MAINE STATE LEGISLATURE

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(NEW DRAFT OF S.P. 256, L.D. 729) (NEW TITLE) SECOND REGULAR SESSION

ONE HUNDRED AND THIRTEENTH LEGISLATURE

Legislative Document No. 2553

S.P. 962

In Senate, March 21, 1988

Reported by the Majority for the Committee on Utilities and printed under Joint Rule 2. Original Bill sponsored by President PRAY of Penobscot. Cosponsored by: Representative WEYMOUTH of West Gardiner, Senator PERKINS of Hancock, Speaker MARTIN of Eagle Lake.

JOY J. O'BRIEN, Secretary of the Senate

STATE OF MAINE

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

1 2	AN ACT Establishing Maine Energy Policy.									
3 4	Be it enacted by the People of the State of Maine follows:	as								
5 6	Sec. 1. 35-A MRSA §3101, sub-§4, as enacted PL 1987, c. 141, Pt. A, §6, is amended to read:									
7	4. Scope of adjustment. Changes in the cost	of								

Page 1-LR5040

stations and changes in the cost of power purchased by the electric utility for use in this State constitute 3 the only items subject to adjustment, pursuant 4 promulgated by the commission under 5 section. Those changes in the cost of purchased power 6 which are subject to that adjustment shall exclude all 7 capacity charges, except that, to the extent 8 commission determines just and reasonable, capacity charges for power purchased from small power producers 9 10 cogenerators, as defined in chäpter 33, 11 capacity charges for Canadian power purchase contracts 12 which receive a certificate under section 3133 on or 13 January 1, 1988, may be included 14 adjustment, provided that capacity charges for small 15 power producers or cogenerators and from Canadian power purchase contracts shall be accorded the same 16 ratemaking treatment in proceedings under 17 18 section. Credits received by the utility for fuel or the fuel component of either purchased power or power sold to other utilities, including, but not limited to credits associated with purchased energy or energy 19 20 21 22 sold which are received from the savings fund of the 23 New England Power Exchange shall be considered changes 24 in the cost of fuel for the purposes of the fuel cost 25 adjustment, pursuant to rules promulgated 26 commission under this section.

Sec. 2. 35-A MRSA c. 31, sub-c. VI is enacted to read:

29 SUBCHAPTER VI

THE MAINE ENERGY POLICY ACT OF 1988

§3191. Energy policy

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The Legislature finds that it is in the best interests of the State to ensure that Maine and its electric utilities pursue a least-cost energy plan. The Legislature further finds that a least-cost energy plan takes into account many factors including cost, risk, diversity of supply and all available alternatives, including purchases of power from Canadian sources. When the available alternatives are otherwise equivalent, the commission shall give

prefer	ence	first	to co	ns	ervatio	on a	ind d	emand	d manad	gem	ent
and	then	to			purch						
facili	ties.	Not	hing	in	this	sec	tion	is	intend	ed	to
modify	the	commi	ssion'	s	author	ity	unde	er se	ection	31	33,
subsection 9.											

Sec. 3. Transition. Notwithstanding the Maine Revised Statutes, Title 1, section 302, section 1 of this Act shall apply to proceedings pending before the commission on or after January 1, 1988.

STATEMENT OF FACT

This new draft reaffirms the existing policy of 11 this State that utilities and the commission should 12 13 engage in least cost planning with emphasis 14 conservation and purchases from small power producers 15 and cogenerators. It also explicitly acknowledges for the first time in Maine law the potential role of 16 power 17 purchases οÉ from Canada utilities' in 18 least-cost plans.

As utilities and the commission seek to find the least-cost path to energy security, they should give consideration to purchases from small power producers and cogenerators, conservation and Canadian purchases, taking into account such factors as cost, reliability and ability to be depatched.

25 Review desirability of the prudency and 26 particular projects or contracts is left entirely to 27 the commission, but the new draft specifies that if it does approve large Canadian contracts, the cost and benefits will be handled in a manner consistent with 28 29 the treatment of contracts with cogenerators and small 30 power producers. The new draft is not intended to affect the commission's discretion in matters of rate 31 32 respect 33 design with to capacity-related recovered through the fuel clause. 34 In conjunction 35 with last year's fuel clause legislation and this new draft, the commission will review the rate design 36 37 implications of purchased power capacity in the fuel 38 clause.

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