

# MAINE STATE LEGISLATURE

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# 129th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2019

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Legislative Document

No. 1465

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H.P. 1072

House of Representatives, April 2, 2019

### **An Act To Diversify Maine's Energy Portfolio with Renewable Energy**

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

A handwritten signature in cursive script that reads "Robert B. Hunt".

ROBERT B. HUNT  
Clerk

Presented by Representative HUBBELL of Bar Harbor.

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

2 **Sec. 1. 35-A MRSA §3209-A**, as corrected by RR 2017, c. 1, §32, is amended to  
3 read:

4 **§3209-A. Net energy billing**

5 The commission ~~may~~ shall adopt or amend rules governing net energy billing. Rules  
6 adopted or amended pursuant to this section must allow up to 200 customers to share  
7 ownership of an electricity generating facility under net energy billing; must allow  
8 electricity generating facilities of up to one megawatt installed capacity to qualify for net  
9 energy billing; and must require the commission to review net energy billing when the  
10 cumulative capacity of electricity generating facilities that participate in net energy  
11 billing in the service territory of a transmission and distribution utility reaches 10% of the  
12 utility's peak demand. Rules adopted or amended under this section are routine technical  
13 rules as defined in Title 5, chapter 375, subchapter 2-A. "Net energy billing" means a  
14 billing and metering practice under which a customer is billed on the basis of net energy  
15 over the billing period taking into account accumulated unused kilowatt-hour credits from  
16 the previous billing period.

17 **Sec. 2. 35-A MRSA §3210, sub-§2, ¶B-3**, as amended by PL 2015, c. 220, §1, is  
18 further amended to read:

19 B-3. "Renewable capacity resource" means a source of electrical generation:

20 (1) Whose total power production capacity does not exceed 100 megawatts and  
21 relies on one or more of the following:

22 (a) Fuel cells;

23 (b) Tidal power;

24 ~~(c) Solar arrays and installations;~~

25 (d) Geothermal installations;

26 ~~(e) Hydroelectric generators that meet all state and federal fish passage~~  
27 ~~requirements applicable to the generator;~~

28 (f) Biomass generators that are fueled by wood, wood waste or landfill gas;  
29 or

30 (g) Anaerobic digestion of by-products of waste from animals or agricultural  
31 crops, food or vegetative material, algae or organic refuse; ~~or~~

32 (2) That relies on solar arrays and installations or wind power installations; ~~or~~

33 (3) That relies on hydroelectric generators whose total power production is  
34 greater than or equal to 25 megawatts, that meet all state and federal fish passage  
35 requirements applicable to the generator and that are highly productive, as  
36 defined by the commission by rule.

37 **Sec. 3. 35-A MRSA §3210, sub-§2, ¶B-4**, as amended by PL 2011, c. 413, §1, is  
38 further amended to read:

1 B-4. "New" as applied to any renewable capacity resource means a renewable  
2 capacity resource that:

- 3 (1) Has an in-service date after September 1, 2005;
- 4 (2) Was added to an existing facility after September 1, 2005;
- 5 (3) For at least 2 years was not operated or was not recognized by the New  
6 England independent system operator as a capacity resource and, after September  
7 1, 2005, resumed operation or was recognized by the New England independent  
8 system operator as a capacity resource; or
- 9 (4) Was refurbished after September 1, 2005 and before September 1, 2019 and  
10 is operating beyond its previous useful life or is employing an alternate  
11 technology that significantly increases the efficiency of the generation process.

12 For the purposes of this paragraph, "capacity resource" has the same meaning as in  
13 section 3210-C, subsection 1, paragraph A. For the purposes of this paragraph, "to  
14 refurbish" means to make an investment in equipment or facilities, other than for  
15 routine maintenance and repair, to renovate, reequip or restore the renewable capacity  
16 resource.

