

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1997

Legislative Document


No. 1794

H.P. 1267

House of Representatives, April 15, 1997

**An Act to Create a Competitive Market for Electricity While Protecting
Consumers and the Environment.**

Reference to the Committee on Utilities and Energy suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative KONTOS of Windham.
Cosponsored by Senator BENNETT of Oxford and
Representatives: DONNELLY of Presque Isle, MURPHY of Kennebunk, ROWE of Portland,
TRUE of Fryeburg, VIGUE of Winslow, Senators: LAWRENCE of York, PINGREE of
Knox, TREAT of Kennebec.

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

PART A

Sec. A-1. 35-A MRSA c. 32 is enacted to read:

CHAPTER 32

ELECTRIC RESTRUCTURING

§3201. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Affiliate or affiliated interest. "Affiliate" or "affiliated interest" has the same meaning as provided in section 707, subsection 1, paragraph A.

2. Aggregator or market aggregator. "Aggregator" or "market aggregator" means a person or municipal entity licensed by the commission under this chapter that as an intermediary purchases electric energy and takes title to electric energy for sale to retail customers.

3. Broker. "Broker" means a person or municipal entity licensed by the commission under this chapter that acts as an agent or intermediary in the sale and purchase of electric energy but that does not take title to electric energy.

4. Competitive generation provider. "Competitive generation provider" means generators, marketers, brokers, aggregators or any other entity producing or selling electric power to meet retail customer demand.

5. Consumer-owned transmission and distribution utility. "Consumer-owned transmission and distribution utility" means any transmission and distribution utility that is wholly owned by its consumers, including, but not limited to:

A. The transmission and distribution portion of any rural electrification cooperative organized under chapter 37;

B. The transmission and distribution portion of any electrification cooperative organized on a cooperative plan under the laws of the State;

C. Any municipal or quasi-municipal transmission and distribution utility;

2 D. The transmission and distribution portion of any
3 municipal or quasi-municipal entity providing generation and
4 other services; or

5 E. Any transmission and distribution utility wholly owned
6 by a municipality.

7 6. Demand-side management. "Demand-side management" means
8 a program designed to reduce the consumption of electricity,
9 diminish electricity demand or both; this term has the same
10 meaning as the terms "energy conservation," "load management,"
11 "conservation" or "demand management" as used in chapter 31,
12 subchapters III and VI.

13 7. Divest. "Divest" means to legally transfer ownership
14 and control to an entity that is not an affiliated interest.

15 8. Qualifying facility. "Qualifying facility" has the same
16 meaning as provided in section 3303.

17 9. Retail access. "Retail access" means the right of any
18 retail consumer of electricity to purchase generation services
19 from a competitive generation provider.

20 10. Transmission and distribution plant. "Transmission and
21 distribution plant" includes all real estate, fixtures and
22 personal property owned, controlled, operated or managed in
23 connection with or to facilitate the transmission, distribution,
24 delivery, conservation or load management of electricity for
25 light, heat or power for public use and all conduits, ducts or
26 other devices, materials, apparatus or property for containing,
27 holding or carrying conductors used or to be used for the
28 transmission, distribution or delivery of electricity for light,
29 heat or power for public use. "Transmission and distribution
30 plant" includes, but is not limited to, fixtures and personal
31 property on the premises of an electric utility's customer,
32 financed in whole or in part by that electric utility and found
33 by the commission to constitute a cost-effective investment in
34 conservation or load management. In the case of these
35 conservation or load management investments only, "transmission
36 and distribution plant" may include property actually owned by
37 the customer or by a party other than the electric utility. The
38 presence of property on the premises of a customer or other
39 party, when that property is included in the rate base of a
40 transmission and distribution utility as a qualifying
41 conservation or load management investment, does not cause the
42 customer or other party to be defined as a public utility for any
43 purpose.

2 11. Transmission and distribution utility. "Transmission
and distribution utility" includes any person, its lessees,
4 trustees, receivers or trustees appointed by any court owning,
controlling, operating or managing any transmission and
6 distribution plant for compensation within this State, including
investor-owned and consumer-owned utilities, except when
8 electricity is distributed by the owner of this transmission and
distribution plant through private property alone solely for its
10 own use or for the use of its tenants. "Transmission and
distribution utility" may include, but is not limited to, rural
12 electrification cooperatives organized under chapter 37,
subchapters I to III, generation and transmission cooperatives
14 organized under chapter 37, subchapter IV, municipal electric
districts organized under chapter 39 and the Maine Municipal and
16 Rural Electrification Cooperative Agency organized under chapter
41.

18 12. Uneconomic or stranded costs. "Uneconomic or stranded
costs" means those legitimate, verifiable and unmitigatable costs
20 pertaining to generation incurred prior to March 31, 1995 that
are made unrecoverable as a result of retail competition in the
22 judgment of the commission.

24 **§3202. Retail access**

26 1. Right to purchase generation service. On or after
January 1, 2000, all consumers of electricity have the right to
28 purchase generation service directly from competitive generation
providers.

30 2. Aggregation permitted. An aggregator or broker may
32 contract with consumers of electricity to aggregate their
purchases of generation services in any manner they mutually
34 choose.

36 3. Public entity may not restrict choice. If a public
entity serves as an aggregator, it may not require consumers of
38 electricity within its jurisdiction to purchase generation
services from that public entity.

40 **§3203. Licensing of competitive generation providers**

42 1. Authority. In order to provide effective competition in
44 the market for the generation and sale of electricity in the
State and to provide an orderly transition from the current form
46 of regulation to retail competition for electricity, the
commission is authorized to license competitive generation
48 providers under the provisions of this section.

2 2. Requirements. A competitive generation provider may not
3 undertake the sale of electricity at retail in this State without
4 first receiving a license from the commission. Before approving
5 a license application, the commission must receive from the
6 applicant:

7 A. Evidence of financial capability sufficient to refund
8 deposits to retail customers in the case of bankruptcy,
9 nonperformance or any other reason;

10 B. Evidence of the ability to enter into binding
11 interconnection arrangements with transmission and
12 distribution utilities;

13 C. Disclosure of all pending legal actions and customer
14 complaints filed against the competitive generation provider
15 at a regulatory body other than the commission in the 12
16 months prior to the date of license application;

17 D. Evidence of the ability to satisfy the renewable
18 resource portfolio requirement established under 3208; and

19 E. Disclosure of the names and corporate addresses of all
20 affiliates of the applicant.

21 3. Periodic informational filings. Every 6 months, in a
22 form designated by the commission, each competitive generation
23 provider shall provide the following information in writing to
24 the commission:

25 A. A statement of average prices at representative levels
26 of kilowatt hour usage in the most recent 6-month period;

27 B. A description of the average duration of supply
28 arrangements with retail customers in the most recent
29 6-month period;

30 C. An explanation whether pricing arrangements are fixed or
31 will vary over a specified time period;

32 D. A statement indicating percentages of electricity supply
33 over the recent 6-month period under categories of
34 generation, including, but not limited to, oil-fired,
35 nuclear, hydro-electric, coal, biomass or other renewable
36 resources and regional spot market purchases; and

37 E. A listing of expected air emissions and a comparison of
38 those emissions to a regional average, as determined by the
39 commission, for nitrous oxide, sulfur dioxide, mercury, fine
40 particulates, radionuclides and carbon dioxide, calculated

2 for a competitive generation provider's supply sources in
3 the aggregate over the most recent 6-month period.

