of the  
19          results of its investigation under this subsection to the joint  
20          standing committee of the Legislature having jurisdiction over  
21          utilities and energy matters.

24          **Sec. 4. 35-A MRSA §3211-A, sub-§2,** as enacted by PL 2001, c.  
25          624, §4, is amended by amending the first paragraph to read:

28          **2. Programs.** The commission shall develop and, to the  
29          extent of available funds, implement conservation programs in  
30          accordance with this section. The commission shall establish  
31          and, on a schedule determined by the commission, revise  
32          objectives and an overall energy strategy for conservation  
33          programs. Conservation programs implemented by the commission  
34          must be consistent with the objectives and an overall energy  
35          strategy developed by the commission and be cost effective, as  
36          defined by the commission by rule or order. In defining "cost  
37          effective," the commission may consider the extent to which a  
38          program promotes sustainable economic development or reduces  
39          environmental damage to the extent the commission can quantify or  
40          otherwise reasonably identify such effects. Consistent with the  
41          other requirements of this section, the commission, in adopting  
42          and implementing conservation programs, shall seek to encourage  
43          efficiency in electricity use, provide incentives for the  
44          development of new, energy-efficient business activity in the  
45          State and take into account the costs and benefits of energy  
46          efficiency and conservation to existing business activity in the  
47          State.

48           **SUMMARY**

50          This bill directs the Public Utilities Commission, in  
51          determining transmission and distribution utility rates or in

2 establishing any rate-adjustment mechanism or in developing and  
3 implementing conservation programs, to encourage efficiency in  
4 electricity use, provide incentives for the development of new,  
5 energy-efficient business activity in the State and take into  
6 account the costs and benefits of energy efficiency and  
7 conservation to existing business activity in the State.

8 This bill also requires the Public Utilities Commission to  
9 undertake an investigation of how to create incentives for  
10 transmission and distribution utilities to promote energy  
11 efficiency and construct and maintain adequate infrastructure.  
12 The bill directs the commission to report its findings to the  
13 Joint Standing Committee on Utilities and Energy by December 1,  
14 2003.