

MAINE STATE LEGISLATURE

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L.D. 1929

DATE: 4-12-04

(Filing No. H-886)

UTILITIES AND ENERGY

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION

COMMITTEE AMENDMENT "A" to H.P. 1429, L.D. 1929, Bill, "An Act To Promote Economic Development in the State by Encouraging the Production of Electricity from Renewable and Indigenous Resources"

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

Sec. 1. 35-A MRSA §3210, sub-§7 is enacted to read:

7. Information. The commission shall inform electricity consumers in this State of the benefits of electricity generated in this State using renewable resources and of the opportunities available in this State to purchase electricity that is generated using those resources. The commission may not promote any renewable resources over others. The commission may apply for, receive and expend grant money from the United States Department of Energy and other government agencies for this purpose. Notwithstanding section 3211-A, subsection 5, the commission also may use up to \$100,000 per year from the conservation program fund established under section 3211-A, subsection 5 to support the purposes of this subsection. The commission may create or cause to be created a brand or logo to identify Maine renewable resources to consumers. The commission shall register any mark or logo created pursuant to this subsection with the United States Patent and Trademark Office or in accordance with Title 10, chapter 301-A, or both. Any brand or logo created pursuant to this subsection may only be used in accordance with the purposes of this subsection as approved by the commission.

Sec. 2. 35-A MRSA §3212, sub-§4-A is enacted to read:

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2 4-A. Renewables; hedging. The commission shall adopt rules
 4 establishing standards and procedures for incorporating renewable
 6 resources that are constructed after March 1, 2004 into
 8 standard-offer service. The rules must provide for the
 10 incorporation of such resources if the commission finds that the
 12 incorporation will reduce the risk of price volatility, offer an
 14 effective hedging strategy and provide a competitively priced
 16 supply option. The commission may enter into or require
 18 standard-offer providers chosen by a competitive bidding process
 20 to enter into contracts with appropriate terms in order to
 22 achieve the purposes of this subsection consistent with the
 24 legislative findings established in chapter 34 and rules adopted
 26 pursuant to this subsection. For purposes of this subsection,
 28 "renewable resources" has the same meaning as in section 3210,
 30 subsection 2. Rules adopted pursuant to this subsection are
 32 major substantive rules, as defined in Title 5, chapter 375,
 34 subchapter 2-A, and must be submitted to the Legislature for
 36 review by March 1, 2005.

Sec. 3. 35-A MRSA c. 34 is enacted to read:

CHAPTER 34

THE MAINE WIND ENERGY ACT

§3401. Short title

This chapter may be known and cited as "the Maine Wind Energy Act."

§3402. Legislative findings

The Legislature finds that it is in the public interest to
explore opportunities for and encourage the development, where
appropriate, of wind energy production in the State in a manner
that is consistent with high environmental standards and that
achieves reliable, cost-effective, sustainable energy production
on those sites in the State that will attract investment and
permit the development of viable wind energy projects. The
Legislature finds that the development of the wind energy
potential in the State needs to be integrated into the existing
energy supply and transmission systems in a way that achieves
system reliability, total capital cost-effectiveness and optimum
short-term and long-term benefits to Maine people.

§3402. Specific measures to support wind energy

1. Monitoring. The commission shall monitor electricity
markets and sale opportunities physically accessible to wind
power installations in this State to determine whether such

markets and opportunities are available for the sale of wind energy in accordance with federal and state law.

2. Legal action. After consultation with the Attorney General, the commission may initiate regulatory and other legal action to protect access to markets by wind power facilities located in the State.

Sec. 4. Wind power study. The Public Utilities Commission shall conduct a study of the viability of and potential for the development of wind power facilities in this State. In conducting the study, the commission shall examine at least the following:

1. The total realistic development potential and associated costs of wind power in the State;

2. Potential sites for wind power development, in order to identify such sites;

3. Available markets both in and out of this State for sales of potential power generated by wind power development in this State;

4. Transmission modifications that may be required to realize the potential for wind power development in this State and potential costs of and obstacles to such modifications;

5. The impact of potential wind power development on existing electric generation resources in this State and total system impacts, including those related to the integration of such development into existing generation and transmission systems;

6. Obstacles to wind power development in this State;

7. Methods of mitigating the cost to Maine ratepayers of renewable portfolio requirements;

8. In consultation with appropriate governmental agencies, financing or incentive mechanisms to support wind power development, including Pine Tree Development Zone incentives, financing through the Finance Authority of Maine, the possible use of the conservation program fund established in the Maine Revised Statutes, Title 35-A, section 3211-A to provide capitalization resources to the Finance Authority of Maine and other state agencies that might provide financing;

9. The potential benefits and costs of siting wind power development on lands in this State owned by federally recognized

Indian tribes in this State, including consideration of financing, siting and all other issues relating to wind power development that are examined by the commission pursuant to this study; and

10. Such other issues regarding the development of wind power in this State as the commission determines important.

In light of emerging and changing technologies, the commission shall also review what qualifies as renewable resources under Title 35-A, section 3210, subsection 2 and may make suggestions for changes to the definition of that term. The commission shall consult with all agencies it determines necessary in order to adequately carry out the study required under this section. The commission shall propose methods of accomplishing the goal of cost-effective wind energy development in this State, while mitigating the financial risk to Maine ratepayers and maintaining high standards of protection for the State's environment. The commission shall submit a report of its findings and recommendations to the joint standing committee of the Legislature having jurisdiction over utilities and energy matters by March 15, 2005.'

SUMMARY

This amendment replaces the bill. The amendment accomplishes the following.

1. It directs the Public Utilities Commission to inform consumers in this State of the benefits of electricity generated in this State using renewable resources and authorizes the commission to create a brand or logo to identify such resources.

2. It directs the Public Utilities Commission to adopt major substantive rules establishing standards and procedures for incorporating renewable resources that are constructed after March 1, 2004 into standard-offer service. The rules must be submitted for legislative review by March 1, 2005.

3. It establishes legislative findings with regard to wind energy production in this State.

4. It directs the Public Utilities Commission to monitor markets and sale opportunities accessible to wind power installations in this State to determine whether such markets and opportunities are available for the sale of wind energy and authorizes the commission, in consultation with the Attorney General, to initiate regulatory and other legal action to protect access to markets by wind power facilities located in Maine.

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5. It directs the Public Utilities Commission to conduct a study of the viable potential for wind power facilities in the State and to review what qualifies as renewable resources in the Maine Revised Statutes, Title 35-A to determine whether changes may be appropriate and to issue a report of its findings and recommendations by March 15, 2005.

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FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT

**121st Maine Legislature
Office of Fiscal and Program Review**

LD 1929

**An Act to Promote Economic Development in the State by Encouraging
the Production of Electricity from Renewable and Indigenous Resources**

LR 2811(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Utilities and Energy

Fiscal Note Required: Yes



Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

The costs to adopt rules and conduct a study can be absorbed by the Public Utilities Commission utilizing existing budgeted resources.