

MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1223

H.P. 798

House of Representatives, March 25, 2025

**An Act to Lower Electric Rates for Maine Ratepayers by Requiring
the Payment of Certain Costs from the General Fund**

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

A handwritten signature in cursive script, reading "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative FOSTER of Dexter.
Cosponsored by Representatives: FAULKINGHAM of Winter Harbor, PAUL of Winterport,
WADSWORTH of Hiram, Senator: GROHOSKI of Hancock.

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

2 Sec. 1. 35-A MRSA §3149 is enacted to read:

3 **§3149. Procurement and arrearage management program funding**

4 **1. Procurement costs to be paid from General Fund.** Notwithstanding any
5 provision of this Title to the contrary, if the commission requires a transmission and
6 distribution utility to purchase or otherwise contract for energy, renewable energy credits,
7 energy storage systems or transmission infrastructure pursuant to applicable law, costs
8 incurred by a transmission and distribution utility for the purchase or contract may not be
9 incorporated into rates, and costs associated with the purchase or procurement must be paid
10 from the General Fund. The commission may not require a transmission and distribution
11 utility to purchase or otherwise contract for energy, renewable energy credits, energy
12 storage systems or transmission infrastructure unless the commission has submitted
13 legislation to request funding to be paid into the Energy Procurement and Arrearage
14 Management Program Cost Fund established in subsection 2 and adequate funding is
15 available within the fund.

16 **2. Energy Procurement and Arrearage Management Program Cost Fund.** The
17 Energy Procurement and Arrearage Management Program Cost Fund is established within
18 the commission as a nonlapsing fund for the purposes of paying costs incurred by a
19 transmission and distribution utility to purchase or otherwise contract for energy,
20 renewable energy credits, energy storage systems or transmission infrastructure pursuant
21 to applicable law as described in subsection 1 and costs incurred by a transmission and
22 distribution utility associated with an arrearage management program pursuant to section
23 3214, subsection 2-A. The commission may receive and deposit in the fund funds from the
24 General Fund.

25 Sec. 2. 35-A MRSA §3209-A, sub-§1, ¶B-1 is enacted to read:

26 B-1. "Kilowatt-hour credit program cost" means:

27 (1) Transmission and distribution costs that would otherwise be paid by a customer
28 through the volumetric charge on the customer's electricity bill that are not received
29 by a transmission and distribution utility due to application of kilowatt-hour credits
30 to the customer's electricity bill; and

31 (2) Costs incurred by a transmission and distribution utility for the administration
32 of net energy billing arrangements.

33 Sec. 3. 35-A MRSA §3209-A, sub-§10 is enacted to read:

34 **10. Kilowatt-hour credit program costs.** After January 1, 2027, kilowatt-hour credit
35 program costs may not be included or incorporated in the operating expenses of a
36 transmission and distribution utility to be recovered in rates and must be paid from the
37 General Fund. The commission shall submit legislation to request funding to be paid into
38 the Net Energy Billing Cost Stabilization Fund established in section 3209-B, subsection
39 10 to ensure that adequate funding is available to pay kilowatt-hour credit program costs.

40 The commission shall adopt rules to establish a process by which kilowatt-hour credit
41 program costs are distributed to transmission and distribution utilities using funds from the
42 Net Energy Billing Cost Stabilization Fund. The rules must require a transmission and
43 distribution utility to provide to the commission, at least biennially, an estimate of kilowatt-

1 hour credit program costs for the following year. The commission rules must establish a
2 schedule for the commission's payment of kilowatt-hour program costs and a reconciliation
3 process by which any overpayments are returned by a transmission and distribution utility
4 to the Net Energy Billing Cost Stabilization Fund. Notwithstanding any provision of this
5 section to the contrary, rules adopted by the commission pursuant to this subsection are
6 routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

7 **Sec. 4. 35-A MRSA §3209-B, sub-§1, ¶B-1** is enacted to read:

8 B-1. "Commercial and institutional program cost" means:

9 (1) The dollar amount of bill credits paid to a customer based on the tariff rates
10 established under subsection 5; and

11 (2) Costs incurred by a transmission and distribution utility for the administration
12 of the program.

13 **Sec. 5. 35-A MRSA §3209-B, sub-§1, ¶C-1** is enacted to read:

14 C-1. "Monetized benefit" means revenue received by a transmission and distribution
15 utility that is generated by the sale of:

16 (1) Electricity produced by a distributed generation resource participating in the
17 program; and

18 (2) Capacity rights associated with a distributed generation resource participating
19 in the program.

