

MAINE STATE LEGISLATURE

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129th MAINE LEGISLATURE

FIRST REGULAR SESSION-2019

Legislative Document

No. 1766

S.P. 597

In Senate, May 21, 2019

**An Act To Transform Maine's Heat Pump Market To Advance
Economic Security and Climate Objectives**

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 LAWRENCE of York. (GOVERNOR'S BILL)
Cosponsored by Speaker GIDEON of Freeport and
Senators: President JACKSON of Aroostook, POULIOT of Kennebec, Representatives:
CAMPBELL of Orrington, HICKMAN of Winthrop, HUBBELL of Bar Harbor, PLUECKER
of Warren.

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

2 **Sec. 1. 10 MRSA §1415-G, sub-§1**, as amended by PL 2011, c. 300, §2, is
3 further amended to read:

4 **1. Residential construction, remodeling and renovation.** Except as provided in
5 this section, during the construction, remodeling or renovation of a multifamily
6 residential structure, a person may not install electric resistance space heating equipment
7 as the primary heating system if that construction, remodeling or renovation is funded in
8 whole or in part by public funds, guarantees or bond proceeds and the structure's
9 calculated heating load exceeds 1.3 watts per square foot per year as determined by the
10 commission by rule. For purposes of this section, "multifamily residential structure"
11 means a residential structure with more than one dwelling unit and "electric resistance
12 space heating equipment" does not include electric thermal storage space heating
13 equipment, a high-performance air source heat pump meeting the performance standards
14 of the Efficiency Maine Trust or a geothermal heat pump.

15 **Sec. 2. 35-A MRSA §10103, sub-§4**, as amended by PL 2013, c. 369, Pt. A, §5,
16 is further amended to read:

17 **4. Program funding.** The board may apply for and receive grants from municipal,
18 state, federal and private sources for deposit into appropriate program funds, including
19 funds for both residential and business programs. The board may deposit in appropriate
20 program funds the proceeds of any bonds issued for the purposes of programs
21 administered by the trust. The board may receive and shall deposit in appropriate
22 program funds revenue resulting from any forward capacity market or other capacity
23 payments from the regional transmission organization that may be attributable to those
24 projects funded by those funds, except that, from fiscal year 2019-20 to fiscal year 2024-
25 25, such payments must be used to promote high-performance air source heat pump
26 technology and deposited in the Heating Fuels Efficiency and Weatherization Fund
27 established in section 10119. The board shall deposit into appropriate program funds
28 revenue transferred to the trust from the energy infrastructure benefits fund pursuant to
29 Title 5, section 282, subsection 9 for use in accordance with subsection 4-A. The board
30 may also deposit any grants or other funds received by or from any entity with which the
31 trust has an agreement or contract pursuant to this chapter if the board determines that
32 receipt of those funds is consistent with the purposes of this chapter.

33 **Sec. 3. 35-A MRSA §10104, sub-§8**, as enacted by PL 2009, c. 372, Pt. B, §3, is
34 amended to read:

35 **8. Approval of Maine State Housing Authority plans.** After July 1, 2010, the
36 Maine State Housing Authority, prior to applying for federal funds on behalf of the State
37 pursuant to Title 30-A, section 4741, subsection 15 for weatherization, energy
38 conservation and fuel assistance pursuant to the Weatherization Assistance for Low-
39 income Persons Program administered through the United States Department of Energy
40 and the Low-income Home Energy Assistance Program administered through the United
41 States Department of Health and Human Services, shall submit to the board for its review
42 and input the authority's implementation plans for the use of such funds. The plans must

1 describe the amount of budget available to support the heat pump goal established in
2 section 10119, subsection 2, paragraph A, subparagraph (2), the plans' strategy for
3 promoting that goal and an estimate of the number of units that will be installed. The
4 plans must provide for coordination by the Maine State Housing Authority in its use of
5 such funds with the programs administered by the trust under this chapter. The Maine
6 State Housing Authority shall ~~include~~ consider in its plans any recommendations of the
7 board to the extent the recommendations are consistent with the applicable federal
8 guidelines governing the use of the funds.

9 **Sec. 4. 35-A MRSA §10110, sub-§1, ¶C**, as enacted by PL 2009, c. 372, Pt. B,
10 §3, is amended to read:

11 C. "Conservation programs" means programs developed by the trust pursuant to this
12 section designed to ~~reduce inefficient~~ increase the efficiency of electricity use.

13 **Sec. 5. 35-A MRSA §10110, sub-§4-A, ¶A**, as enacted by PL 2013, c. 369, Pt.
14 A, §20 and affected by §30, is amended to read:

15 A. Consider electric energy efficiency resources that are reasonably foreseeable to be
16 acquired by the trust using ~~all other sources of revenue, including, but not limited to,~~
17 the Regional Greenhouse Gas Initiative Trust Fund under section 10109, federal or
18 state grants or settlement funds designated by the board for programs implemented
19 under this section, except that forward capacity market payments deposited in the
20 Heating Fuels Efficiency and Weatherization Fund established in section 10119 may
21 not be considered;

22 **Sec. 6. 35-A MRSA §10119**, as amended by PL 2009, c. 652, Pt. A, §49, is
23 further amended to read:

