(Governor's Bill)
FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document **No. 1027**

H. P. 866 House of Representatives, February 25, 1981

Referred to the Committee on Public Utilities. Sent up for concurrence and ordered printed.

EDWIN H. PERT, Clerk

Presented by Representative Davies of Orono.

Cosponsors: Representative Huber of Falmouth, Senator Hichens of York and Senator Wood of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

AN ACT to Require Certain Public Utilities to Submit a Plan to the Public Utilities Commission to Provide Financing to Customers for Energy Conservation and Renewable Resource Measures.

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

Sec. 1. 35 MRSA § 93, sub-§ 3, as amended by PL 1979, c. 399, § 3, is further amended to read:

3. **Policies.** Policies which encourage economic use of fuel and which encourage the maximum efficient utilization of natural energy resources indigenous to the State; ~~and~~

Sec. 2. 35 MRSA § 93, sub-§ 4, as enacted by PL 1977, c. 521, is amended to read:

4. **Rates or regulatory policies.** Rates or other regulatory policies which encourage electric utility system reliability; **and**

Sec. 3. 35 MRSA § 93, sub-§ 5 is enacted to read:

5. Financing programs. Financing programs initiated by the utilities to promote energy conservation and renewable resource measures.

Sec. 4. 35 MRSA § 93-A is enacted to read:

§ 93-A. Energy Conservation and Renewable Resource Financing Program

1. Purpose. The Legislature finds that energy conservation and renewable resource development measures can reduce the demand for electricity and reduce the need for expensive new electric-generating and transmission capacity; that electric utility customers often have difficulty in financing these measures at current interest rates; and that these measures are often less expensive to fund than construction of new electric-generating and transmission capacity. It is the purpose of this section to require certain utilities to analyze the feasibility of and submit a plan that will provide low-interest or no-interest loans to all or a portion of their customers for financing energy conservation measures and renewable resource measures.

2. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Energy audit" means a report which delineates the energy consumption characteristics of the building, identifies appropriate energy conservation operation and maintenance procedures and recommends appropriate energy conservation measures.

B. "Customer" means any person or building tenant who:

(1) Holds legal title to a building which receives electric service from an electric utility under residential or commercial rate structures approved by the commission; or

(2) Is in rightful possession under a lawful lease of a building and who:

(a) Receives at the building and pays for electric services from an electric utility under residential or commercial rate schedules approved by the commission;

(b) Has the written permission of the holder of legal title to the building to enter into a financing contract and security agreement pursuant to this subchapter and has the consent of the holder for the financing utility to obtain a security interest in and lien upon the premises;

(c) If the financing utility so requests, provides security of a type and in an amount approved by the commission; and

(d) Does not present an undue credit risk as determined in accordance with rules and regulations promulgated for this purpose by the commission.

C. "Electric utility or utility" means Central Maine Power Company, Bangor Hydroelectric Company and Maine Public Service Company, or their successors.

D. "Eligible for financing" means:

(1) For electric utility space heating customers, measures which are:

(a) Energy conservation measures;

(b) Solar thermal devices; and

(c) Renewable resource electrical generation equipment;

(2) For electric utility domestic hot water heating customers, measures which are:

(a) Solar domestic hot water equipment; and

(b) Renewable resource electrical generation equipment; and

(3) For general electric utility customers, measures which are renewable resource electrical generation equipment.

E. "Energy conservation measure" means any one or combination of the following measures:

(1) "Caulking" means pliable materials used to reduce the passage of air and moisture by filling small gaps including at fixed joints on a building, underneath baseboards inside a building, in exterior walls at electric outlets, around pipes and wires entering a building and around dryer vents and exhaust fans in exterior walls. Caulking includes, but is not limited to, materials commonly known as "sealants," "putty" and "glazing compounds;"

(2) "Weatherstripping" means narrow strips of material placed over or in movable joints of windows and doors to reduce the passage of air and moisture;

(3) "Replacement central air conditioner" means a central air conditioner which replaces an existing central air conditioner of the same fuel type and which reduces the amount of fuel consumed due to an increase in efficiency;

(4) "Ceiling insulation" means a material primarily designed to resist heat flow which is installed between the conditioned area of a building and an unconditioned attic. Where the conditioned area of a building extends to the roofs, the term "ceiling insulation" also applies to the materials used between the underside of the roof. The term "ceiling insulation" also includes material installed on the exterior of the roof;

(5) "Wall insulation" means a material primarily designed to resist heat flow which is installed within or on the walls between conditioned areas of a building and unconditioned areas of a building or the outside;

(6) "Floor insulation" means a material primarily designed to resist heat flow which is installed between the first level conditioned area of a building and an unconditioned basement, a crawl space or the outside beneath it. Where the first level conditioned area of a building is on a ground level

concrete slab, the term "floor insulation" also applies to material installed around the perimeter of or on the slab. In the case of mobile homes, the term "floor insulation" also means skirting to enclose the space between the building and the ground;

(7) "Duct insulation" means a material primarily designed to resist heat flow which is installed on a heating or cooling duct in an unconditioned area in a building;

(8) "Storm window" means a window or glazing material placed outside or inside an ordinary or prime window, creating an air space, to provide greater resistance to heat flow than the prime windows alone;