4 **4. Standard consumer protection provisions.** As a condition
5 of licensing, each competitive generation provider must agree to
6 comply with standard provisions applicable to all customers with
7 demands of 100 kilowatts or less in any location. These
8 provisions include:

10 A. No termination of generation service by the competitive
11 generation provider on notice of less than 30 days;

12 B. Provision of service to customers for a minimum period
14 of 30 days;

16 C. A customer's right to rescind selection of the
17 competitive generation provider orally or in writing within
18 5 days of initial selection;

20 D. No telemarketing to any customer whose written request
21 for no telemarketing by competitive generation providers is
22 on file with the commission;

24 E. A standard disclosure in writing provided to each
25 customer within 30 days of contracting for retail service to
26 disclose information provided to the commission pursuant to
27 subsection 3; and

28 F. Other provisions adopted by the commission by rule or
30 order.

32 **5. Licensing renewals and revocations.** Consistent with all
33 applicable requirements of Title 5, chapter 375, the commission
34 may limit the duration and effectiveness of a license to a
35 specified term, may conduct proceedings for the renewal of
36 licenses and may conduct proceedings for the revocation of a
37 license in cases where a requirement of this section has not been
38 complied with by a competitive generation provider. The
39 commission shall conduct a rule-making proceeding governing the
40 procedures for issuing or revoking a license under this section
41 and related matters.

42 **6. Consumer protection standards.** The commission shall
43 establish by rule consumer protection standards to protect retail
44 consumers of electricity from fraud or other unfair and deceptive
45 business practices. Violations of the consumer protection
46 standards are a civil violation for which the commission may
47 impose penalties not exceeding \$5,000 for each occurrence. Each
48 day of a continuing violation is considered a separate offense.
49

2 7. Dispute resolution. The commission shall resolve
disputes between competitive generation providers and retail
consumers of electricity concerning standards under subsection 6.

4
6 8. Maine Unfair Trade Practices Act. The commission has
independent concurrent authority with the Attorney General to act
under the Maine Unfair Trade Practices Act with respect to the
8 retail sales activities of competitive generation providers.

10 9. Antitrust enforcement actions. The commission has
independent concurrent authority with the Attorney General to
12 initiate proceedings under existing antitrust statutes to protect
competition in the marketplace for electricity generation and to
14 deter anticompetitive practices by competitive generation
providers.

16 10. Additional actions. The commission may impose by rule
18 any additional requirements necessary to carry out the purposes
of this chapter, except that this section may not be construed to
20 permit the commission to regulate the rates of any competitive
generation provider.

22 11. Rules. Rules adopted pursuant to this section are
24 routine technical rules as defined by Title 5, chapter 375,
subchapter II-A.

26 12. Repeal. On or after January 1, 2003, the commission's
28 authority to proceed in concurrent jurisdiction with the Attorney
General under subsections 8 and 9 is repealed.

30 **§3204. Deregulation of generation services**

32
34 Except as otherwise provided in this chapter, competitive
generation providers are not subject to regulation under this
Title on or after January 1, 2000.

36 **§3205. Structural separation and divestiture of generation**

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40 1. Interests in generation restricted. Except as otherwise
provided in this section, on or after January 1, 2000, an
investor-owned transmission and distribution utility may not:

42
44 A. Acquire or hold any financial or ownership interest in
generation assets or generation-related business activities
or contracts for generation; or

46
48 B. Produce, purchase, sell, market, act as an aggregator or
broker or engage in any similar activity relating to
generation capacity or energy.

2 2. Divestiture required; exception. By January 1, 2000,
3 each investor-owned electric utility shall divest all generation
4 assets and generation-related business activities, except
5 contracts or entitlements with qualifying facilities, with any
6 nuclear unit and with any energy facility located outside of the
7 United States and owned by an electric utility in this State.
8 After divestiture, an investor-owned electric utility or
9 transmission and distribution utility may not have any affiliated
10 interest in a competitive generation provider except as otherwise
11 provided for in this subsection.

12 3. Sale of capacity and energy required. Investor-owned
13 transmission and distribution utilities may not transfer to a
14 distinct corporate entity contracts with a qualifying facility.
15 By January 1, 2000, each investor-owned transmission and
16 distribution utility shall sell all rights to capacity and energy
17 from its contracts with qualifying facilities and nuclear units
18 and the output from any energy facility located outside of the
19 United States and owned by that utility.

20 4. Generation assets permitted. On or after January 1,
21 2000, notwithstanding any other provision in this chapter, the
22 commission may allow an investor-owned transmission and
23 distribution utility to own, have a financial interest in or
24 otherwise control generation and generation-related assets to the
25 extent that the commission finds such ownership, interest or
26 control is necessary for the utility to perform its obligations
27 as a transmission and distribution utility in an efficient
28 manner. The transmission and distribution utility may not sell
29 the energy or capacity from generation that it owns, has a
30 financial interest in or otherwise controls to any retail
31 customer.

32 5. Retail marketing restricted; wholesale marketing
33 prohibited; exception. Except as provided in subsection 4, after
34 January 1, 2000, consumer-owned transmission and distribution
35 utilities:

36 A. May provide retail generation service to customers
37 choosing such service only within their respective service
38 territories; and

39 B. May not provide wholesale generation service except that
40 incidental wholesale sales are permitted if necessary to
41 reduce the cost of providing retail service.

