

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES (Filing No. H-834)
109TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1739, L.D. 1857, Bill,
"AN ACT to Permit the Public Utilities Commission to Include
in the Fuel Adjustment Clause Capacity Purchases from Small
Power Producers and Cogenerators."

Amend the bill by inserting before
the enacting clause the following:

'Emergency preamble. Whereas, Acts of the Legislature
do not become effective until 90 days after adjournment un-
less enacted as emergencies; and

Whereas, the Public Utilities Commission is developing
a new fuel adjustment clause for Central Maine Power Company
which may be implemented by April 1, 1980; and

Whereas, this new clause is based upon a projection of
estimated fuel costs for 12 months; and

Whereas, if this bill is enacted and becomes effective
after the implementation of Central Maine Power's new fuel
adjustment clause, capacity purchases from small power pro-
ducers and cogenerators could not be recovered under Central
Maine Power's fuel adjustment clause until 12 months after the
new clause is implemented; and

Whereas, this delay will unnecessarily discourage utility
purchases of energy from small power producers and cogenerators;
and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,'

Further amend the bill by striking out all of section 2 and inserting in its place the following:

'Sec. 2. 35 MRSA §131, sub-§4, as enacted by PL 1977, c. 689, §1, is amended to read:

4. Scope of adjustment. Changes in the cost of fuel consumed in the electric utility's generating stations and changes in the cost of power purchased, ~~excluding capacity charges,~~ by the electric utility for use in Maine shall constitute the only items subject to adjustment, pursuant to regulations promulgated by the commission under this section. Those changes in the cost of purchased power which are subject to that adjustment shall exclude all capacity charges, except that, to the extent the Commission deems just and reasonable, capacity charges for power purchased from small power producers or cogenerators, as defined in section 2323, may be included in the adjustment. Credits received by the utility for fuel or the fuel component of either purchased power or power sold to other utilities, including credits associated with purchased energy received from the savings fund of the New England Power Exchange, shall be considered changes in the cost of fuel for the purposes of the fuel cost adjustment, pursuant to regulations promulgated by the commission under this section.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.'

Statement of Fact

The purpose of this amendment is to allow capacity charges in the fuel adjustment clause prior to the implementation of the recently changed statute pertaining to the fuel adjustment clause. The statute presently excludes capacity charges in the fuel adjustment clause, but it will not be implemented until the next general rate case of each utility. The statute is expected to be applied to Central Maine Power Company on April 1, 1980. If this bill does not take effect until 90 days following the end of the Second Regular Session, charges of many small power producers cannot be included in the fuel adjustment clause. This could hinder the development of small power production facilities using renewable resources.

The amendment also establishes a standard for determining capacity charges which the Public Utilities Commission must approve. The "just and reasonable" standard is applied to these charges and is the same standard that applies to utility rate making, in general.