

MAINE STATE LEGISLATURE

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REVIEW OF
THE STATE ENERGY POLICY

REPORT OF
THE LEGISLATIVE ENERGY STUDY COMMITTEE
TO
THE MAINE LEGISLATURE

January 19, 1982

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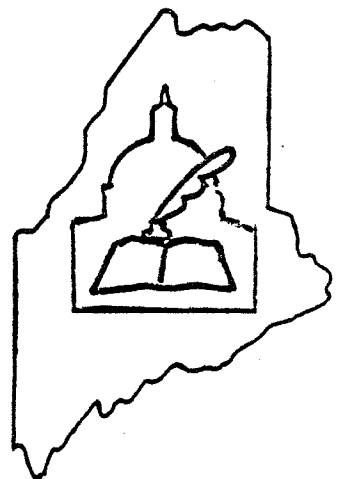
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INTRODUCTION

This Review of the State Energy Policy was authorized by the Legislative Council on August 13, 1981, and conducted by a Legislative Energy Study Committee composed of 3 members from the Joint Standing Committee on Public Utilities and 3 members from the Joint Standing Committee on Energy and Natural Resources.

The State Energy Policy, was prepared by the Office of Energy Resources for the Governor, who released it on June 22, 1981 after the First Regular Session had adjourned. This document summarizes available energy options, analyzes the liabilities and benefits of each, and makes certain policy recommendations. The purpose of this study was to review the policy options and recommendations for the Legislature.

The study committee met on 3 occasions to conduct this review, and also briefly reviewed previous state energy plans and their results. A more detailed review was made of a proposed 3-part conservation financing scheme. And, a summary was prepared of action on energy-related legislation in the first regular session.

The 1981 State Energy Policy, coupled with the 1981 State Energy Plan is more specific than the previous Comprehensive Energy Plans of 1976 and 1978, but it continues a strong emphasis on conservation and renewable resources. The Study Committee is pleased with the general quality of the plan and policy, and supports this specific emphasis. Maine suffers from the high cost and relative insecurity of oil, which provides 69% of the State's

energy supply. Conservation and indigenous renewable resources (for example, hydropower) generally offer the best alternatives to this situation.

Specific findings and recommendations are presented below, including proposed legislation on Energy Auditors; Residential Conservation Service; Wood Stove Safety; and Emergency Petroleum Allocation.

This report is offered as an overview, not a detailed analysis of the State Energy Policy. In that spirit, we trust that the Legislature will find it useful.

FINDINGS & RECOMMENDATIONS

The State Energy Policy contains 126 specific recommendations for State action. The Office of Energy Resources reports that significant action has been taken on about half (see Appendix F).

The Study Committee makes the following specific findings and recommendations:

(1) Certification of Energy Auditors. With the proliferation of energy auditors there is a danger of loss in quality. The State has a solar installer program (voluntary) which has certified 240 people.

This Committee recommends legislation to set up a voluntary certification program for energy auditors. OER would conduct the training and certification. (Certification by the Department of Business Regulation would be a viable alternative). There would be a fee of \$25 - 30 to pay for the program. (Proposed bill in App.A.)

(2) Residential Conservation Service. Federal law requires electric utilities to provide energy audits for a modest fee (\$15).

CMP has received 12,000 requests since October. There is some prospect that the federal law may be repealed. This committee recommends legislation to continue the program under state law if the federal requirement is removed. (Proposed bill in App. A.)

(3) Wood Burning. Wood stoves present some safety problems. Wood burning has increased rapidly, although residential use may have stabilized. It was agreed that every purchaser should be provided with the necessary information for safe installation and operation.

Other concerns are: Air pollution and the impact on the forests of increased wood burning.

This committee recommends legislation to require safety information with wood stoves and furnaces (proposed bill App. A).

(4) Emergency Petroleum Allocation. The federal law which authorized a State set-aside of petroleum products to meet shortages has expired. Under State law the Governor has broad emergency powers, but only in a full-scale emergency situation.

This Committee recommends legislation to allow a 5% set aside for allocation by the Governor in the event of supply problems in the State that are serious, but fall short of the full-scale emergency that is already covered in the law. (Proposed bill in App. A.).

(5) State Energy Loan Fund. The Office of Energy Resources is considering a fund to assist residential and commercial, institutional or agricultural energy users in implementing energy-saving measures indicated by an energy audit. The fund would be used to help make loans available from banks at reasonable interest. This Committee endorses this general concept.

