

MAINE STATE LEGISLATURE

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121st MAINE LEGISLATURE

FIRST REGULAR SESSION-2003

Legislative Document

No. 1053

H.P. 770

House of Representatives, February 26, 2003

An Act To Enhance Renewable Power

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

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative MILLS of Cornville.

Cosponsored by Representatives: SAVIELLO of Wilton, SUSLOVIC of Portland.

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

Sec. 1. 35-A MRSA §3210, sub-§1, as amended by PL 1999, c. 398, Pt. I, §1, is further amended to read:

1. **Policy.** In order to ensure an adequate and reliable supply of electricity for Maine residents and to encourage the use of renewable, ~~efficient~~ and indigenous resources, it is the policy of this State to encourage the generation of electricity from renewable ~~and efficient~~ sources and to diversify electricity production on which residents of this State rely in a manner consistent with this section.

Sec. 2. 35-A MRSA §3210, sub-§2, as repealed and replaced by PL 1999, c. 398, Pt. I, §2, is repealed and the following enacted in its place:

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

A. "Eligible renewable resource" means a source of electrical generation that:

(1) Generates power in the State or generates power that can physically be delivered to the State's consumers; and

(2) Is a renewable resource, provided that:

(a) If the renewable resource is also a qualifying facility and is selling electrical output to a transmission and distribution utility, it is not being paid a rate for energy, or for energy and capacity, that exceeds the average New England independent system operator control area market energy clearing price for the preceding year by an amount equal to or greater than \$20 per kilowatt hour; and

(b) If the renewable resource relies for more than 10% of its output on sources of generation not listed in paragraph B, only output attributable to sources of generation listed in paragraph B qualifies as an eligible renewable resource under this paragraph.

B. "Renewable resource" means a source of electrical generation:

2 (1) Whose total power production capacity does not
3 exceed 100 megawatts and that relies on one or more of
4 the following fuel sources:

5 (a) Fuel cells;

6 (b) Tidal power;

7 (c) Solar arrays and installations;

8 (d) Wind power;

9 (e) Geothermal;

10 (f) Biomass;

11 (g) Landfill gas; or

12 (h) Municipal solid waste in conjunction with
13 recycling; or

14 (2) Whose total power production capacity does not
15 exceed 30 megawatts and that relies on hydroelectric
16 generation.

17 **Sec. 3. 35-A MRSA §3210, sub-§§3 and 4**, as amended by PL 1999,
18 c. 398, Pt. I, 3, is further amended to read:

19 **3. Portfolio requirements.** As a condition of licensing
20 pursuant to section 3203, each competitive electricity provider
21 in this State must demonstrate in a manner satisfactory to the
22 commission that no less than 30% of its portfolio of supply
23 sources for retail electricity sales in this State is accounted
24 for by eligible renewable resources. If a competitive
25 electricity provider represents to a customer that the provider
26 is selling to the customer a portfolio of supply sources that
27 includes more than 30% eligible renewable resources, the
28 resources necessary to supply more than 30% of that customer's
29 load may not be applied to meet the aggregate 30% portfolio
30 requirement. Rules adopted under this subsection are major
31 substantive rules pursuant to Title 5, chapter 375, subchapter
32 II-A 2-A.

33 **4. Report.** In view of property tax benefits, developments
34 in other states and the development of a market for tradable
35 credits for satisfying eligible ~~resource~~ renewable resources
36 requirements, the commission shall review the 30% portfolio
37 requirement and make a recommendation for any change to the joint
38 standing committee of the Legislature having jurisdiction over
39 utilities and energy matters no later than 5 years after the
40 beginning of retail competition.