42 6. Proceeding; subsidiaries; and affiliates. By July 1,
43 1998, the commission shall complete an adjudicatory proceeding,
44 following notice and hearing, establishing accounting standards
45 applicable to investor-owned utilities for:

2 A. The separation of generation functions from transmission
3 and distribution functions;

4
5 B. The separation of generation-related costs from costs
6 related to transmission and distribution with standards for
7 properly allocating joint and common costs; and

8
9 C. The payment of royalty charges by any subsidiary or
10 affiliate of an investor-owned utility for the use of the
11 utility's brand name or goodwill, for the affiliate's
12 reliance on the credit or financial capacity of the utility,
13 for the affiliates' reliance on support for joint and common
14 costs, personnel or assets under the control of the utility,
15 and for any other aspect of the utility's operation that the
16 ratepayers of the investor-owned utility have at least
17 partially paid for.

18
19 7. Commission to provide load data. Upon request from a
20 competitive generation provider, the commission shall provide
21 load data on a class basis that is in the possession of another
22 utility, subject to reasonable confidentiality protections if
23 considered necessary by the commission.

24 **§3206. Regulation of transmission and distribution utilities**

25
26 1. Regulate electric transmission and distribution
27 service. Nothing in this chapter limits the commission's
28 authority to regulate electric transmission and distribution
29 service and to ensure that all consumers of electricity are
30 afforded transmission and distribution service at just and
31 reasonable rates.

32
33 2. Prevent electric service disconnection. The commission
34 shall prevent transmission and distribution utilities from
35 disconnecting electric service to any consumer of electricity
36 based on nonpayment of charges owed or alleged to be owed to any
37 competitive generation provider. The commission may permit
38 disconnection of electric service to consumers of electricity
39 based on nonpayment of charges for standard offer service under
40 section 3214.

41
42 3. Rates. Notwithstanding section 3205, the rates of any
43 transmission and distribution utility owning an interest in a
44 nuclear unit must include an amount set by the commission in
45 periodic rate cases sufficient to pay for the decommissioning
46 expense associated with that nuclear unit.

47
48 **§3207. Protection of stranded human assets**

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2 1. Workforce reduction. Any necessary reductions in the
3 utility workforce directly caused by electrical restructuring may
4 be accomplished through offers of voluntary severance,
5 retraining, early retirement, outplacement and related benefits.
6 Whether workforce reductions are voluntary or involuntary,
7 reasonable costs associated benefits with may be included in the
8 wires charge identified in section 3212 at the discretion of the
9 commission.

10 2. Contract. In order to ensure the continued safe and
11 reliable operation of divested public utility generating
12 facilities, the commission shall require in any proceeding
13 involving the sale or spin-off of a public utility electric
14 generating facility that the selling utility contract with the
15 purchaser of the facility for the selling utility, an affiliate,
16 or a successor corporation to operate and maintain the facility
17 for not less than 2 years. The commission shall require any
18 contract for maintenance and operations services to be reasonable
19 for both the seller and the buyer.

20 **§3208. Energy policy**

21 1. Oversight of competitive markets. The commission shall
22 undertake efforts to protect the functioning of competitive
23 markets by providing unbiased and accurate information on the
24 status of electricity markets in the State and in the New England
25 region. Periodically but not more frequently than twice per
26 year, the commission shall release reports on the following
27 aspects of competitive generation based on the information filed
28 under section 3203:

29 A. The range of prices offered by competitive generation
30 providers and trends in prices overall in the most recent
31 reporting period;

32 B. The sources of electrical power sold by competitive
33 generation providers by capacity rating, location and fuel
34 type;

35 C. The ownership of units generating electrical power sold
36 by competitive generation providers;

37 D. Information concerning air emissions from supply sources
38 in the aggregate for each competitive generation provider,
39 as reported to the commission;

40 E. An overall evaluation of the competitiveness and
41 stability of electricity markets for any transmission and
42 distribution utility service territory for the State and New
43 England in the most recent reporting period; and
44

2 F. An overall evaluation of trends in the most recent
3 reporting period with respect to demand-side management,
4 renewable resources and indigenous resources.

6 2. Authority. The commission has the authority to:

8 A. Intervene and participate in proceedings at the Federal
9 Energy Regulatory Commission, the Nuclear Regulatory
10 Commission, the United States Department of Energy and other
11 federal agencies whenever the interests of competition,
12 consumers of electricity or economic development in this
13 State are affected;

14 B. Represent the interests of the State with respect to the
15 governance or advisory board of an independent system
16 operator to the extent approved by the Federal Energy
17 Regulatory Commission for any independent system operator
18 with responsibility for reliable operations of the regional
19 transmission system;

20 C. Request and receive from each competitive generator
21 provider a statement of current prices for the sale of
22 electricity in the event of any substantial disruption of
23 electricity supply that constitutes an emergency and upon
24 the request of the Director of the Maine Emergency
25 Management Agency pursuant to Title 37-B, chapter 13; and

26 D. Monitor trends with respect to the following issues and
27 make recommendations, as appropriate, to the Legislature, to
28 Congress or to any federal agency:

29 (1) The extent to which nuclear power plant
30 decommissioning costs, costs of spent fuel waste or
31 greater than Class C waste appears likely to be
32 underfunded as of the expected end of a nuclear unit's
33 license from the Nuclear Regulatory Commission;

34 (2) The extent to which safe operations at a nuclear
35 unit have been compromised in the short term or are
36 likely to be compromised in the long term, recognizing
37 the primary role of the Nuclear Regulatory Commission
38 in monitoring safe operations;

39 (3) Other developments directly affecting the value or
40 safety of a nuclear generating unit where output is
41 received by a transmission and distribution utility in
42 this State; and

2 (4) Make periodic recommendations to the United States
4 Congress and the Governor regarding available measures
6 to reduce poor air quality and the effects of air
8 pollution associated with a competitive market for
 power generation while, to the extent possible,
 expanding the availability of low-cost supply options
 for the State's electricity consumers.

10 **§3209. Renewable resources**

12 1. Policy. In order to ensure an adequate and reliable
14 supply of electricity for Maine residents and to protect
16 renewable and indigenous resources on behalf of the State's
 environment and economy, it is the policy of this State to
 acquire new resources for the generation of electricity from
 renewable sources and to diversify electricity production.

18 2. Definition. As used in this section, the term
20 "renewable resource" means a source of electrical generation that
22 relies on one or more of the fuel sources listed in this
24 subsection and has the same meaning as defined in the Public
 Utility Regulatory Policies Act of 1978, Public Law 95-617, as
 amended. Renewable resources include, but are not limited to:

26 A. Fuel cells;

28 B. Tidal power;

30 C. Solar arrays and installations;

32 D. Wind power installations;

34 E. Geothermal installations;

36 F. Hydro-electric generators not requiring construction of
 new dams;

38 G. Biomass generators in conjunction with sustainable
40 harvesting; and

42 H. Generators fueled by municipal solid waste in
 conjunction with recycling.

44 These resources must generate power that can physically be
46 delivered to the control region in which the New England power
48 pool, or its successor as approved by the Federal Energy
 Regulatory Commission, has authority over transmission.