20 **Sec. 6. 35-A MRSA §3209-B, sub-§9** is enacted to read:

21 **9. Commercial and institutional program costs.** After January 1, 2027, commercial
22 and institutional program costs may not be included or incorporated in the operating
23 expenses of a transmission and distribution utility to be recovered in rates and must be paid
24 from the General Fund. The commission shall submit legislation to request funding to be
25 paid into the Net Energy Billing Cost Stabilization Fund established in subsection 10 to
26 ensure that adequate funding is available to pay commercial and institutional program
27 costs.

28 The commission shall adopt rules to establish a process by which commercial and
29 institutional program costs, less monetized benefits, are distributed to transmission and
30 distribution utilities and distributed generation resources, as applicable, using funds from
31 the Net Energy Billing Cost Stabilization Fund. The rules must require a transmission and
32 distribution utility to provide, at least biennially, to the commission an estimate of
33 commercial and institutional program costs for the following year, as well as an estimate
34 of monetized benefits. The commission rules must establish a schedule for the
35 commission's payment of commercial and institutional program costs and a reconciliation
36 process by which any overpayments are returned by a transmission and distribution utility
37 to the Net Energy Billing Cost Stabilization Fund. Rules adopted by the commission
38 pursuant to this subsection are routine technical rules as defined in Title 5, chapter 375,
39 subchapter 2-A.

40 **Sec. 7. 35-A MRSA §3209-B, sub-§10** is enacted to read:

41 **10. Net Energy Billing Cost Stabilization Fund.** The Net Energy Billing Cost
42 Stabilization Fund is established within the commission as a nonlapsing fund for the

1 purposes of paying kilowatt-hour credit program costs in accordance with section 3209-A,
2 subsection 10 and commercial and institutional program costs, less monetized benefits, as
3 described in subsection 9. The commission may receive and deposit in the fund funds from
4 the General Fund and any overpayments returned by transmission and distribution utilities
5 in accordance with rules adopted by the commission.

6 **Sec. 8. 35-A MRSA §3212, sub-§1, ¶C-1** is enacted to read:

7 C-1. Implementation of time-of-use rates for residential and small commercial
8 customers located in the service area of a transmission and distribution utility with the
9 necessary electric billing and metering services to accommodate time-of-use rates;

10 **Sec. 9. 35-A MRSA §3212, sub-§7** is enacted to read:

11 **7. Time-of-use rates; electric billing and metering service necessary.** The
12 commission shall require a transmission and distribution utility, other than a consumer-
13 owned transmission and distribution utility that does not choose one or more standard-offer
14 service providers for its territory, to establish electric billing and metering services
15 necessary to accommodate time-of-use rates for standard-offer service for residential and
16 small commercial customers.

17 **Sec. 10. 35-A MRSA §3212, sub-§8** is enacted to read:

18 **8. Assistance program participants; standard-offer service required.**
19 Notwithstanding any provision of law to the contrary, an electricity customer enrolled in
20 an assistance program may not purchase generation service from a competitive electricity
21 provider and must be enrolled in standard-offer service. For the purposes of this subsection,
22 "assistance program" means:

23 A. Low-income assistance provided by the commission in accordance with section
24 3214, subsection 2;

25 B. An arrearage management program established pursuant to section 3214, subsection
26 2-A;

27 C. Assistance provided from the Electric Assistance Program Fund established under
28 Title 30-A, section 4962, subsection 1;

29 D. The statewide Supplemental Nutrition Assistance Program administered by the
30 Department of Health and Human Services in accordance with Title 22, section 3104,
31 subsection 1, paragraph A;

32 E. The Women, Infants and Children Special Supplemental Food Program of the
33 federal Child Nutrition Act of 1966 administered by the Department of Health and
34 Human Services in accordance with Title 22, section 3107;

35 F. The Temporary Assistance for Needy Families program administered by the
36 Department of Health and Human Services in accordance with Title 22, section 3762,
37 subsection 3;

38 G. The Additional Support for People in Retraining and Employment - Temporary
39 Assistance for Needy Families program administered by the Department of Health and
40 Human Services in accordance with Title 22, section 3781-A, subsection 2; or

41 H. A general assistance program administered by a municipality pursuant to Title 22,
42 section 4301, subsection 5.

1 **Sec. 11. 35-A MRSA §3214, sub-§2**, as amended by PL 2023, c. 201, §1; c. 230,
2 §2; c. 306, §§2 and 3; and c. 361, §§3 to 5, is further amended to read:

3 **2. Low-income assistance.** In order to continue existing levels of financial assistance
4 for low-income households and to meet future increases in need caused by economic
5 exigencies, the commission shall:

6 ~~A. Receive funds collected by all transmission and distribution utilities in the State at~~
7 ~~a rate set by the commission in periodic rate cases;~~

8 A-1. Receive funds collected by the commission for alternative compliance payments
9 in accordance with section 3210, subsection 9, paragraph B; ~~and~~

10 A-2. Receive funds appropriated from the General Fund;

11 B. Set initial funding for programs based on an assessment of aggregate customer need
12 in periodic rate cases. The funding formula may not result in assistance being counted
13 as income or as a resource in other means-tested assistance programs for low-income
14 households. To the extent possible, assistance must be provided in a manner most
15 likely to prevent the loss of other federal assistance; and

16 C. Receive funds remitted by transmission and distribution utilities with net energy
17 billing arrangements for expired kilowatt-hour credits in accordance with section
18 3209-A, subsection 8.