2 **Sec. 4. 35-A MRSA §3210, sub-§5,** as amended by PL 1999, c.
372, §1, is further amended to read:

4 **5. Funding for research and development; community**
6 **demonstration projects.** The commission by rule shall establish a
program allowing retail consumers of electricity to make
8 voluntary contributions to fund eligible renewable resource
research and development and to fund demonstration community
10 projects using eligible renewable energy resource technologies.
The State Planning Office shall administer the program. The
12 program must:

14 A. Include a mechanism for customers to indicate their
willingness to make contributions;

16 B. Provide that transmission and distribution utilities
18 collect and account for the contributions and forward them
to the commission;

20 C. Provide for a distribution of the funds to the University
22 of Maine System, the Maine Maritime Academy or the Maine
Technical College System for eligible renewable resource
24 research and development; and

26 D. Provide for a distribution of the funds to Maine-based
nonprofit organizations that qualify under the federal
28 Internal Revenue Code, Section 501(c)(3), consumer-owned
electric cooperatives, community-based nonprofit
30 organizations and community action programs for
demonstration community projects using eligible renewable
32 energy resource technologies.

34 Rules adopted under this subsection are routine technical rules
pursuant to Title 5, chapter 375, subchapter ~~II~~-A 2-A.

36 **Sec. 5. 35-A MRSA §3210, sub-§6,** as enacted by PL 1999, c.
38 372, §2, is amended to read:

40 **6. Fund.** There is established the Voluntary Eligible
Renewable Resource Fund, referred to in this subsection as the
42 "fund." The fund is a nonlapsing fund administered by the State
Planning Office. All funds collected by the commission pursuant
44 to subsection 5 must be deposited in the fund for distribution by
the State Planning Office in accordance with subsection 5. The
46 State Planning Office may seek and accept funding for the program
established pursuant to subsection 5 from other sources, public
48 or private. Any funds accepted for use in the program
established pursuant to subsection 5 must be deposited in the
50 fund.

2 Sec. 6. 35-A MRSA §3210-A is enacted to read:

4 §3210-A. Electricity assessment; Maine Renewable Resource Fund

6 1. Assessment. Beginning January 1, 2004, a competitive
electricity provider shall pay, in accordance with this section,
an assessment on its retail sales of electricity in this State at
8 the following rates:

10 A. On retail sales of electricity generated using coal,
0.3¢ per kilowatt hour;

12 B. On retail sales of electricity generated using oil, 0.2¢
14 per kilowatt hour; and

16 C. On retail sales of electricity generated using natural
18 gas, 0.1¢ per kilowatt hour.

20 2. Quarterly reports. A competitive electricity provider
shall file with the commission, on a quarterly basis established
by the commission, a report in such form as the commission may
22 prescribe that states the amount of all sales subject to
assessment under this section made during the preceding quarter
24 and any other information the commission requires.

26 3. Payment of assessment; audit. The assessment required
under this section must be paid at the same time as the filing of
28 the report required under subsection 2. The commission may by
rule establish procedures to audit competitive electricity
30 providers as necessary to ensure compliance with this section.

32 4. Deposit. All money received by the commission pursuant
to this section must be deposited in the fund established in
34 subsection 5 and be used by the commission in accordance with
subsection 6.

36 5. Fund established. There is established the Maine
38 Renewable Resource Fund, referred to in this section as "the
fund." The fund is a nonlapsing fund administered by the
40 commission. The fund receives revenues generated from the
assessment imposed under this section. All interest on fund
42 balances must be credited to the fund.

44 6. Use of fund. The commission shall establish by rule in
accordance with this subsection a program to use the fund to
46 reduce the cost to consumers of electric energy generated in this
State using eligible renewable resources. For purposes of this
48 subsection, "eligible renewable resources" has the same meaning
as in section 3210, subsection 2. The commission may use up to

5% of the fund for costs of administering this section. All remaining amounts in the fund must be distributed as follows:

A. Ninety percent to in-state eligible renewable resource generation facilities as a per-kilowatt-hour production incentive; and

B. Ten percent to fund eligible renewable resource research and development at the University of Maine System, the Maine Maritime Academy or the Maine Technical College System and demonstration community projects using eligible renewable resource technologies.

7. Rules. The commission shall adopt rules necessary to implement this section. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

SUMMARY

This bill imposes, beginning January 1, 2004, assessments on the retail sale of electricity generated by the use of coal, oil and natural gas and directs the Public Utilities Commission to establish by rule a program to use the revenues from this assessment to reduce the cost to consumers of electricity generated by the use of renewable resources. This bill also changes the name of the Renewable Resource Fund to the Voluntary Eligible Renewable Resource Fund to distinguish it from the Maine Renewable Resource Fund created by the bill.