50 3. Portfolio requirements. As a condition of licensing
 pursuant to section 3203, each competitive generation provider in

2 this State must demonstrate in a manner satisfactory to the
3 commission that no less than 30% of its portfolio of supply
4 sources is accounted for by existing and new renewable resources,
5 as defined in this section. Following notice and hearing, the
6 commission shall conduct adjudicatory proceedings establishing
7 reasonable procedures for implementing this requirement, by
8 January 1, 1999. In view of property tax benefits, developments
9 in other states and the development of a market for tradable
10 credits for satisfying renewable resource requirements, the
11 commission shall review the 30% portfolio requirement and make a
12 recommendation for any change to the joint standing committee of
13 the Legislature having jurisdiction over utilities and energy
14 matters no later than 5 years after the effective date of this
15 chapter.

16 4. Commercialization of new renewable resources. In order
17 to ensure the development of new technologies for the generation
18 of electricity relying on renewable resources, the commission
19 must:

20 A. Receive funds collected by all transmission and
21 distribution utilities in the State at a rate set by the
22 commission in periodic rate cases, as long as this rate does
23 not exceed .5 mills per kilowatt hour billed to any customer
24 of a transmission and distribution utility; and

25 B. Conduct a competitive bid process once every 2 years for
26 disbursement of funds collected under paragraph A. The
27 commission shall grant awards to be given to one or more
28 competitive generation providers or other bidders that
29 propose to establish, develop and operate an electricity
30 generation source based on a new renewable resource.

31 Following notice and hearing, the commission shall conduct
32 adjudicatory proceedings establishing reasonable procedures
33 for implementing this bid process by January 1, 2001.

34 §3210. Promotion of the efficient use of electricity

35 1. Policy. In order to enhance the long-term health of the
36 State's environment and economy and to promote the efficient use
37 of electricity and to discourage waste, it is the policy of this
38 State to encourage energy conservation and load management by
39 electricity consumers.

40 2. Distribution-related demand-side management.
41 Transmission and distribution utilities shall implement
42 demand-side management:

2 A. As may be determined by the commission to be
cost-justified in periodic rate proceedings; and

4 B. Only if the present value of the conservation measure,
as installed on the premises of a customer, is less than or
6 equal to the investment requirements and expenses associated
with a transmission or distribution upgrade planned by that
8 utility.

10 3. Market transformation conservation programs. In order
to facilitate the commercial availability of methods for
12 conserving electricity in areas of inadequate market information
or market failure or where there are barriers to investment, the
14 commission must:

16 A. Receive funds collected by all transmission and
distribution utilities in the State at a rate set by the
18 commission in periodic rate cases, as long as this rate does
not exceed 2.5 mills per kilowatt hour billed to any
20 customer of a transmission and distribution utility;

22 B. Set initial funding for programs undertaken under this
subsection and programs undertaken under subsection 2 in the
24 year 2000 at a level for each transmission and distribution
utility corresponding to the average level of actual
26 expenditures for the 5-year period ending in 1994; and

28 C. Conduct a competitive bid process each year for the
disbursement of funds collected under paragraph A. The
30 commission shall grant awards to be given to one or more
bidders that propose to establish and operate demand-side
32 management targeted at each customer class for testing the
commercial potential of new technologies and methods for
34 realizing the efficient consumption of electricity.

36 The commission shall conduct proceedings establishing
reasonable procedures for implementing this bid process by
38 January 1, 2001.

40 **§3211. Needs-based low-income assistance**

42 1. Policy. In order to meet legitimate needs of
electricity consumers who are unable to pay their electricity
44 bills in full and who satisfy eligibility criteria for
assistance, and recognizing that electricity is a basic necessity
46 to which all residents of the State should have access, it is the
policy of the State to ensure adequate provision of financial
48 assistance.

2 2. Low-income assistance. In order to continue existing
3 levels of financial assistance for low-income households and to
4 meet future increases in need caused by economic exigencies, the
5 commission must:

6 A. Receive funds collected by all transmission and
7 distribution utilities in the State at a rate set by the
8 commission in periodic rate cases, as long as this rate does
9 not exceed 1 mill per kilowatt hour billed to any customer
10 of a transmission and distribution utility; and

11 B. Set initial funding for programs based on an assessment
12 of aggregate customer need in periodic rate cases. The
13 funding formula may not result in assistance being counted
14 as income or as a resource in other means-tested assistance
15 programs for low-income households. To the extent possible,
16 assistance must be provided in a manner most likely to
17 prevent the loss of other federal assistance.

18 3. Special rate. Nothing in this section may be construed
19 to prohibit a transmission and distribution utility from offering
20 any special rate or program for low-income customers that is not
21 in effect as of the effective date of this chapter, subject to
22 the approval of the commission.

23 4. Financial support. If the Legislature appropriates from
24 the General Fund financial support for households and individuals
25 receiving assistance under this section, the commission may not
26 terminate the assistance provided by transmission and
27 distribution utilities unless the General Fund source has
28 completely replaced such assistance.

29 §3212. Recovery amounts; wires charges

30 1. Rate recovery. A transmission and distribution utility
31 is authorized to include in rates recovery up to the following
32 amounts:

33 A. Funding for renewable resources, not to exceed .5 mills
34 per kilowatt hour;

35 B. Funding for the support of energy efficiency and
36 demand-side management programs in cases of market failure
37 or market transformation, administered by the commission's
38 electricity division and not to exceed 2.5 mills per
39 kilowatt hour;

40 C. Funding for low-income assistance programs based on
41 customer need, until or unless the commission determines by
42 order that the programs have been superseded and replaced by
43

2 a nonratepayer-financed mechanism not to exceed 1 mill per
3 kilowatt-hour;

4 D. Funding for the operating budget of the commission, as
5 set by the Legislature under section 116, and funding for
6 the Public Advocate's operating budget, as set by the
7 Legislature under section 116, not to exceed 1 mill per
8 kilowatt hour for both agencies; and

10 E. Recovery of that level of uneconomic generation costs
11 and regulatory assets as approved by the commission in a
12 proceeding commencing in 1998 under section 3212.