19 The commission may use funds available under this subsection to provide financial
20 assistance to low-income households in emergency situations as determined by the
21 commission in a proceeding or by rule. Except as provided in paragraphs A-1 and C, the
22 commission may not provide financial assistance to low-income households pursuant to
23 this subsection unless the funds for that assistance are appropriated from the General Fund
24 for the purpose of providing that assistance.

25 The commission may adopt rules to implement this subsection. Rules adopted under this
26 subsection are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

27 **Sec. 12. 35-A MRSA §3214, sub-§2-A**, as amended by PL 2023, c. 534, §§1 to 3,
28 is further amended to read:

29 **2-A. Arrearage management program.** Each investor-owned transmission and
30 distribution utility shall implement pursuant to this subsection an arrearage management
31 program to assist eligible low-income residential customers who are in arrears on their
32 electricity bills. An arrearage management program implemented pursuant to this
33 subsection is a plan under which a transmission and distribution utility works with an
34 eligible low-income residential customer to establish an affordable payment plan and
35 provide credit to that customer toward the customer's accumulated arrears as long as that
36 customer remains in compliance with the terms of the program. If a consumer-owned
37 transmission and distribution utility elects to implement an arrearage management
38 program, it must do so in accordance with this subsection and rules adopted pursuant to
39 this subsection. All reasonable costs incurred by a transmission and distribution utility,
40 including, but not limited to, incremental costs, reconnection fees, administrative costs,
41 marketing costs, costs for any 3rd-party assistance received by the transmission and
42 distribution utility in administering its arrearage management program and costs for
43 providing financial and budgetary guidance to participants whether provided directly or

1 through a 3rd party contracted by the transmission and distribution utility to provide that
2 guidance, must be paid from the Energy Procurement and Arrearage Management Program
3 Cost Fund established in section 3149, subsection 2. The commission shall submit
4 legislation to request funding to be paid into the Energy Procurement and Arrearage
5 Management Program Cost Fund to ensure that adequate funding is available to pay
6 reasonable costs incurred by a transmission and distribution utility in administering its
7 arrearage management program. The amount of any arrearage forgiven that is treated as
8 bad debt for purposes of cost recovery by the transmission and distribution utility may not
9 be included as a reasonable cost. The commission shall establish requirements relating to
10 the arrearage management programs by rule. Rules adopted pursuant to this subsection are
11 routine technical rules pursuant to Title 5, chapter 375, subchapter 2-A.

12 In adopting rules regarding arrearage management programs, the commission shall:

- 13 A. Consider best practices as developed and implemented in other states or regions;
14 B. Require that an arrearage management program include an electricity usage
15 assessment at no cost to the participant;
16 D. Ensure that a transmission and distribution utility develops terms and conditions
17 for its arrearage management program in a manner that is consistent with the program's
18 objectives and is in the best interests of all ratepayers; and
19 D-1. Ensure that if a transmission and distribution utility produces any materials, either
20 written or electronic, regarding the arrearage management program offered by the
21 utility, those materials must state in plainly worded language and in a type size that is
22 no less than 12 points that state law requires the utility to offer an arrearage
23 management program to its customers and that costs described in paragraph E are not
24 paid for by the utility; and
25 E. ~~Ensure that a transmission and distribution utility recovers in rates all reasonable~~
26 ~~costs of arrearage management programs, including:~~
27 ~~(1) Incremental costs;~~
28 ~~(2) Reconnection fees;~~
29 ~~(3) Administrative costs;~~
30 ~~(4) Marketing costs;~~
31 ~~(5) Costs for any 3rd party assistance it receives in administering its arrearage~~
32 ~~management program; and~~
33 ~~(6) Costs for providing financial and budgetary guidance to participants whether~~
34 ~~provided directly or through a 3rd party contracted by the transmission and~~
35 ~~distribution utility to provide that guidance.~~

36 ~~The amount of any arrearage forgiven that is treated as bad debt for purposes of cost~~
37 ~~recovery by the transmission and distribution utility may not be included as a~~
38 ~~reasonable cost under this paragraph.~~

39 The Efficiency Maine Trust shall work with investor-owned transmission and distribution
40 utilities, consumer-owned transmission and distribution utilities that elect to participate in
41 an arrearage management program and other stakeholders to provide access to a

1 complementary low-income energy efficiency program for participants in arrearage
2 management programs in order to help reduce participants' energy consumption.