17 **Sec. 4. 35-A MRSA §3210, sub-§3-A, ¶A**, as amended by PL 2017, c. 291, §1,  
18 is further amended to read:

19 A. Except as provided in paragraph B, beginning January 1, 2008, as a condition of  
20 licensing pursuant to section 3203, each competitive electricity provider in this State  
21 must demonstrate in a manner satisfactory to the commission that the percentage of  
22 its portfolio of supply sources for retail electricity sales in this State accounted for by  
23 new renewable capacity resources is as follows:

- 24 (1) One percent for the period from January 1, 2008 to December 31, 2008;
- 25 (2) Two percent for the period from January 1, 2009 to December 31, 2009;
- 26 (3) Three percent for the period from January 1, 2010 to December 31, 2010;
- 27 (4) Four percent for the period from January 1, 2011 to December 31, 2011;
- 28 (5) Five percent for the period from January 1, 2012 to December 31, 2012;
- 29 (6) Six percent for the period from January 1, 2013 to December 31, 2013;
- 30 (7) Seven percent for the period from January 1, 2014 to December 31, 2014;
- 31 (8) Eight percent for the period from January 1, 2015 to December 31, 2015;
- 32 (9) Nine percent for the period from January 1, 2016 to December 31, 2016; ~~and~~
- 33 (10) Ten percent for the period from January 1, 2017 to December 31, ~~2022~~  
34 2019;
- 35 (11) Fourteen percent for the period from January 1, 2020 to December 31, 2020;
- 36 (12) Eighteen percent for the period from January 1, 2021 to December 31, 2021;
- 37 (13) Twenty-two percent for the period from January 1, 2022 to December 31,  
38 2022;

- 1                   (14) Twenty-six percent for the period from January 1, 2023 to December 31,  
2                   2023;
- 3                   (15) Thirty percent for the period from January 1, 2024 to December 31, 2024;
- 4                   (16) Thirty-four percent for the period from January 1, 2025 to December 31,  
5                   2025;
- 6                   (17) Thirty-eight percent for the period from January 1, 2026 to December 31,  
7                   2026;
- 8                   (18) Forty-two percent for the period from January 1, 2027 to December 31,  
9                   2027;
- 10                  (19) Forty-six percent for the period from January 1, 2028 to December 31, 2028;  
11                  and
- 12                  (20) Fifty percent beginning January 1, 2029.

13                  New renewable capacity resources used to satisfy the requirements of this paragraph  
14                  may not be used to satisfy the requirements of subsection 3. The commission by rule  
15                  shall establish a 40% minimum efficiency standard, to be phased in over a 5-year  
16                  period, for biomass resources that are used to satisfy portfolio requirements under this  
17                  paragraph. The rules must limit the use of a biomass resource to meet the portfolio  
18                  requirements to 25% of the output of the resource if the resource does not meet the  
19                  minimum efficiency standard after the 5-year phase-in period. For the purposes of  
20                  this paragraph, "biomass resource" means a source of electrical generation described  
21                  under subsection 2, paragraph B-3, subparagraph (1), division (f) or (g).

22                  **Sec. 5. 35-A MRSA §3210-C, sub-§3-A** is enacted to read:

23                  **3-A. Long-term contracts for renewable resources.** The commission shall direct  
24                  investor-owned transmission and distribution utilities to enter into long-term contracts  
25                  for:

26                  A. New renewable capacity resources that are grid-scale, as defined by the  
27                  commission by rule, referred to in this paragraph as "grid-scale renewable resources,"  
28                  in accordance with this paragraph.

29                  (1) Over a 5-year period beginning January 1, 2020, the commission shall direct  
30                  investor-owned transmission and distribution utilities to enter into long-term  
31                  contracts to procure, to the maximum extent possible, 800 megawatts from grid-  
32                  scale renewable resources.

33                  (2) The commission shall conduct annual competitive solicitations for the long-  
34                  term contracts and consider benefits to the state economy in selecting bids. If  
35                  multiple bids are submitted, the commission shall select one or more winning  
36                  bidders.

37                  (3) Contracts must include energy, renewable energy credits or both energy and  
38                  renewable energy credits associated with grid-scale renewable resources, and  
39                  may include capacity. Renewable energy credits contracted under this paragraph  
40                  may be used to satisfy the portfolio requirements of section 3210, subsection 3-A.