14 The sum of paragraphs A to D may not exceed 5 mills per kilowatt
15 hour.

16 **2. Rate design.** In determining rate design, the
18 commission shall consider the following:

20 A. The design of rate recovery for the collection of
21 transmission and district costs and the costs pursuant to
22 section 1 must be consistent with the Electric Rate Reform
23 Act;

24 B. Following notice and hearing, the commission shall
25 complete an adjudicatory proceeding on or before October 1,
26 1999 for the design of cost recovery elements for the
27 charges identified in this section and for the design of
28 rates for back-up or stand-by service; and

30 C. A customer who reduces or eliminates consumption of
31 electricity due to self-generation, conversion to an
32 alternative fuel or demand-side management may not be
33 assessed an exit or reentry fee in any form for termination
34 or reestablishment of service with a transmission and
35 distribution utility.

38 **§3213. Stranded cost recovery**

40 1. Legislative findings. Pursuant to common law of the
41 State, charter and similar powers granted by the State convey
42 only those rights and powers expressly and unmistakably granted,
43 and the terms of such charters or grants are in derogation of the
44 common law and must be strictly construed against the grantee.
45 No legal right or expectancy in the continued regulation of
46 electric generation or in the application of one or more specific
47 methods of regulation of electric generation has been created by
48 law or rule. Competitive alternatives in the public interest at
49 the discretion of the Legislature or the Public Utilities
50 Commission have always been authorized in this State.

2 Recognizing that electric generation has ceased to be a natural
4 monopoly, the Legislature finds that because of the changes in
6 technology, finance, economic conditions and consumer knowledge
8 the public interest is better served by the cessation of the
regulation of electric generation, rather than by its continued
regulation, and that the cessation of the regulation does not
deprive or alter the legal rights or expectancies of the owners
of currently regulated electric generation.

10 2. Investigation. Beginning on January 1, 1998, the
12 commission shall commence an adjudicatory proceeding for each
14 investor-owned transmission and distribution utility and each
16 consumer-owned transmission and distribution utility that
requests an investigation to determine the level of uneconomic
costs to be recovered from ratepayers beginning in January 2000.

18 3. Cost recovery. Recovery of uneconomic or stranded
20 costs, including any regulatory asset established as recoverable
by prior commission order or accounting rule, is permitted only
under the following circumstances:

22 A. Loss of value has occurred solely because of the
24 transition to competition that is facilitated by this
chapter;

26 B. The management of the utility had no ability to avoid
28 incurring or mitigating above-market costs;

30 C. Above-market costs resulted from an action of
government; and

32 D. The market valuation of a divested asset does not exceed
34 book costs.

36 4. Amount of recoverable cost. The commission shall set an
38 amount of recoverable cost after calculating the net aggregate
40 value of all divested assets that had proceeds exceeding book
42 costs against the aggregate value of all other electricity
generation assets. The commission may not shift cost recovery
among customer classes in a manner inconsistent with the policy
goals of the Electric Rate Reform Act.

44 5. Mitigation of uneconomic costs. Prior to divestiture,
46 electric utilities must seek to minimize uneconomic or stranded
costs by the following means:

48 A. Attempting to renegotiate purchase of power arrangements
50 with qualifying facilities, including extension of a
contract's term in conjunction with price reductions;

2 B. Seeking to secure the highest feasible prices whenever
3 electricity generation assets are transferred to 3rd parties
4 or are assigned a valuation by means of an auction procedure
5 or by appraisal; and

6 C. Not transferring electricity generation assets to a
7 subsidiary of a utility at a price that is less than that
8 expected to be available in the electricity generation
9 market generally.

10 In conjunction with the investigation pursuant to subsection 1,
11 the commission shall conduct a review of efforts by each electric
12 utility to mitigate uneconomic costs under this subsection.

13 **§3214. Standard offer service**

14
15 **1. Policy.** At the time retail access begins, the
16 commission shall ensure that standard offer service is available
17 to all consumers of electricity in order to ensure that:

18
19 A. No consumer faces immediate disconnection of all
20 electric service due to a billing dispute with a competitive
21 generation provider;

22
23 B. No consumer is forced to designate a competitive
24 generation provider solely to receive electricity; and

25
26 C. Customers in rural areas receive a price for electric
27 supply identical to a price paid by customers in urban areas
28 who have identical load characteristics.

29
30 The commission shall establish reasonable terms and conditions
31 for standard offer service by means of a competitive bid process
32 to be conducted no less than once every 3 years for each
33 transmission and distribution utility.

34
35 **2. Eligibility.** Standard offer service must be available
36 to all customers of a transmission and distribution utility,
37 irrespective of size or location, who:

38
39 A. Prefer not to designate a competitive generation
40 provider;

41
42 B. Are moving to a new home or apartment and need
43 short-term service;

44
45 C. Are unable to negotiate for electricity supply due to a
46 credit problem;

2 D. Have had service terminated by a previous provider for
any reason; or

4 E. For any other reason, do not designate a provider.

6 Nothing in this section precludes the commission from permitting
or requiring different terms and conditions for standard offer
8 service in different transmission and distribution utility
service territories, for different customer classes and for
10 consumer-owned and investor-owned transmission and distribution
utilities.

12 3. Bid process. The commission shall supervise a
14 competitive bid process for each transmission and distribution
utility service territory in the State no less than once every 3
16 years, with the first bid process to occur by March 1, 1999,
under the following conditions:

18 A. No transmission and distribution utility may bid to
20 provide standard offer service anywhere in the State;

22 B. Any bid for standard offer service beginning January 1,
24 2000 may be rejected if average charges for electricity
supply are equal to or higher than the average provider
26 price for the electricity supply as of February 28, 1999 in
that transmission and distribution territory. If there are
28 no bids satisfying this requirement, the commission shall
provide a written report to the joint standing committee of
30 the Legislature having jurisdiction over utility matters
with an explanation and recommendation for the provision of
standard offer service in such a case;

32 C. Standard offer service must commence on January 1, 2000;
34

36 D. The commission must retain jurisdiction over all aspects
of standard offer service, notwithstanding section 3205, as
38 long as the Public Advocate participates in any negotiations
with standard offer service bidders to seek to ensure an
acceptable result;

40 E. Fees for entry to or exit from standard offer service
42 must be strongly disfavored as long as connection or
disconnection of standard offer service occurs at the time
44 of a regularly scheduled meter reading visit; and

46 F. A transmission and distribution utility shall conduct
the bid process in a manner consistent with commission
48 requirements for standard offer service bidding.

2 The commission shall conduct a rule-making proceeding to be
3 completed prior to November 1, 1998 establishing procedural
4 requirements for a standard offer bid process.