24 **§10119. Heating Fuels Efficiency and Weatherization Fund**

25 **1. Fund established; use of money.** The Heating Fuels Efficiency and
26 Weatherization Fund, referred to in this section as "the fund," is established. The fund is
27 a nonlapsing fund and is administered by the trust in accordance with this section. Any
28 interest earned on funds in the fund must be credited to the fund, and funds not spent in
29 any fiscal year remain in the fund to be used in accordance with this section. The trust
30 may receive and deposit in the fund funds from the following sources:

- 31 A. Any funds collected from an assessment on heating fuels;
- 32 B. Federal funds and awards that may be used for the purposes of this section;
- 33 C. The proceeds of any bonds issued for the purposes of this section;
- 34 D. Principal and interest received from the repayment of loans made from the fund;
- 35 E. Any interest earned on investment of fund balances; ~~and~~
- 36 F. Any ~~other~~ funds from public or private sources received in support of the purposes
37 for which the fund is established; ~~and~~
- 38 G. Payments from the forward capacity market or other payments by the regional
39 transmission organization.

1 The trust may annually deposit funds received pursuant to this section into the
2 administration fund, to a maximum in any fiscal year of 10% of the revenues received
3 under this section.

4 **2. Program.** All funds deposited in the fund must be administered by the trust in
5 accordance with the following.

6 A. All funds deposited in the fund must be administered by the trust to reduce
7 heating fuel consumption consistent with the purpose and targets of the trust and the
8 triennial plan to achieve the following ~~goal~~ goals:

9 (1) By 2030, to provide cost-effective energy efficiency and weatherization
10 measures to substantially all homes and businesses whose owners wish to
11 participate in programs established by the trust under this section; and

12 (2) From fiscal year 2019-20 to fiscal year 2024-25, to install 100,000 new high-
13 performance air source heat pumps in the State to provide heating in residential
14 and nonresidential spaces. "High-performance air source heat pump" means an
15 air source heat pump that satisfies minimum heating performance standards as
16 determined by the trust.

17 B. Funds from the fund may be used only for programs that provide cost-effective
18 ~~energy efficiency and heating or~~ weatherization measures ~~for the benefit of heating~~
19 ~~fuel customers or to efficiency service providers serving those customers and~~ in
20 accordance with ~~the following~~ this paragraph.

21 (1) Program categories ~~must~~ may include low-income, single-family and 2-family
22 residential units, multifamily residential units, small business, commercial and
23 institutional and such other categories as the trust determines appropriate; and

24 (2) Within program categories, the trust may differentiate between programs for
25 new construction and existing buildings; and

26 (3) Cost-effective energy efficiency measures must include measures that
27 improve the energy efficiency of energy-using systems, such as heating and
28 cooling systems, through system upgrades or conversions, including conversions
29 to energy-efficient systems that rely on renewable energy sources or systems that
30 rely on effective energy efficiency technologies.

31 (4) Eligible program measures may include, but are not limited to, training or
32 certification of energy auditors, insulation installers, mechanical heating system
33 installers and maintenance technicians and building energy inspectors.

34 C. Program designs approved by the trust ~~must~~ may contain:

35 (1) Incentives to consumers to purchase and install cost-effective efficiency and
36 weatherization products and services ~~identified by a certified energy auditor,~~
37 except in the case of programs to deliver education, training or certifications;

38 (2) ~~A schedule of customer copayments and loan~~ Loan options for prescribed
39 products and services. ~~Programs, including specially designed loans for low-~~
40 ~~income and moderate-income consumers may provide exemptions from the~~
41 ~~copayment and schedule~~ for the purchase and installation of a high-performance
42 air source heat pump;

1 (3) A plan for integrating delivery of heating fuel efficiency and weatherization
2 measures with electric efficiency measures; and

3 (4) A system for the equitable allocation of costs among the contributing funds or
4 subaccounts administered by the trust when more than one efficiency opportunity
5 is identified, except that for purposes of advancing the goal of paragraph A,
6 subparagraph (2), payments from the forward capacity market deposited in the
7 fund must be used to supplement, and not supplant, heat pump incentive amounts
8 approved through the triennial plan for electric efficiency and conservation
9 programs.

10 ~~D. Other eligible program measures may include, but are not limited to, training or~~
11 ~~certification of energy auditors, insulation installers, mechanical heating system~~
12 ~~installers and maintenance technicians and building energy inspectors.~~

13 **3. Rulemaking.** The board may adopt rules to implement this section. Rules
14 adopted pursuant to this subsection are routine technical rules as defined in Title 5,
15 chapter 375, subchapter 2-A.

16 **4. Effective date.** This section takes effect July 1, 2010.

17 SUMMARY

18 This bill establishes a goal to install 100,000 new high-performance air source heat
19 pumps in the State to provide heating in residential and nonresidential spaces. It defines
20 "high-performance air source heat pump" as an air source heat pump that satisfies
21 minimum heating performance standards as determined by the Efficiency Maine Trust.

22 The bill directs forward capacity market payments received by the Efficiency Maine
23 Trust to the Heating Fuels Efficiency and Weatherization Fund to promote high-
24 performance air source heat pumps. It directs the Maine State Housing Authority to share
25 information with the Efficiency Maine Trust Board about the extent to which federally
26 funded weatherization programming is available to meet the heat pump goal. It clarifies
27 that in the construction, remodeling or renovation of a multifamily residential structure
28 funded in whole or in part by public funds, guarantees or bond proceeds, high-
29 performance air source heat pumps may be used as the primary heating system without
30 requiring a waiver from the Public Utilities Commission.