

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1991

Legislative Document

No. 794

S.P. 296

In Senate, February 26, 1991

Reference to the Committee on Energy and Natural Resources suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by Senator KANY of Kennebec

Cosponsored by Senator BALDACCI of Penobscot, Senator VOSE of Washington and Representative GOULD of Greenville.

STATE OF MAINE

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

**An Act to Establish a Strategic Petroleum Products Reserve System for
the State.**

(EMERGENCY)



2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 Whereas, it is vital for the State to develop a strategic
petroleum products reserve plan to avoid interruptions in
petroleum product supplies and to help low-income persons in
8 times of major price increases; and

10 Whereas, the issues and mechanisms for providing a reserve
must be analyzed thoroughly before this reserve may be put in
12 place; and

14 Whereas, this analysis should take place as soon as
possible; and

16
18 Whereas, the Federal Government is undertaking a pilot
program for a federal strategic petroleum products reserve and
the State should be ready to build upon and work in conjunction
20 with that program; and

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

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

30 **Sec. 1. 5 MRSA §3305, sub-§1, ¶K,** as enacted by PL 1989, c.
501, Pt. DD, §12, is amended to read:

32 K. Coordinate the development of energy policy, including:

34 (1) Collecting and analyzing energy data from all
36 available energy sources in the State. The director
shall afford confidential treatment to information,
38 documents and data dealing with sales of individual
companies that are engaged in the wholesale and retail
40 trade of petroleum products in the State, upon request
of the individual companies;

42 (2) Preparation of an energy resources plan to be
44 submitted to the Governor and the Legislature every 2
years that includes a description of historical energy
46 demand by end-use sector and energy resources used to
meet that demand and a forecast of energy demand by
48 end-use sector for the next 5 years, 10 years and 20
years, which shall must include an electric and gas
50 forecast;

2 (3) Encouragement and direction or sponsorship of
3 research, experiments and demonstration projects within
4 the State to develop alternate energy sources,
5 particularly, but not limited to, those sources that
6 rely on renewable natural resources of the State, such
7 as solar energy, water of tides and rivers, forests,
8 winds and other sources which to date have not been
9 fully explored or utilized; and

10 (4) Provision of conservation alternatives to proposed
11 new electric power generating plants and assessment of
12 the long-term and short-term energy savings realized by
13 the conservation alternatives; and

14 (5) Development of a strategic petroleum products
15 reserve plan.

18 **Sec. 2. Strategic petroleum products reserve plan.**

20 1. The State Planning Office shall develop a strategic
21 petroleum products reserve plan. This plan and any
22 recommendations for statutory changes must be presented to the
23 Joint Standing Committee on Energy and Natural Resources by
24 September 1, 1992. The purpose of the plan is to research the
25 development of a reserve for petroleum products within the New
26 England region to mitigate the effects of interruptions in
27 petroleum product supplies and to alleviate the effects of major
28 price increases for petroleum products on low-income persons.

30 2. The plan must contain, at a minimum, the following
31 information:

32 A. A review of what petroleum products are needed in any
33 reserve and the quantities required;

34 B. An analysis of storage facilities and whether the State
35 should construct, lease or acquire storage facilities;

36 C. The feasibility of creating a reserve in conjunction
37 with other northeastern states;

38 D. A distribution plan for petroleum products in the
39 reserve under various scenarios, including the provision of
40 home heating oil at a lower cost to low-income persons when
41 prices rise precipitously;

42 E. The feasibility of participating in the United States
43 Department of Energy's test program of storage of refined
44 petroleum products within the United States Strategic
45 Petroleum Reserve;

2 F. Funding mechanisms for a state strategic petroleum
product reserve; and

4 G. Legal issues that arise from any proposed program.

6 3. Funding for the development of a strategic petroleum
products reserve plan comes from a one-time allocation from the
8 Maine Ground Water Oil Clean-up Fund and the Maine Coastal and
Inland Surface Oil Clean-up Fund.

10 **Sec. 3. Allocation.** The following funds are allocated from the
12 Maine Ground Water Oil Clean-up Fund and the Maine Coastal and
14 Inland Surface Oil Clean-up Fund to carry out the purposes of
this Act.

16 1991-92

18 **STATE PLANNING OFFICE**

20 **Strategic Petroleum Products
Reserve Plan**

22 All Other \$100,000

24 Provides funds in the amount of \$50,000 from
26 the Maine Ground Water Oil Clean-up Fund and
\$50,000 from the Maine Coastal and Inland
28 Surface Oil Clean-up Fund for contractual
services to develop a strategic petroleum
30 products reserve plan for the State.

32 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

36 **STATEMENT OF FACT**

38 This bill directs and funds the State Planning Office to
40 develop a strategic petroleum products reserve plan to mitigate
the effects of a supply interruption and to help defray major oil
42 price increases for low-income persons. The plan must be
developed and presented to the Legislature by September 1992 and
44 will recommend mechanisms for accomplishing the reserve. Funding
for the plan comes from fees on the transfer of petroleum
46 products coming into the State.