5 4. Termination. Standard offer service must be available
6 until January 1, 2005 and must be continued after that date
7 unless the commission finds it necessary to terminate standard
8 offer service following notice, hearing and opportunity for
9 public comment.

10 **§3215. Reports**

11 1. Annual restructuring report. On December 31st of each
12 calendar year, the commission shall submit to the joint standing
13 committee of the Legislature having jurisdiction over utility
14 matters a report describing the commission's activities in
15 carrying out the requirements of this chapter and the activities
16 relating to changes in the regulation of electric utilities in
17 other states.

18 2. Proposed changes. If the commission determines, after
19 providing interested parties an opportunity to be heard, that any
20 provision in this chapter is not in the public interest, the
21 commission shall present a report to the joint standing committee
22 of the Legislature having jurisdiction over utility matters
23 stating the basis for the commission's conclusion and including
24 draft legislation designed to modify this chapter consistent with
25 the public interest.

26 3. Independent system operator. The commission shall
27 monitor events in the region pertaining to:

28 A. The development of an independent system operator with
29 responsibility for transmission reliability;

30 B. The management of competitive access to the regional
31 transmission system; and

32 C. Rights to negotiate potential contracts between sellers
33 and buyers of electricity.

34 If the commission determines that there exists insufficient
35 independence on the part of the independent system operator from
36 any provider of wholesale transmission, competitive generation
37 provider or electric utility, or if it determines any other
38 problem threatens regional transmission reliability, the
39 commission shall provide a report to the joint standing committee
40 of the Legislature having jurisdiction over utility matters with
41 a recommendation as to what actions within the authority of the
42 State are available to remedy this problem. If this

2 determination is made prior to December 31, 1999 the commission
3 shall suspend the transition to retail access otherwise provided
4 for in sections 3202, 3204 and 3205.

6 **Sec. A-2. Guiding principles.** In interpreting, implementing or
7 enforcing this Act, the following guiding principles must be used
8 during and following the transition required by this Act:

10 1. All customers should receive protection from unfair and
11 deceptive or fraudulent practices on the part of any seller of
12 electricity;

14 2. The Public Utilities Commission should retain
15 jurisdiction over the disconnection and deposit practices of
16 transmission and distribution utilities;

18 3. Customers should have access to accurate and unbiased
19 price comparisons and information about electricity suppliers;

22 4. All customers should have access to reliable, safe and
23 affordable electric service;

26 5. Electric industry restructuring should improve the
27 condition of the State's overall environment and natural
28 resources;

30 6. All competitive generation providers must receive
31 licensing approval prior to commencing business operations in the
32 State;

34 7. Customers should receive privacy protections regarding
35 electricity choices by means of reasonable licensing requirements;

38 8. Customers should have ease of movement, regarding time
39 periods and connection fees, from one electricity supplier to
40 another;

42 9. Customers who choose to self-generate or cease to
43 purchase electricity from an electric utility should not be
44 compelled to pay substantial charges to that utility solely for
45 reducing their consumption;

48 10. The State should prosecute anticompetitive practices
49 and seek to protect vigorous competition in all electricity
50 markets; and

52 11. Customers should have the right to complain or sue over
53 inadequate electric service.

2 **Sec. A-3. Transition provision.** All existing contracts and
agreements in effect as of January 1, 1997 between electric
4 utilities and energy resource providers, including but not
limited to qualifying facilities, continue in effect
6 notwithstanding any other provision of this Act, and the
expectations of the parties to these contracts and agreements may
not be abrogated or diminished as a result of implementing this
8 Act.

10
12 **PART B**

14 **Sec. B-1. 35-A MRSA §102, sub-§5**, as enacted by PL 1987, c.
141, Pt. A, §6, is amended to read:

16 **5. Electric utility.** "Electric utility" includes every
person, its lessees, trustees, receivers or trustees appointed by
18 any court owning, controlling, operating or managing any electric
plant for compensation within this State, except where
20 electricity is generated on or distributed by the producer
through private property alone solely for its own use or the use
22 of its tenants and not for sale to others. "Electric utility"
includes, but is not limited to, rural electrification
24 cooperatives organized under chapter 37, subchapters I to III,
generation and transmission cooperatives organized under chapter
37, subchapter IV, municipal power districts organized under
26 chapter 39 and the Maine Municipal and Rural Electrification
Cooperative Agency organized under chapter 41.
28

30 This subsection is repealed January 1, 2000.

32 **Sec. B-2. 35-A MRSA §102, sub-§6**, as amended by PL 1987, c.
613, §1, is further amended to read:

34 **6. Electric plant.** "Electric plant" includes all real
estate, fixtures and personal property owned, controlled,
36 operated or managed in connection with or to facilitate the
production, generation, conservation, load management,
38 transmission, delivery or furnishing of electricity for light,
transmission, delivery or furnishing of electricity for light,
40 heat or power, for public use, and all conduits, ducts or other
devices, materials, apparatus or property for containing, holding
or carrying conductors used or to be used for the transmission of
42 electricity for light, heat or power for public use. "Electric
plant" includes, but is not limited to, fixtures and personal
44 property on the premises of a utility's customer, financed in
whole or in part by that utility, and found by the commission to
46 constitute a cost-effective investment in conservation or load
management. In the case of these conservation or load management
48 investments only, "electric plant" may include property actually
50 owned by the customer or by a party other than the utility. The

2 presence of property on the premises of a customer or other
3 party, which property is included in the rate base of an electric
4 utility as qualifying conservation or load management investment,
5 shall does not cause the customer or other party to be determined
6 to be a public utility for any purpose.

7 This subsection is repealed January 1, 2000.

8
9 **Sec. B-3. 35-A MRSA §3101, sub-§1**, as enacted by PL 1987, c.
10 141, Pt. A, §6, is amended to read:

11 **1. Applicability.** Subsections 2 to 8 apply to electric
12 utilities with total assets in excess of \$40,000,000; except that
13 on or after January 1, 2000 subsections 2 to 8 no longer apply to
14 investor-owned transmission and distribution utilities in this
15 State. The--commission--shall--promulgate--reasonable--rules
16 governing the fuel adjustment clause of electric utilities with
17 total assets less than \$40,000,000. These rules shall be
18 consistent with the purposes of this section.

19
20 **Sec. B-4. 35-A MRSA §3101, sub-§9** is enacted to read:

21 **9. Rules.** The commission shall adopt reasonable rules
22 governing the fuel adjustment clause of consumer-owned
23 transmission and distribution utilities. These rules must be
24 consistent with the purposes of this section. Rules adopted
25 pursuant to this section are routine technical rules as defined
26 by Title 5, chapter 375, subchapter II-A.