1                   (4) At least 80% of resources contracted under this paragraph must be from grid-  
2                   scale renewable resources that have an in-service date after December 31, 2018;

3                   B. New renewable capacity resources that are community-based, as defined by the  
4                   commission by rule, referred to in this paragraph as "community-based renewable  
5                   resources," in accordance with this paragraph.

6                   (1) Over a 5-year period beginning January 1, 2020, the commission shall direct  
7                   investor-owned transmission and distribution utilities to enter into long-term  
8                   contracts to procure, to the maximum extent possible, 90 megawatts from  
9                   community-based renewable resources.

10                  (2) The commission shall conduct annual competitive solicitations for the long-  
11                  term contracts. The first annual solicitation must be for 10 megawatts and the 4  
12                  subsequent annual solicitations must be for 20 megawatts. If multiple bids are  
13                  submitted, the commission shall select one or more winning bidders.  
14                  Nongreenfield sites, as defined by the commission by rule, must be eligible for a  
15                  bid enhancement value for the purpose of selecting winning bids.

16                  (3) Contracts must include energy, capacity or both energy and capacity  
17                  associated with community-based renewable resources, and may include  
18                  renewable energy credits.

19                  (4) To be eligible for contracting under this paragraph, a community-based  
20                  renewable resource must have:

21                    (a) An in-service date after December 31, 2018 and a nameplate capacity of  
22                    no more than 5 megawatts; and

23                    (b) At least 50% of the ownership of the resource accounted for by  
24                    individual ownership shares that each represent no more than 25 kilowatts of  
25                    generating capacity and at least 5% of the ownership of the resource  
26                    accounted for by low-income to moderate-income customers, as defined by  
27                    the commission by rule.

28                  (5) Contracts must provide the owners of the community-based renewable  
29                  resource a monthly credit, with a dollar value, on the owners' utility bills based  
30                  on each owner's percentage interest in total production of the resource; and

31                  C. New renewable capacity resources that are commercial and industrial, as defined  
32                  by the commission by rule, referred to in this paragraph as "commercial and  
33                  industrial renewable resources," in accordance with this paragraph.

34                  (1) Over a 5-year period beginning January 1, 2020, the commission shall direct  
35                  investor-owned transmission and distribution utilities to enter into long-term  
36                  contracts to procure, to the maximum extent possible, 135 megawatts from  
37                  commercial and industrial renewable resources.

38                  (2) The commission shall conduct annual competitive solicitations for the long-  
39                  term contracts. The first annual solicitation must be for 15 megawatts and the 4  
40                  subsequent annual solicitations must be for 30 megawatts. If multiple bids are  
41                  submitted, the commission shall select one or more winning bidders.

1 Nongreenfield sites, as defined by the commission by rule, must be eligible for a  
2 bid enhancement value for the purpose of selecting winning bids.

3 (3) To be eligible for contracting under this paragraph, a commercial and  
4 industrial renewable resource must have an in-service date after December 31,  
5 2018.

6 (4) Contracts must provide the owner of the commercial and industrial  
7 renewable resource a monthly credit, with a dollar value, on the owner's utility  
8 bill.

9 **Sec. 6. Rulemaking.** The Public Utilities Commission shall amend its net energy  
10 billing rules within 90 days of the effective date of this Act to conform with the changes  
11 to the Maine Revised Statutes, Title 35-A, section 3209-A under this Act.

12 **Sec. 7. Thermal renewable portfolio standard.** The Public Utilities  
13 Commission shall develop a plan for implementing a thermal renewable resource  
14 portfolio standard in accordance with this section. The thermal renewable resource  
15 portfolio standard must:

16 1. Define thermal renewable resources to include, at a minimum, commercial and  
17 industrial pellet and wood heating systems, residential biomass systems and combined  
18 heat and power systems fueled by biomass;

19 2. Require each competitive electricity provider in the State to demonstrate in a  
20 manner satisfactory to the commission that by 2030 4% of its portfolio of supply sources  
21 for retail electricity sales in this State is accounted for by thermal renewable resources;

22 3. Require emission control standards for large thermal renewable energy generating  
23 systems; and

24 4. Establish a renewable energy credit value for net thermal energy produced and  
25 allow thermal renewable energy credits to be used to satisfy portfolio requirements as is  
26 allowed for other renewable resources.

