

# MAINE STATE LEGISLATURE

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# 126th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2013

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Legislative Document

No. 1278

S.P. 440

In Senate, April 2, 2013

### **An Act To Ensure Equitable Support for Long-term Energy Contracts**

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

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT  
Secretary of the Senate

Presented by Senator YOUNGBLOOD of Penobscot.  
Cosponsored by Representative CAMPBELL of Orrington and  
Senators: CAIN of Penobscot, JACKSON of Aroostook, THIBODEAU of Waldo,  
Representatives: DAVIS of Sangerville, LIBBY of Waterboro, NEWENDYKE of Litchfield.

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

2 **Sec. 1. 35-A MRSA §3210-C, sub-§8**, as repealed and replaced by PL 2009, c.  
3 415, Pt. A, §23, is amended to read:

4 **8. Cost and benefit allocation.** The commission shall ensure that ~~an investor-~~  
5 ~~owned transmission and distribution utility recovers in rates~~ all costs ~~of~~ and direct  
6 financial benefits associated with contracts entered into ~~pursuant to subsection 3,~~  
7 ~~including but not limited to any impacts on the utility's costs of capital~~ under this section  
8 are allocated to ratepayers in accordance with section 3210-F. A price differential  
9 existing at any time during the term of the contract between the contract price and the  
10 prevailing market price at which the capacity resource is sold or any gains or losses  
11 derived from contracts for differences must be reflected in ~~rates~~ the amounts charged to  
12 ratepayers and may not be ~~deemed to be~~ considered imprudent.

13 **Sec. 2. 35-A MRSA §3210-F** is enacted to read:

14 **§3210-F. Allocation of costs and benefits of long-term energy contracts**

15 The commission shall ensure that all eligible costs and benefits associated with a  
16 long-term energy contract are allocated to ratepayers in accordance with this section.

17 **1. Definitions.** As used in this section, unless the context otherwise indicates, the  
18 following terms have the following meanings.

19 A. "Eligible costs and benefits" means the net amount of all costs and direct financial  
20 benefits associated with long-term energy contracts entered into by investor-owned  
21 transmission and distribution utilities, including but not limited to any effects on a  
22 utility's cost of capital as a result of these contracts.

23 B. "Long-term energy contract" means a contract entered into under section 3210-C  
24 or section 3604.

25 **2. Eligible costs and benefits.** The commission shall determine eligible costs and  
26 benefits annually for a one-year period starting July 1st based on a forecast for that year,  
27 and shall reconcile any difference between actual and forecast eligible costs and benefits  
28 by means of an adjustment to the forecast for the ensuing year.

29 **3. Allocation of eligible costs and benefits.** The commission shall annually allocate  
30 to each investor-owned transmission and distribution utility its pro rata share of eligible  
31 costs and benefits as determined under subsection 2. The allocation must be based on  
32 each utility's total retail kilowatt hour energy sales for the previous calendar year. For  
33 each year, the commission shall determine the allocation under this subsection annually  
34 prior to May 1st, and that allocation must go into effect during the ensuing year beginning  
35 July 1st.

36 **4. Assessments or remittances.** Depending on whether the eligible costs and  
37 benefits for a particular year represent a net cost or benefit, the commission shall either  
38 assess upon or cause to be remitted to investor-owned transmission and distribution  
39 utilities an amount equal to each utility's allocated share of eligible costs and benefits as

1 determined under subsection 3, which assessment or remittance must in turn be passed  
2 through by that utility to its electricity consumers.

3 **5. Transition.** The cost and benefit allocation mechanism set forth in this section  
4 applies to all long-term energy contracts, including contracts entered into prior to the  
5 effective date of this section.

6 **6. Rules.** The commission may adopt rules to implement this section. Rules  
7 adopted pursuant to this section are routine technical rules as defined by Title 5, chapter  
8 375, subchapter 2-A.

9 **Sec. 3. 35-A MRSA §3604, sub-§8,** as enacted by PL 2009, c. 329, Pt. A, §4, is  
10 repealed and the following enacted in its place:

11 **8. Cost and benefit allocation.** The commission shall ensure that all costs and  
12 benefits associated with contracts entered into under this section are allocated to  
13 electricity consumers in accordance with section 3210-F.

14 **SUMMARY**

15 This bill ensures that consumers of investor-owned transmission and distribution  
16 utilities in the State equitably share in the costs and direct benefits of long-term capacity  
17 resource contracts and community-based renewable energy projects. The bill provides  
18 that eligible costs and benefits related to these contracts are determined annually based on  
19 a forecast and reconciled the following year. The recovery mechanism established in this  
20 bill applies to existing long-term contracts and replaces any other recovery mechanism  
21 currently in place.