27
28 **Sec. B-5. 35-A MRSA §3102, sub-§6** is enacted to read:

29 **6. Repeal.** This section is repealed January 1, 2000.

30
31 **Sec. B-6. 35-A MRSA §3103, sub-§3** is enacted to read:

32 **3. Repeal.** This section is repealed January 1, 2000.

33
34 **Sec. B-7. 35-A MRSA §3131, sub-§§3-A, 4 and 6**, as enacted by PL
35 1987, c. 141, Pt. A, §6, are amended to read:

36
37 **3-A. Fuel conversion.** "Fuel conversion" means conversion
38 of a permanently installed generating facility of more than 1000
39 kilowatts to use a type of fuel different from that which the
40 facility currently is equipped to use.

41 This subsection is repealed January 1, 2000.

42
43 **4. Generating capacity.** "Generating capacity" means an
44 entitlement to the output of 1,000 kilowatts or more of an

2 electric generating facility or facilities for a period greater
3 than 3 years.

4 This subsection is repealed January 1, 2000.

6 **6. Utility facility.** "Utility facility" means an item of
7 plant used or useful in the electric utility business, and
8 includes, but is not limited to, such items of plant as
9 ~~generating--stations,~~ transmission lines, office buildings and
10 equipment and transportation equipment.

12 **Sec. B-8. 35-A MRSA §3132, sub-§1,** as amended by PL 1991, c.
13 640, §2, is further amended to read:

14 **1. Construction of transmission line.** Whenever any
15 electric utility or utilities proposes to erect within this State
16 a ~~permanently--installed--generating--facility--of--more--than--1,000~~
17 ~~kilowatts--or--any~~ transmission line capable of operating at 100
18 kilovolts or more, ~~the--construction--of--which--is--required--to--carry~~
19 ~~the--capacity--or--energy--produced--by--the--generating--facility,~~ the
20 following provisions apply.

22 A. The utility or utilities shall file with the commission,
23 no less than 3 months in advance of submitting its petition
24 for approval of the ~~proposed--facility--or~~ lines, a notice of
25 its intent to file the petition.

26
27 The notice of intent to file shall must inform the
28 commission of the location, size, ~~type--of--facility,~~
29 estimated cost and proposed construction schedule of the
30 ~~generating--facility--or~~ lines, together with such other facts
31 and details concerning the proposed ~~facility--or~~ lines as the
32 commission by rule prescribes.

33 B. The petition for approval of the proposed ~~generating~~
34 ~~facility--or~~ lines shall must contain such information as the
35 commission by rule prescribes.

36 C. The petition for approval shall must be set down for
37 public hearing.

38 D. The commission shall issue its order within 15 months
39 after the petition is filed with the commission unless the
40 period is either extended by agreement of all the parties or
41 by the commission upon its determination that the party
42 seeking the extension would, because of circumstances beyond
43 that party's control for which it has no reasonable
44 substitute, be unreasonably disadvantaged unless the
45 extension were granted, ~~provided--that~~ as long as the party
46
47
48

2 to that time had prosecuted its case in good faith and with
due diligence.

4 E. The utility or utilities shall send the municipalities in
6 which any part of the proposed transmission line is to be
located a copy of the application, including a copy of the
8 proposed corridor or corridors. Any municipality through
which any part of the proposed transmission line is to be
10 located that requests to be an intervenor becomes an
intervenor to the proceeding.

12 **Sec. B-9. 35-A MRSA §3133**, as amended by PL 1995, c. 357, §§3
14 to 5, is further amended by repealing and replacing the headnote
to read:

16 **§3133. Purchase of transmission capacity prohibited without prior**
18 **order of the commission**

20 **Sec. B-10. 35-A MRSA §3133, sub-§1**, as amended by PL 1995, c.
357, §3, is further amended to read:

22 **1. Commission approval required for purchases and**
24 **conversions.** An electric utility may not purchase any generating
capacity, transmission capacity ~~or energy or carry-out-a-fuel~~
conversion ~~as defined in section 3131~~, unless the commission has
26 issued a certificate of public convenience and necessity
approving the purchase ~~or conversion~~ or has waived the approval
28 requirements pursuant to subsection 11.

30 **Sec. B-11. 35-A MRSA §3133, sub-§§2 and 6**, as enacted by PL
1987, c. 141, Pt. A, §6, are amended to read:

32 **2. Notice of intent to file.** The utility or utilities
34 shall file with the commission, no less than 2 months in advance
of submitting its petition for a certificate of public
36 convenience and necessity for the proposed purchase ~~or~~
conversion, a notice of its intent to file the petition. The
38 notice shall must inform the commission of the terms of the
proposed purchase ~~or conversion~~ and, after receiving the notice,
40 the commission may, by rule or otherwise, require the petitioner
to make available such additional information as it determines
42 necessary. The commission may waive the requirement that at
least 2 ~~months~~ months' advance notice be given. The commission
44 shall rule on any request for waiver within 60 days. If there is
then outstanding for the utility a long-range plan approved
46 pursuant to section 3134, the utility need not provide an advance
notice of its intent to file the petition.

48

2 **6. Certificate of public convenience and necessity.** The
following provisions apply to the issuance of a certificate of
public convenience and necessity.

4
6 A. In its order, the commission shall make specific
findings with regard to the need for the purchase or
conversion and, if the commission finds that a need exists,
8 it shall issue a certificate of public convenience and
necessity for the purchase or conversion.

10 ~~B. In ruling upon a fuel conversion petition, the~~
12 ~~commission may consider the benefit to the public of any~~
14 ~~increased security of fuel supply which may result from the~~
conversion.

16 C. The issuance of a certificate of public convenience and
necessity establishes that, as of the date of issuance of
18 the certificate, the decision by the utility to purchase or
convert was prudent.

20 **Sec. B-12. 35-A MRSA §3133, sub-§8,** as amended by PL 1987, c.
22 490, Pt. A, §6, is further amended to read:

24 **8. Filing fee.** When the petition is filed, the utility or
utilities involved shall pay to the commission an amount equal to
26 2/100 of 1% of the estimated cost of the purchase or conversion.
The utility or utilities may, at the time of the filing of notice
28 of its intent to file the petition, request the commission to
waive all or a portion of the filing fee. The commission shall
30 rule on a request for waiver within 30 days.

32 Filing fees paid as required by this subsection shall must be
segregated, apportioned and expended by the commission for the
34 purposes of this section. Any portion of the filing fee that is
received from any utility or utilities and is not expended by the
36 commission to process the petition for a certificate of public
convenience and necessity shall must be returned to the utility
38 or utilities.

