

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1330

S. P. 474

In Senate, March 17, 1981

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

MAY M. ROSS, Secretary of the Senate

Presented by Senator Trafton of Androscoggin.

STATE OF MAINE

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

AN ACT to Encourage Small Power Production Facilities.

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

**Sec. 1.** 35 MRSA § 2325, sub-§ 1, as enacted by PL 1979, c. 421, § 2, is amended to read:

**1. Authorized markets for electricity.** Any small power producer or cogenerator may sell electricity without prior approval or rate approval by the commission to any electric public utility corporation or cooperative authorized to make, generate, sell or distribute electricity and the utility shall buy the electricity any time it is available, except during system emergencies, so long as the utility is burning fossil fuel or purchasing electricity generated by burning fossil fuel.

**Sec. 2.** 35 MRSA § 2327, sub-§ 2, as enacted by PL 1979, c. 421, § 2, is amended by adding after the first sentence a new sentence to read:

**In the case of new cogeneration or small power production facilities, the electric generating portion of which was constructed starting after November 9, 1978, the rate shall equal that cost in the judgment of the Public Utilities Commission.**

**Sec. 3.** 35 MRSA § 2327, sub-§ 2, last sentence, as enacted by PL 1979, c. 421, § 2, is amended to read:

A determination of alternative energy costs to the utility shall include consideration of the cost of additional or existing generating capacity which could be displaced over the term of the contract as well as the cost of fuel and other operating expenses of electric energy production **including, but not limited to operation and maintenance, transmission losses and inventory costs** which a utility would otherwise incur in generating or purchasing power from another source.

**Sec. 4.** 35 MRSA § 2327, sub-§ 4, as enacted by PL 1979, c. 421, § 2, is amended to read:

**4. Availability and reliability of power.** The rate charged by a small power producer or cogenerator for electricity produced shall reflect the reliability of the power with respect to the number of hours per day and days per year that it is available; the time of day and season of the year at which the electricity is made available; [an] **and** the time of day, season of the year and the total need for power required by a public utility electric corporation or electric cooperative.

#### STATEMENT OF FACT

This bill would help stimulate alternative, small power production facilities by correcting deficiencies in the present law, as shown by 2 recent Public Utilities Commission actions:

1. The Public Utilities Commission, by proposed Rule 65-407 CMR, Chapter 36, Section 4.6, has failed to require the purchase of electricity whenever offered except during system emergencies, as intended by Title 35, section 2325, subsection 1.

2. In the case of Madison Paper Industries vs. Central Maine Power Company, P.U.C. Docket 80-225, January 5, 1981, the Public Utilities Commission failed to consider alternative costs except for the fuel component.