

MAINE STATE LEGISLATURE

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124th MAINE LEGISLATURE

FIRST REGULAR SESSION-2009

Legislative Document

No. 1430

S.P. 514

In Senate, April 7, 2009

An Act To Ensure Electric Capacity To Serve Maine Consumers

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 BOWMAN of York.

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

2 **Sec. 1. 35-A MRSA §3210-C, sub-§1, ¶A,** as amended by PL 2007, c. 293, §1,
3 is further amended to read:

4 A. "Capacity resource" means any renewable capacity resource, distributed
5 generation resource, nonrenewable capacity resource or interruptible, demand
6 response or energy efficiency capacity resource.

7 **Sec. 2. 35-A MRSA §3210-C, sub-§1, ¶A-2** is enacted to read:

8 A-2. "Capability responsibility" means the amount of electric generation capacity
9 required to meet the needs of electricity users within the State, including amounts
10 needed to serve as a reserve margin sufficient to satisfy the reliability criteria of a
11 national electric reliability council and an organization that assesses electric
12 reliability.

13 **Sec. 3. 35-A MRSA §3210-C, sub-§1, ¶A-3** is enacted to read:

14 A-3. "Distributed generation resource" means a generating unit or combination of
15 generating units that are interconnected with the electric grid of a transmission and
16 distribution utility in this State at a voltage level of less than 69 kilovolts.

17 **Sec. 4. 35-A MRSA §3210-C, sub-§2,** as enacted by PL 2005, c. 677, Pt. C, §1,
18 is amended to read:

19 **2. Policy; goals.** It is the policy of this State that determinations relating to
20 capability responsibility, reserved to the states by the Federal Power Act, 16 United
21 States Code, Section 791a, et seq., must be exercised by the State and that the types and
22 amounts of various capacity resources considered appropriate to fulfill the capability
23 responsibility of the State must be determined by the State. The following goals support
24 the State's capability responsibility policy:

25 A. ~~That~~ To increase by 10% by 2017 the share of new renewable capacity resources
26 as a percentage of the total capacity resources in this State on December 31, 2007
27 increase by 10% by 2017 and that, to the extent possible, to effectuate the increase
28 occur in uniform annual increments;

29 B. To reduce electric prices and price volatility for the State's electricity consumers
30 and to reduce greenhouse gas emissions from the electricity generation sector; ~~and~~

31 C. To develop new capacity resources to reduce demand or increase capacity so as
32 to mitigate the effects of any regional or federal capacity resource mandates; ~~and~~

33 D. To support the integrated use of demand response programs and distributed
34 generation resources to fulfill capability responsibility.

35 **Sec. 5. 35-A MRSA §3210-C, sub-§3,** as amended by PL 2007, c. 575, §2 and c.
36 656, Pt. B, §2, is repealed and the following enacted in its place:

37 **3. Commission authority.** The commission may direct investor-owned
38 transmission and distribution utilities to enter into long-term contracts for:

1 A. Capacity resources; and

2 B. Available energy associated with capacity resources contracted under paragraph
3 A:

4 (1) To the extent necessary to meet the goals in subsection 2, paragraph A; or

5 (2) If the commission determines appropriate for purposes of supplying or
6 lowering the cost of standard-offer service or otherwise lowering the cost of
7 electricity for the ratepayers in the State. Available energy contracted pursuant to
8 this subparagraph may be sold into the wholesale electricity market in
9 conjunction with solicitations for standard-offer supply bids.

10 The commission may direct investor-owned transmission and distribution utilities to enter
11 into contracts under this subsection only as agents for their customers and only in
12 accordance with this section. The commission may permit, but may not require, investor-
13 owned transmission and distribution utilities to enter into contracts for differences that are
14 designed and intended to buffer ratepayers in the State from potential negative effects
15 from transmission development. To the greatest extent possible, the commission shall
16 develop procedures for long-term contracts for investor-owned transmission and
17 distribution utilities under this subsection having the same legal and financial effect as the
18 procedures used for standard-offer service pursuant to section 3212 for investor-owned
19 transmission and distribution utilities.

20 The commission shall enter into contracts for interruptible, demand response or energy
21 efficiency capacity resources. These contracts are not subject to the rules of the State
22 Purchasing Agent. In a competitive solicitation conducted pursuant to subsection 6, the
23 commission shall allow transmission and distribution utilities to submit bids for
24 interruptible, demand response or energy efficiency capacity resources.

25 Capacity resources contracted under this subsection may not exceed the amount
26 necessary to ensure the reliability of the electric grid of this State or to lower customer
27 costs as determined by the commission pursuant to rules adopted under subsection 10.

28 The commission may determine capability responsibility by reference to that developed
29 by the Independent System Operator New England regional transmission organization, or
30 its successor organization, for the period being considered.

31 The commission shall ensure that any long-term contract authorized under this subsection
32 is consistent with the State's goals for greenhouse gas reduction under Title 38, section
33 576 and the regional greenhouse gas initiative as described in the state climate action plan
34 required in Title 38, section 577.

35 **Sec. 6. 35-A MRSA §3210-C, sub-§4, ¶B,** as enacted by PL 2005, c. 677, Pt. C,
36 §1, is amended to read:

37 B. Among capacity resources meeting the standard in paragraph A, the commission
38 shall choose among capacity resources in the following order of priority:

39 (1) ~~New interruptible~~ Interruptible, demand response or energy efficiency
40 capacity resources located in this State;

41 (2) New renewable capacity resources located in this State;

- 1 (3) New capacity resources with no net emission of greenhouse gases;
- 2 (4) New nonrenewable capacity resources located in this State. The commission
- 3 shall give preference to new nonrenewable capacity resources with no net
- 4 emission of greenhouse gases;
- 5 (5) Capacity resources that enhance the reliability of the electric grid of this
- 6 State. The commission shall give preference to capacity resources with no net
- 7 emission of greenhouse gases; and
- 8 (6) Other capacity resources.

9 **SUMMARY**

10 This bill:

- 11 1. Amends the laws governing public utilities to define "capacity resource" to
- 12 include distributed generation resource;
- 13 2. Specifies that determinations relating to capability responsibility, which is defined
- 14 as the amount of electric generation capacity required to meet the needs of electricity
- 15 users within the State, must be made by the State;
- 16 3. Establishes a goal of supporting the integrated use of demand response programs
- 17 and distributed generation resources in order to fulfill capability responsibility; and
- 18 4. Amends the law to require, rather than permit, the Public Utilities Commission to
- 19 contract for capacity resources consisting of interruptible, demand response or energy
- 20 efficiency capacity.