40 **Sec. B-13. 35-A MRSA §3133, sub-§9,** as repealed and replaced
by PL 1987, c. 769, Pt. A, §138, is repealed.

42 **Sec. B-14. 35-A MRSA §3133, sub-§10-A,** as amended by PL 1995,
44 c. 357, §42, is further amended to read:

46 **10-A. Renewal of contracts for purchase originally subject**
to commission approval. The requirements of this section apply
48 to any amendment, extension or renewal of any contract between
the utility and other parties governing the terms of their
50 participation in a purchase or conversion subject to this

2 section, if the original contract was subject to approval by the
3 commission.

4 **Sec. B-15. 35-A MRSA §3133, sub-§11**, as enacted by PL 1995, c.
5 357, §5, is amended to read:

6
7 **11. Waiver of approval requirements.** The commission may
8 waive the notice and approval requirements of this section on its
9 own motion or upon request of any party ~~except--that--the~~
10 ~~commission--may--not--waive--the--approval--requirements--if--the~~
11 ~~purchase--or--fuel--conversion--involves--generating--capacity--that~~
12 ~~exceeds--either--5%--of--the--installed--capacity--of--the--utility--or--30~~
13 ~~megawatts--of--capacity.~~ The commission shall rule on a request
14 for a waiver within 60 days. Prior to considering a waiver, the
15 commission shall ensure that notice by mail has been sent, and an
16 opportunity to be heard permitted, to persons who commonly
17 participate in commission proceedings and persons whose contracts
18 the commission determines may be affected by the agreement. The
19 commission may prescribe by rule the content of a request for
20 waiver and procedures for the expeditious processing of the
21 request in certain circumstances.

22 **Sec. B-16. 35-A MRSA §3133-A**, as amended by PL 1995, c. 357,
23 §§6 to 9, is further amended by repealing and replacing the
24 headnote to read:

25 **§3133-A. Significant agreements and contracts relating to**
26 **transmission capacity prohibited without prior order**
27 **of the commission**

28
29 **Sec. B-17. 35-A MRSA §3133-A, sub-§2, ¶A**, as amended by PL
30 1995, c. 357, §7, is further amended to read:

31
32 A. "Significant agreement or contract" means a contract or
33 other agreement enforceable as a contract that binds the
34 utility to a future course of action with respect to
35 supplying, purchasing, dispatching or exchanging generating
36 ~~capacity,--energy--or~~ transmission capacity or any renewal,
37 amendment or extension of any contract or agreement that is
38 for a period of longer than 3 years and involves one of the
39 following, whichever is less:

40
41 (1) ~~More than 5,000 kilowatts of electrical generating~~
42 ~~capacity,--or--50,000,000--kilowatt--hours--or--more--of~~
43 ~~energy--per--year,--flowing--over--a--transmission--line--with~~
44 ~~a--capacity--greater--than--100--kilovolts;~~

45
46 (2) More than 10% of the ~~generating--capacity,~~
47 ~~transmission capacity or--energy--generation~~ of the
48 utility; or
49
50

2 (3) More than 1.0% of the total annual kilowatt hour
4 sales of the utility.

6 **Sec. B-18. 35-A MRSA §3134, sub-§5** is enacted to read:

8 5. Repeal. This section is repealed January 1, 2000.

10 **Sec. B-19. 35-A MRSA §4401**, as enacted by PL 1993, c. 662,
§1, is amended by adding at the end a new paragraph to read:

12 This section is repealed January 1, 2000.

14 **Sec. B-20. Legislation.** On or before January 1, 1998, the
16 Public Utilities Commission and the State Planning Office shall
provide to the Joint Standing Committee on Utilities and Energy,
18 to the Joint Standing Committee on Appropriations and Financial
Affairs, to the Joint Standing Committee on Taxation and to any
20 other committees of relevant jurisdiction draft legislation that
funds assistance to low-income consumers of electricity through
22 the General Fund or through a tax on all energy sources in the
State. The commission and the State Planning Office shall
24 solicit public comment prior to the production of draft
legislation and also solicit public comment before finalizing its
legislative proposal.

26 **Sec. B-21. Conforming amendments.** The Public Utilities
28 Commission, by January 1, 2000, shall submit to the joint
standing committee of the Legislature having jurisdiction over
30 utilities and energy matters draft legislation proposing
conforming amendments to the Maine Revised Statutes necessitated
32 by this Act.

34 **Sec. B-22. Market power report.** On or before December 31,
1998, the Public Utilities Commission shall submit a report to
36 the joint standing committee of the Legislature having
jurisdiction over utility matters on whether market power exists
38 or is likely to arise in the generation market in New England.

40 **Sec. B-23. Effective date.** Those sections of this Part that
amend the Maine Revised Statutes, Title 35-A, section 3131,
42 subsection 6, section 3132, subsection 1 and sections 3133 and
3133-A take effect January 1, 2000.

44

SUMMARY

46

48 Part A introduces competition in the supply of electricity
to retail customers in Maine while preserving specific
protections for customers in rural areas and for low-income
50 customers, preserving the policy goals of energy efficiency and

2 reliance on renewable resources and protecting Maine's
environment generally. The bill authorizes the Public Utilities
4 Commission to supervise a transition to retail competition among
transmission and distribution utilities and competition among
6 markets by January 2000 while also creating a default option of
so-called standard offer service for customers who prefer not to
8 pick an electricity supplier or are unable to do so for any
reason.

10 The bill requires the Public Utilities Commission to provide
usable, comparative information to customers in the State
12 describing prices and supply sources for each transmission and
distribution utility that is licensed to sell power in the
14 State. The bill requires Maine's electric utilities to sell off
all generation assets in a one-year period ending December 31,
16 2000, with the exception of commitments and contract entitlements
related to the Maine Yankee Atomic Power Company for independent
18 power prior to their expiration.

20 The bill follows closely the structure proposed for utility
restructuring by the Public Utilities Commission in its report
22 and recommended plan prepared for the Legislature and released
December 31, 1996. It also specifically provides for the repeal
24 on January 1, 2000 of a series of regulatory responsibilities
that will no longer be needed due to the deregulation of
26 electricity generation.

28 The intent of this bill is to establish broad policy
requirements for the partial deregulation of the electric
30 industry in this State and at the same time provide for the
Public Utilities Commission's implementation of these policies.
32

34 Part B of this bill makes necessary changes to the Maine
Revised Statutes, Title 35-A to provide consistency with chapter
32.