

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 671

S.P. 235

In Senate, February 14, 2003

An Act To Facilitate the Development of Cost-effective Distributed Electricity Generation in the State

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 Senator HALL of Lincoln.

Cosponsored by Representatives: BERRY of Belmont, BLISS of South Portland.

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

Sec. 1. 35-A MRSA c. 31, sub-c. 6-A is enacted to read:

SUBCHAPTER 6-A

DISTRIBUTED GENERATION

§3192. Distributed generation

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

A. "Distributed generator" means an electric generation facility:

(1) Having a capacity of less than 5 megawatts; and

(2) Whose output is primarily consumed by a local consumer.

B. "Excess electricity" means electricity generated by a distributed generator that is not consumed by a local consumer.

C. "Net energy billing" means a billing and metering practice under which a customer is billed in a manner that nets over any time period the kilowatt hours consumed by a customer and the kilowatt hours generated by the customer's generating facility as if the energy flow were measured by a single meter capable of registering the flow of electricity in 2 directions.

D. "Local consumer" means the local consumer of electricity generated by a distributed generator located in proximity to the generator, as determined by the commission by rule.

2. Regulation; sales to local consumer. Except as provided in subsection 3, the transmission, distribution and sale of electricity from a distributed generator is subject to applicable provisions of this Title.

3. Regulation; retail sales of excess electricity. Notwithstanding any other provision of this Title, the retail sale of the excess electricity of a distributed generator in accordance with rules adopted by the commission pursuant to this subsection is not a sale to the public and does not cause the seller or transmitter of that electricity to be subject to

2 regulation applicable to a competitive electricity provider or
3 transmission and distribution utility. The commission shall
4 adopt rules governing the retail sale of excess electricity by a
5 distributed generator that:

6 A. Ensure the safety and reliability of the electric system;
7 and

8
9 B. Appropriately balance the goals of removing barriers to
10 the development of distributed generators, maintaining just
11 and reasonable transmission and distribution utility rates
12 and fairly apportioning stranded costs, as defined in
13 section 3208.

14
15 **4. Authority; sale of excess capacity to transmission and**
16 **distribution utility.** The commission may by rule require a
17 transmission and distribution utility to purchase excess
18 electricity from distributed generators if the commission
19 determines that there is otherwise an insufficient market for
20 that excess electricity. If the commission requires a
21 transmission and distribution utility to purchase excess
22 electricity, the commission shall require the transmission and
23 distribution utility to resell that electricity in the wholesale
24 market. Rules adopted pursuant to this subsection may limit
25 application to distributed generators of less than a certain
26 capacity and may require the distributed generator to compensate
27 the transmission and distribution utility for its administrative
28 costs.

29
30 **5. Net energy billing.** The commission shall by rule permit
31 a distributed generator to elect a net energy billing arrangement
32 with a transmission and distribution utility if the distributed
33 generator:

34 A. Has a capacity not greater than one megawatt;

35
36 B. Qualifies as a renewable resource, as defined in section
37 3210, subsection 2; and

38
39 C. Is owned by a local consumer who is a commercial or
40 charitable entity whose primary place of business is located
41 in this State, as determined by the commission by rule.

42
43 **6. Rules.** The commission shall adopt rules implementing
44 this section. Rules adopted pursuant to this section are routine
45 technical rules as defined in Title 5, chapter 375, subchapter
46 2-A.

47
48
49 **Sec. 2. Public Utilities Commission distributed generation report.**
50 The Public Utilities Commission shall continue to examine and

2 address issues related to distributed generators as described in
its report of October 2001, "Distributed Generation, Conclusions
4 and Recommendations, Maine Public Utilities Commission Final
Report to the Maine Legislature." The commission shall report to
6 the Joint Standing Committee on Utilities and Energy by January
1, 2004 on the following:

8 1. The commission's progress in addressing issues related to
the expansion of opportunities for distributed generation
10 including issues relating to interconnection standards, barriers
to selling into the wholesale market, transmission and
12 distribution utility core and standby rate structures,
transmission and distribution utility use of distributed
14 generators and line extension policies affecting distributed
generation; and

16 2. Identification of any other remaining barriers to the
18 widespread use of distributed generators in the State.

20 SUMMARY

22 This bill does the following:

24 1. It establishes a regulatory structure for distributed
26 generation designed to remove unnecessary barriers to the
development of distributed generation in this State;

28 2. It requires the Public Utilities Commission to establish
30 rules governing the retail sale of excess electricity from a
distributed generator;

32 3. It authorizes the commission to require a transmission
34 and distribution utility to purchase excess electricity from a
distributed generator and resell it at wholesale;

36 4. It directs the commission to allow certain distributed
38 generators to elect a net energy billing arrangement; and

40 5. It directs the commission to examine and address issues
42 related to distributed generation and report back to the Joint
Standing Committee on Utilities and Energy by January 1, 2004.