27 The commission shall submit the plan, along with implementing legislation, to the  
28 Joint Standing Committee on Energy, Utilities and Technology by January 1, 2020. The  
29 committee may submit a bill to the Second Regular Session of the 129th Legislature  
30 related to the thermal renewable resource portfolio standard.

31 **Sec. 8. Distributed generation pilot program.** The Public Utilities  
32 Commission, by rule or order, shall develop and implement a distributed generation pilot  
33 program, referred to as "the pilot program," to encourage on-site renewable energy  
34 generation in accordance with this section. For purposes of this section, "distributed  
35 generation" means an electricity generating facility that is interconnected to the electric  
36 distribution system but not owned by a transmission and distribution utility.

37 1. The pilot program must be made available to electricity customers that pay a  
38 demand charge based on the peak electricity usage during a billing period and own a  
39 distributed generation resource that has a nameplate capacity of at least 50 kilowatts and

1 not more than one megawatt and that is fueled by a renewable resource, as defined by the  
2 commission by rule.

3 2. The commission shall determine how the rate, or tariff, is set for the purchase of  
4 electricity generated by pilot program participants. In determining the rate or tariff, the  
5 commission shall consider whether capacity associated with the energy is included in the  
6 program, and rate or tariff, or stays with the pilot program participant.

7 3. The commission shall implement the pilot program no later than January 1, 2020.  
8 The commission shall evaluate the pilot program and report its findings and  
9 recommendations to the joint standing committee of the Legislature having jurisdiction  
10 over energy matters no later than April 15, 2023. The committee may submit a bill  
11 related to the pilot program to the First Regular Session of the 131st Legislature.

## 12 **SUMMARY**

13 This bill does the following.

14 1. It increases the portfolio requirement for new renewable resources from 10% to  
15 50% by 2030 and makes several changes to resource eligibility for the requirement to  
16 encourage solar generation and highly productive hydropower resources and to provide  
17 minimum efficiency standards for biomass resources.

18 2. It directs the Public Utilities Commission to procure long-term contracts over a 5-  
19 year period for 800 megawatts of grid-scale renewable resources, 90 megawatts of  
20 community-based renewable resources and 135 megawatts of renewable resources owned  
21 by commercial and industrial electricity customers. For each of these 3 types of  
22 renewable resources, the bill requires the commission to conduct annual solicitations for  
23 the long-term contracts and specifies requirements for the procurement process, resulting  
24 contracts and resource qualification.

25 3. It requires that the Public Utilities Commission rules governing net energy billing  
26 allow up to 200 customers to share ownership of an electricity generating facility for net  
27 energy billing, allow electricity generating facilities of up to one megawatt installed  
28 capacity to qualify for net energy billing and require the commission to review net energy  
29 billing when the cumulative capacity of electricity generating facilities that participate in  
30 net energy billing in the service territory of a transmission and distribution utility reaches  
31 10% of the utility's peak demand.

32 4. It directs the Public Utilities Commission to develop a plan for implementing a  
33 thermal renewable resource portfolio standard to encourage commercial and industrial  
34 pellet and wood heating systems, residential biomass systems and combined heat and  
35 power systems fueled by biomass. It requires the commission to submit a plan for the  
36 thermal renewable resource portfolio standard by January 1, 2020.

37 5. It directs the Public Utilities Commission to develop, implement and evaluate a  
38 distributed generation pilot program to encourage on-site renewable energy generation. It  
39 requires the commission to evaluate the pilot program after 3 years of operation and



1 report its findings and recommendations to the joint standing committee of the  
2 Legislature having jurisdiction over energy matters by April 15, 2023.