(6) Utility Conservation Loans. There is a holdover bill (LD 1027) which requires the electric utilities to establish a program for making low interest loans available to their customers for conservation and renewable energy measures. This Committee endorses this general concept. This Committee also recommends that the Office of Legislative Assistants SET project get information on how utility conservation loans are working in other states.

(7) Maine State Housing Authority Energy Conservation Bonds. MSHA, together with E.F. Hutton, Inc., and CMP is developing a program whereby the bonding authority of MSHA can be used as an umbrella for obtaining financing of approved energy conservation measures in qualifying low and moderate income homes. No legislation is required.

This Committee endorses this concept.

(8) Small Scale Tidal Power. There are about 20 potential sites in Maine for which Half Moon Cove in Pleasant Point is the best-known. Preliminary studies have already been conducted there.

This Committee supports a feasibility assessment on small scale tidal power projects in Maine.

(9) Canadian Tidal Power. A large (thousands of Megawatts) project is being planned in Nova Scotia, and it could have a significant impact on the Maine coast.

This Committee supports a mechanism to perform studies and advise on the impact of the proposed project on the coast of Maine. There is a Vose-Huber bill which could supply a legislative vehicle.

This Committee also recommends that the Office of Legislative Assistants set up a legislative seminar on this subject before the public hearing on that bill.

(10) Solar Photovoltaic Electric Supply. Considerable progress has been made in bringing the cost down towards a feasible level. There is an S. Huber bill on tax incentives for solar photovoltaics.

This Committee recommends that the Office of Legislative Assistants set up a legislative seminar on solar photovoltaics including the latest information from the Electric Power Research Institute.

(11) Permanent Daylight Savings Time. Might save energy by making working hours coincide better with daylight.

This Committee sent a letter to the OER and the State Planning Office requesting analysis of the opportunities for energy saving by a time zone shift for the State, and any problems that might be involved. CMP may also have relevant information.

(12) Impact of Federal Budget Cuts. Energy programs in the State depend heavily on federal funding. Cuts have occurred, and more are expected.

This Committee has sent a letter to the OER asking for an analysis of the impact of '82 and potential '83 federal budget changes on the State Energy Policy.

(13) Alcohol Fuels. Interest in alcohol fuels seems to be waning, even though they appeared promising at one time.

This Committee has sent OER a letter requesting an update on alcohol fuel.

(14) Energy Efficiency Building Standards. The voluntary program appears to be going well. Over a thousand residential units have been certified, and some banks are offering 1/2% discounts on mortgage interest for complying dwellings. The housing industry is cooperating. A final edition of the Manual of Accepted Practices will be published in February 1982. OER recommends reviewing the program after 2 years and then going to mandatory standards only if insufficient progress has been made.

This Committee concurs in that recommendation.

(15) Hydropower. The Land and Water Resources Council is preparing legislation to ensure a timely and fair review of all proposed hydropower projects, which would allow the regulatory agencies to weigh the advantages against the environmental impacts.

This Committee has no recommendation, pending the recommendations of the Land and Water Resources Council.

(16) Natural Gas. Maine is at the end of the line and gets less than 1% of the energy supply from natural gas, compared to 26% nationally.

Natural gas is being covered by another study in the PUC Committee, so this Committee did not review natural gas.

(17) State Energy Plan/Policy. The present statutory energy "plan" required under 5 MRSA §5005.A. (1) and (2) is really a 2-part assessment of energy supply, demand, need and cost (annually) and energy resource availability (biennially). Public hearing is only required on the latter. These are both reports to the Governor and the Legislature.

The statutory energy "policy" required under 5 MRSA §5005.B is a program to implement the most feasible alternatives. This is a report to the Governor by OER.

The present terminology is confusing. Public hearings are not used to best advantage, and the roles of the Legislature and the Governor are not clear.

The Governor will submit legislation that should improve the situation by requiring:

(A) An annual Energy Report to the Governor and the Legislature, including supply and demand status and projections. Public hearing would be required on the report.

(B) A biennial Energy Resources Plan submitted to the Governor and the Legislature, including recommended options for meeting the State's energy needs, and a progress report on implementing the previous plan. Public hearing would be required on the plan.

(C) A biennial State Energy Policy would be promulgated by the Governor incorporating his decisions regarding the elements of the plan.

(D) The Legislature would then be in a position to develop their own policy choices, based on the plan.

This Committee recommends legislative action to clarify the statute by including an energy assessment (including future projections); a plan including options for meeting energy needs within the State, and an energy policy proposal from the Executive Branch, all on a regular basis. Public hearings should be included on both the assessment and the plan. The Governor's bill or a variation of it, could provide a legislative vehicle.