(9) "Thermal window" means a window unit with improved thermal performance through the use of 2 or more sheets of glazing material affixed to a window frame to create one or more insulated air spaces. It may also have an insulating frame and sash;

(10) "Storm or thermal door" means:

(a) A 2nd door, installed outside or inside a prime door, creating an insulating air space;

(b) A door with enhanced resistance to heat flow through a glass area by affixing 2 or more sheets of glazing material; or

(c) A prime exterior door with an R-value of at least 2;

(11) "Devices associated with electric loan management techniques" means customer owned or leased devices that alter the pattern of customer use of electricity to improve the efficiency and utilization of production, transmission and distribution facilities;

(12) "Clock thermostat" means a device which is designed to reduce energy consumption by regulating the demand on the heating or cooling system in which it is installed and uses:

(a) A temperature control device for interior spaces incorporting more than one temperature control level; and

(b) A clock or other automatic mechanism for switching from one control level to another;

(13) "Movable window insulation" means intermittent use of a manually or automatically operated covering over a window to reduce heat loss. The insulation must have a means of sealing both sides and either the top or the bottom edges to minimize air flow. The R-value of the insulation material must be at least R-4; and

(14) Such other measures as the commission may specify.

F. "Avoided cost" means the incremental costs to the electric utility of

electric energy or capacity, or both, which the utility would generate itself or purchase from another source.

G. "Renewable resource measure" means:

(1) Solar thermal devices which are:

(a) "Solar domestic hot water equipment" means equipment that provides hot water flow reduction in showers and faucets to a maximum flow of 3 gallons per minute and a means of reducing hot water temperatures to 120°F with a manual setback, as well as equipment designed to absorb the sun's energy and to use this energy to heat water for use in a residential or commercial building other than for space heating, including thermosiphon hot water heaters; or

(b) "Solar space heating equipment" means equipment designed to absorb the sun's energy and to directly or indirectly use this energy to heat the building interior. This shall include both active and passive means of collection, storage or distribution, or both;

(2) Renewable resource electrical generation equipment which is:

(a) "Wind energy device" means equipment that uses wind energy to produce electricity for use on the site or for sale back to the electric utility; or

(b) "Photovoltaic device" means equipment which directly converts the sun's energy to electricity for use on the site or for sale back to the electric utility; and

(3) Such other measures as the commission may specify.

3. Plan. Each utility shall submit a plan to the Public Utilities Commission within 90 days of the effective date of this section that shall cover a period of at least 2 years. It shall include the following provisions.

A. The utility shall make a reasonable effort to provide public awareness of and participation in the loan program.

B. Upon request of a customer, the utility shall perform a building audit and provide the customer with a list of all energy conservation measures and renewable resource measures that have a life cycle cost which is less than the avoided cost of electricity as set by the commission.

C. The utility shall provide sufficient funds for financing loans for the customer's share of the cost of the energy audit and for the full cost of purchasing and installing any reasonably priced energy conservation measures and renewable priced energy conservation measures and renewable resource measures listed in subsection 2. Loans may be made directly to the customer or by financial institutions authorized to do business in the State under an agreement with the utility. Loans may be low-interest or no-interest.

Notwithstanding the provisions of Title 9-A, section 1-202, subsection 3 and section 7-104, subsection 4, the utility shall be subject to the provisions of the Maine Consumer Credit Code when making loans to its customers. The plan may provide for grants to customers as an alternative or supplement to loans.

D. The utility shall submit a plan for repayment of loans by the customer which shall include, but is not limited to:

(1) The term of the loan;

(2) An installment payment; and

(3) Other provisions the utility deems necessary.

E. The utility shall propose a method of recovery of all reasonable costs related to the financing program.

4. Utility analysis. The utility shall provide an analysis of its plan which shall include:

A. Projected energy savings;

B. Projected capacity savings;

C. Projected impact of the fully implemented plan on the ratepayers and stockholders; and

D. Such other information as the commission may specify.

5. Rules and regulations; authority. The Public Utilities Commission shall have the authority to establish all rules and regulations necessary for the implementation of this section. Upon approval of the plan by the commission, the commission shall specify the effective date of the plan.

STATEMENT OF FACT

This bill would require Central Maine Power Company, Bangor Hydroelectric Company and Maine Public Service Company to submit plans to the Public Utilities Commission for financing customer installations of conservation and renewable resources equipment. This bill has 2 purposes. First, it seeks to accelerate the displacement of oil-generated electricity used for space and water heating. Second, it induces the state's major utilities, and their customers, to invest in conservation and renewable resources as alternatives to new generating facilities, when it can be demonstrated that utilizing these alternatives would be cheaper per kilowatt hour than constructing the new facilities.

The plans prepared by the utilities would include provisions for performing customer energy audits, providing low-interest or no-interest loans or grants to eligible customers and promoting the program to residential and commercial customers. Loans may be financed directly by the utility or through a financial institution. All electric utility customers are eligible to obtain financing for

renewable resource electrical generation equipment. Customers with electric space heating are also eligible for loans to finance energy conservation measures and solar thermal devices and customers with electric hot water heating are also eligible for financing solar domestic hot water equipment.

Utilities would have 90 days following the effective date of this bill to prepare and submit their plans to the Public Utilities Commission. This bill is modeled after successful programs in California and Oregon.