3 No later than January 28, 2028, the commission shall prepare a report assessing the
4 effectiveness of arrearage management programs from October 1, 2024 through September
5 30, 2027, including the number of participants enrolled in the programs, the number of
6 participants completing the programs, the number of participants who have failed to
7 complete the programs, the dollar amount of arrears forgiven, the impact on any
8 participating transmission and distribution utility's bad debt as a result of the programs, the
9 costs and benefits to all ratepayers associated with the programs and recommendations for
10 ways in which the programs might be improved or continued for the benefit of all
11 ratepayers. In preparing its report, the commission shall hold at least one formal
12 stakeholder meeting involving affected parties, including the Office of the Public Advocate
13 and the participating transmission and distribution utilities. Parties must also be provided
14 an opportunity to submit written comments to the commission regarding the performance
15 of the programs.

16 The joint standing committee of the Legislature having jurisdiction over utilities matters
17 may report out a bill relating to the commission report to the Second Regular Session of
18 the 133rd Legislature.

19 This subsection is repealed September 30, 2028.

20 **Sec. 13. 36 MRSA §656, sub-§1, ¶L**, as enacted by PL 2023, c. 682, §5, is
21 amended to read:

22 L. For property tax years beginning on or after April 1, 2025, solar energy equipment
23 that generates heat or electricity if the municipality in which the solar energy equipment
24 is located approves the exemption and:

25 (1) All of the energy is used on the site where the property is located;

26 (2) The equipment is colocated with a net energy billing customer that is or net
27 energy billing customers that are subscribed to at least 50% of the facility's output;
28 or

29 (3) All of the energy is transmitted through the facilities of a transmission and
30 distribution utility and a utility customer or customers receive a utility bill credit
31 for the energy generated by the equipment pursuant to Title 35-A, section 3209-A
32 or 3209-B and the generator of electricity entered into a fully executed
33 interconnection agreement with a transmission and distribution utility prior to June
34 1, 2024.

35 On or before April 1st of the first property tax year for which a taxpayer claims an
36 exemption under this paragraph, the taxpayer claiming the exemption shall file a report
37 with the assessor. The report must identify the property for which the exemption is
38 claimed and must be made on a form prescribed by the State Tax Assessor or a
39 substitute form approved by the State Tax Assessor. The State Tax Assessor shall
40 furnish copies of the form to each municipality in the State and make the forms
41 available to taxpayers.

42 **Sec. 14. 36 MRSA §1752, sub-§17**, as amended by PL 2013, c. 546, §9, is further
43 amended to read:

17. Tangible personal property. "Tangible personal property" means personal property that may be seen, weighed, measured, felt, touched or in any other manner perceived by the senses, but does not include rights and credits, insurance policies, bills of exchange, stocks and bonds and similar evidences of indebtedness or ownership. "Tangible personal property" includes electricity other than electricity consumed by residential customers and small commercial customers as defined in Title 35-A, section 3106, subsection 1, paragraphs C and D, respectively. "Tangible personal property" includes any computer software that is not a custom computer software program. "Tangible personal property" includes any product transferred electronically.

SUMMARY

This bill does the following.

1. It prohibits the recovery in rates of costs incurred by a transmission and distribution utility that are attributable to net energy billing and provides that such costs must be paid from the General Fund. The bill directs the Public Utilities Commission to adopt routine technical rules to identify the types of costs that are attributable to net energy billing.

2. It provides that costs incurred by a transmission and distribution utility for the purchase or contracting required by the commission for energy, renewable energy credits, energy storage systems and transmission infrastructure must be paid from the General Fund.

3. It prohibits an electricity customer in the State who is a participant in an assistance program from purchasing generation service from a competitive electricity provider and requires that the customer be enrolled in standard-offer service.

4. It requires the commission to require a standard-offer service provider to implement time-of-use rates for residential and small commercial customers in the service area of a transmission and distribution utility if the utility has the necessary electric billing and metering services to accommodate time-of-use rates. It also requires the commission to require a transmission and distribution utility that has selected one or more standard-offer service providers to establish electric billing and metering services necessary to accommodate time-of-use rates.

5. It provides that certain costs associated with low-income assistance provided by the commission and an arrearage management program established by a transmission and distribution utility may not be paid by an assessment on the utilities or by electricity customers and instead must be paid from the General Fund.

6. It excepts electricity consumed by residential and small commercial customers from the definition of "tangible personal property" that is subject to sales tax.

7. It limits the applicability of a property tax exemption for solar energy equipment to those that have been approved by the municipality in which the solar energy equipment is located.